

College of Osteopathic Medicine Financing Update



UNC

December 7, 2023

Overview – Program Plan



Overview – Program Plan



Mission:

The University of Northern Colorado College of Osteopathic Medicine provides a transformative education in an environment that encourages collaboration, mentorship, and personal growth, inspiring our students to become highly skilled and caring physicians who in turn will positively impact the lives of patients and the communities they serve.

Overview – Program Plan



Overview – Funding Required

Funding Required	
Facility Capital Construction	\$ 127,542,000
Escrow (released after 7 years)	41,250,000
Estimated Operating Funds for Start-up	30,000,000
Subtotal	\$ 198,792,000
Donor funds received or committed to-date	30,738,000
Estimated Funding Required	\$ 168,054,000

Funding Options:

- UNC capacity for debt or other operating support is limited
- ~\$50M in philanthropic support will be available over time to provide start-up operating funds, student support, and capital maintenance reserves - **\$25M gift commitment received from Weld Trust in October + \$5.7M received previously.**
- Third-party investor options may be available but are not desirable
- State funding options: CDC/JBC and/or COP Bill
- Governor's Office request to State Architect for possible ARPA facilities projects
- **COP Bill is the most viable path**

Process – Capital Construction Request

- **May 24:** Capital Construction Requests submitted to CDHE
- **July 14:** CCHE FP&A committee review of requests
 - Initial scores returned from CDHE for review/appeal
 - Requests with initial scores submitted to OSPB for preview
- **August 4:** Scoring appeal submissions
- **August 18:** Updated CCHE FP&A committee review
- **September:** Final scores returned from CDHE
 - Updated submission to CCHE and OSPB
- **October 20:** Final review and ranking by CCHE FP&A committee
- **October 26:** CCHE final review and approval of recommendations
- **November 1:** CCHE submits final prioritizations to CDC (and OSPB)
 - Governor's budget proposal published
- **December 15:** CDC hearing on submitted projects
- **January 10:** Legislative session begins
- **February 15:** CDC submits recommendations to JBC

Proposed Path – COP Legislation

COP Legislation:

- Total: \$219M principal
 - UNC: \$127.5M facility request + \$41.3M Escrow
 - MSU: \$50M facility request
- Total estimated COP payment (scenario 1): \$18.9M/year
 - 25-year amortization schedule
 - Capitalized interest in first 3 years – state appropriations begin FY28
 - UNC Facility estimated annual payment: \$10.6M/year
 - UNC Escrow estimated payment (25-years): \$4.1M/year
 - Escrow can be paid off in year 7, at discretion of state treasury
 - MSU Facility estimated annual payment: \$4.2M/year
- Funding sources for COP payments:
 - SB08-233 Federal Mineral Lease / General Fund
 - 2008 COP Funded 12 IHE Capital Projects (Butler-Hancock)
 - Final payment in November 2026 (FY27)
 - Current annual appropriations of \$17.4M, with ~\$16.8M from General Fund

Proposed Path – COP Legislation

Best Case Scenario is to Capitalize Interest in the first 3 years

- Pros
 - Same concept used for CSU Spur
 - No additional ask in state appropriations in first 3 years
 - No additional funding required from UNC / MSU
- Cons
 - Costs ~\$38.7M more in total state appropriations over full term
 - \$18.9M annual appropriations required vs. 2008 FML COP of \$17.4M
 - Concerns about additional costs

Alternative Scenario WITHOUT Capitalized Interest in the first 3 years

- Pros
 - Reduce costs by \$38.7M over full term
 - Reduce annual appropriations to \$15.2M – less than 2008 FML COP of \$17.4M
 - Avoid cost concerns, if additional appropriations in first 3 years can be covered
- Cons
 - JBC will have to appropriate \$15.2M + \$17.4M in FY25, 26, 27, or
 - UNC / MSU would need to identify alternative source of funds

Thank You!