



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

AMENDED
TAB F

July 14, 2022

2023-24 Capital Facility Request Priority Guidelines

Board members should score each project based on information presented by the institution in their presentation according to criteria in four categories: 1) Access, 2) Affordability, 3) Completion, and 4) Workforce. Scores should reflect the degree to which the project advances the Board's strategic plan pillars. Scores should not exceed the Possible Points indicated but may be made in fractions of a point. Institutions have been advised to address the criteria in their presentations to provide the Board with the information necessary to score the projects adequately. Board member scores will be collected anonymously and will be aggregated and averaged to produce a score for each institutional project.

The attachments depict the proposed priority guidelines.

Commissioner's Recommendation

The Commissioner recommends the Board approve the 2023 Capital Facility Request Priority Guidelines.

Attachment

2023 Capital Facility Request Priority Guidelines

These guidelines provide details for the prioritization of system-wide, state-funded, dedicated and nondedicated capital development requests in the 2023 General Session.

Institutions should submit requests for dedicated and nondedicated projects using OCHE-provided templates by August 5, 2022. Institutions will present projects to the Board on Thursday, September 15, 2022.

Statutory Requirements

In accordance with Utah Code sections 53B-22-201(3) and 53B-2a-117(4) and Board Policy R741, *Threshold Requirements for Capital Development Project Requests*, the Board must ensure that all dedicated and nondedicated project proposals are:

1. Cost effective;
2. Consistent with the institution’s mission and master plan; and
3. Fulfill a critical institutional facility need.

Board Policy R471 describes the evidence the institution must provide to show fulfillment of these requirements.

Dedicated Projects for Degree-Granting Institutions

Table 1. Higher Education Capital Projects Funds

| Institution | FY 23 Available (est.) |
|-----------------------------|---------------------------|
| University of Utah | \$15,371,500 |
| Utah State University | \$14,260,500 |
| Salt Lake Community College | \$9,031,700 |
| Snow College | \$8018,200 |
| Technical Colleges | \$7,310,300 |

Table 1 shows estimated the capital project funds available in FY 23 for dedicated projects after accounting for projects authorized during the 2022 General Session. Upon validating sufficiency of funds and fulfillment of statutory requirements, the Board will approve and forward degree-granting institutions’ requests for dedicated projects to the governor, legislature, and Division of Facilities and Construction Management (DFCM). Institutions may spend funds after receiving legislative approval in an appropriations act.

Prioritization of Capital Facility Requests

The Board will create priority lists for non-dedicated degree-granting requests and non-dedicated/dedicated technical college requests that fulfill statutory requirements based on the criteria in Table 2. The Board may forward on the highest-ranking technical college and degree-granting requests for consideration for funding during the 2023 General Session.

Table 2. 2023 Capital Facilities Prioritization

| | | | |
|---|-------------|-------------|----------------|
| Initial Score (75% of Final Score) | | | |
| Industry/Economic Demand (25% of Final Score) <i>How the project fulfills Utah industry/economic demand.</i> | | | |
| 5 points (unweighted): Majority of programs supported by project on High-Yield Award List (<i>High Yield</i>) | | | |
| 4 points: Majority of programs supported by the project lead to jobs within GOEO’s targeted industries (<i>GOEO</i>) and/or lead to jobs paying at or above the local or statewide average wage (<i>Wage +</i>) | | | |
| 3 points: Majority of programs supported by the project lead to jobs of significant importance as evidenced by local employers (<i>Locally Significant</i>) | | | |
| 2 points: Less than majority but a significant number of programs supported by the project are High Yield, GOEO, Wage +, and or Locally Significant | | | |
| 1 point: Some programs supported by the project are High Yield, Wage +, GOEO, and or Locally Significant | | | |
| 0: No evidence that project supports industry/economic demand | | | |
| Utilization (15% of Final Score) <i>Utilization of existing space in the project’s category(ies) based on the Board’s Room Utilization Rate (RUR) standards.</i> | | | |
| 15 points: >= 100% of RUR standard (0.5 points per additional 1% of RUR standard above 70%) | | | |
| 0 points: <70% of RUR standard | | | |
| Space Need (15% of Final Score) <i>How the project addresses an institution’s existing space needs in the project’s space category(ies).</i> | | | |
| Points allocated based on % of classroom, teaching lab, open lab, automotive/construction/and research lab space need that the project addresses | | | |
| Imminent Non-functionality (10% of Final Score) <i>If the project addresses building conditions that have reached a level of imminent non-functionality on account of a catastrophic event or critical life safety, fire, or seismic deficiencies</i> | | | |
| 0 points for most projects; it is anticipated that points will be awarded in rare circumstances, based on consultation with DFCM | | | |
| Cost Effectiveness (5% of Final Score) <i>Cost-effectiveness of the project based on the DFCM cost database (all projects must meet standard of cost-effectiveness established in Board Policy R741, Threshold Requirements for Capital Development Project Requests)</i> | | | |
| 3 points (unweighted): Cost per square foot for project type less than or equal to DFCM cost database average | | | |
| 2 points: Cost per square foot for project type between 100% and 110% of DFCM cost database | | | |
| 1 point: All other projects | | | |
| Alternative Funds (5% of Final Score) <i>Share of project’s costs supported by alternative funds (including value of land donations)</i> | | | |
| | Research | Regional | Community/Tech |
| 5 points: | 75% or more | 61% or more | 47% or more |
| 4 points: | 50% - 74.9% | 41% - 60.9% | 32% - 46.9% |
| 3 points: | 30% – 49.9% | 25% - 40.9% | 20% - 31.9% |
| 2 points: | 10% - 29.9% | 9% - 12.9% | 8% - 10.9% |
| 1 point: | 5% - 9.9% | 5% - 8.9% | 3% - 7.9% |
| Board Assessment (25% of Final Score) | | | |
| The Board may award additional points if the weighted initial score exceeds 40 points. | | | |
| Each Board member will submit an anonymous scoring sheet that assesses the degree to which the project advances each of the access, affordability, completion, and workforce alignment pillars of the Board’s strategic plan. | | | |
| 4 points (unweighted): Project will significantly advance pillar | | | |
| 3 points: Project will moderately advance pillar | | | |
| 2 points: Project will somewhat advance pillar | | | |
| 1 point: Project will slightly advance pillar | | | |



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB F2

July 14, 2022

Capital Facilities Project Process Realignment

During the 2019 Session, the legislature passed S.B. 102, *Higher Education Capital Facilities* which created a new process for funding USHE capital facilities projects. For degree-granting institutions, the legislation requires the Board to allocate appropriations to the institutions based on a funding formula comprised of six factors. For technical education institutions, the legislation requires the Board to prioritize capital projects based on institutional need.

As a result of the first funding appropriation, the staff of the Commissioner's Office has reviewed, and made revisions and additions to the following Capital Facilities policies to better align the processes:

R741, Threshold Requirements for Capital Development Project Requests

R742, Degree-granting Institution Nondedicated Capital Project Prioritization Process

R743, Degree-granting Institution Dedicated Capital Project Allocation

R744, Technical College Capital Project Prioritization Process

R745, Approval Process for Use of Dedicated Capital Project Funds

Commissioner's Recommendation

The Commissioner recommends the committee approve the proposed revisions and additions to the above-mentioned Capital Facilities policies.

Attachments

R741, Threshold Requirements for Capital Development Project Requests ¹

R741-1 Purpose: To outline the threshold requirements all Utah System of Higher Education (“USHE”) institutions must meet to be considered for allocation of appropriated capital project funds.

R741-2 References

- 2.1 [Utah Code § 53B-2a-117](#), Technical Colleges – Capital Development
- 2.2 [Utah Code § 53B-22-204](#), Board Prioritization, Approval and Review
- 2.3 [Utah Code Title 63A, Chapter 5b](#), Administration of State Facilities
- 2.4 [Board Policy R701](#), Capital Facilities
- 2.5 [Board Policy R706](#), Capital Facilities Master Planning
- 2.6 Board Policy R743, Degree-granting Institution Dedicated Capital Project Allocation
- 2.7 Board Policy R744, Technical College Capital Project Prioritization Process
- 2.8 [Board Policy R751](#), Institutional Facilities Space Utilization

R741-3 Definitions

3.1 “Capital Development Project” means:

3.1.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.1.2 A new facility with a construction cost of \$500,000 or more; or

3.1.3 A purchase of real property if an appropriation is requested and made for the purchase.

3.2 “Dedicated Project” means a degree-granting institution’s capital development project funded by the institution’s allocation under Utah Code section 53B-22-201 or from the Board’s prioritization of dedicated funds for a technical college under Board Policy R744.

3.3 “Nondedicated Project” means a capital development project for which state funds from a source other than the institution’s allocation are requested or used.

¹ Adopted XXX.

3.4 “Capital Program” means the services to define the scope and purpose of a proposed capital project as defined in 63A-5b-502.

R741-4 Policy: Prior to prioritization of a capital project, an institution shall outline how the project, whether dedicated or nondedicated, meets the following requirements²:

4.1 Cost-Effective and Efficient Use of Resources

4.1.1 Institutions shall submit a detailed capital program and a capital budget estimate reviewed by the Division of Facilities and Construction Management (“DFCM”). Institutions shall also describe to the Board how the project prudently and economically uses state and institutional resources.

4.1.2 With the assistance of DFCM and using the DFCM cost database, institutions shall compare the costs of the proposed facility with projects of like size and function and justify significant differences in comparable costs.

4.1.3 Institutions shall provide the total cost of ownership for the proposed facility, including the annual cost of operation and maintenance, the total cost of operation and maintenance over the useful life of the facility, and the total cost of capital improvements over the estimated life of the facility, and describe the funding sources available to pay those costs.

4.2 Consistent with Institutional Role, Mission, and Master Plan

4.2.1 Institutions shall demonstrate how the proposed facility will meet institutional needs and is consistent with the institution’s role and mission.

4.2.2 Institutions shall demonstrate how the proposed facility aligns with the institutional master plan and the 5-year plan required by Board Policy R706, *Capital Facilities Master Planning*.

4.3 Fulfillment of a Critical Institutional Facility Need

4.3.1 Institutions shall demonstrate the need for the facility by providing quantifiable evidence, which may include measures of program growth, enrollment, facility obsolescence, etc.

4.3.2 Institutions shall provide current facility utilization measures and describe how the project will improve institutional space utilization, including how the institution will measure and report its improved utilization to the Board.

² The requirements that follow are mandated by statute for degree-granting capital projects, both dedicated and nondedicated, while the Board extends them here to technical college capital projects, both dedicated and nondedicated.

4.3.3 Institutions shall provide current deferred maintenance information, including the dollar amount of institutional deferred maintenance and a description of how the project will affect deferred maintenance.

R741-5 Board Submission of Authorized of Projects: The Board shall neither prioritize, nor submit for approval for legislative funding, a capital project that does not meet the threshold requirements.

R7421, ~~Nondedicated~~ Degree-granting Institution Nondedicated Capital Project Prioritization Process¹

R7421-1 Purpose: To provide the [Utah Board of Higher Education's](#) methodology and process for prioritization of system-wide, state-funded, nondedicated capital development projects ~~needs at degree-granting institutions for presentation to the Governor and State Legislature for funding.~~

R7421-2 References

- ~~2.1~~ [Utah Code § 53B-1-402, Title 53B, Chapter 4, Section 402](#) (Establishment of ~~b~~Board -- Powers, ~~d~~Duties, and ~~a~~Authority)
- ~~2.2~~ [Utah Code Title 53B, Chapter 2a, Section 117, Technical Colleges — Capital Development](#)
- ~~2.23~~ [Utah Code § 53B-22-201, Title 53B, Chapter 22, Section 201](#), Capital Developments
- ~~2.34~~ [Utah Code § 53B-20-101, Title 53B, Chapter 20, Section 101](#), Property of Institutions to Vest in State Board
- ~~2.4~~ [Utah Code § 63A-5b-401, Development of Capital Facilities](#)
- ~~2.5~~ [Utah Code Title 63A, Chapter 5b, State Building Board](#)
- ~~2.56~~ [Board Policy R701](#), Capital Facilities
- ~~2.67~~ [Board Policy R702](#), Non-State Funded Property
- ~~2.8~~ [Board Policy R703, Acquisition of Real Property](#)
- ~~2.79~~ [Board Policy R706](#), Capital Facilities Master Planning
- ~~2.10~~ [Board Policy R751, Institutional Facilities Space Utilization](#)

R7421-3. — Definitions

3.1 “Alternative Funding Sources” means external donation(s) of money and/or land that are either in-hand or are committed to the institution for the specific capital project requested. [Alternative funding sources excludes fees and other institutional funds. Alternative funding sources shall not create a future liability for the State, create an external property right, or be given with the expectation of a future payback.](#)

¹ Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, ~~and~~ May 21, 2021, [and XXX](#).

3.2+ “Capital Development Project” means:

3.2+.1 ~~a~~A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.2+.2 ~~a~~A new facility with a construction cost of \$500,000 or more; or

3.2+.3 ~~a~~A purchase of real property if an appropriation is requested and made for the purchase.

3.3 “Dedicated Project” means a capital development project for which state funds from an institution’s allocation are requested or used.

3.4~~2~~ “Non-Appropriated Funds”: ~~means~~ means ~~€~~contributions such as donations to capital projects from sources other than appropriations of the State Legislature. For purposes of this policy, ~~S~~student fees are not considered non-appropriated funds ~~for purposes of this policy.~~

3.5 “Nondedicated Project” means a capital development project for which state funds from a source other than the institution’s allocation are requested or used.

~~**3.3 State Funded Project:** A capital development project submitted by an institution of Higher Education requiring appropriations of the State Legislature to fund the design, construction, and/or operations and maintenance.~~

~~**3.4 Dedicated Project:** a capital development project for which state funds from an institution’s formulaic allocation under Utah Code 53B-22-201 are requested or used.~~

~~**3.5 Nondedicated Project:** a capital development project for which state funds from a source other than an institution’s allocation under Utah Code 53B-22-201 are requested or used.~~

R742+4 Nondedicated Project Prioritization Process: The Board shall annually review and prioritize nondedicated projects submitted by USHE degree-granting institutions. The annual nondedicated project prioritization process consists of five fundamental steps:

4.1 Step 1 – Establishment of Priority Guidelines: ~~At the beginning of each year’s capital development project prioritization process~~By July of 2022 and May of subsequent years, the Board shall adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education not funded ~~through~~as dedicated projects. ~~In addition to the initial scoring criteria outlined in section 741-5,~~ The guidelines ~~may include criteria for~~

~~subsequent Board prioritization and awarding of points.~~ will identify any factors that the Board will consider and specify a point and weighting system for final scoring of projects.

4.2 Step 2 – Submission of Requests: Institutions may submit their highest priority capital development ~~needs~~ projects to the Office of the Commissioner of Higher Education (“OCHE”) for evaluation.

4.2.1 Each institution may submit up to one project per year. Prior to submitting a request for a nondedicated project, an institution ~~and~~ shall review ~~the institution’s~~ its allocation for dedicated projects ~~prior to deciding to submit a nondedicated project.~~

4.2.2 All project requests must come through the Board, and ~~institutions~~ may not submit ~~project such~~ requests directly to the ~~State Building Board~~ Governor, the Division of Facilities Construction and Management (DFCM), or the State ~~L~~ legislature.

4.3 Step 3 – ~~Quantitative Analysis and Initial Scoring of Needs:~~ ~~The Office of the Commissioner~~ OCHE will reviews ~~institutional state funded~~ nondedicated project ~~requests~~ and assigns ~~points~~ an initial score for each ~~request~~ project. ~~Degree-granting institutional p~~ Projects are ~~will be scored~~ based on the criteria outlined in section 741-5 and the weighting system developed by the Board. ~~in three areas described in subsections R741-5, R741-6, and R741-7: Needs Analysis, Facility Condition, and Utilization. Technical education projects are scored according to the factors established in subsection 5.2 of Policy R743, Process for Use of Dedicated Capital Project Funds.~~

4.4 Step 4 – Board Prioritization of Projects: The Board will ~~meets~~ annually to review and prioritize nondedicated state-funded ~~projects~~ requests ~~and the quantitative scoring by the Office of the Commissioner.~~ ~~The Board may choose to award additional points based on criteria and processes established in the priority guidelines (step 1).~~ The Board may ~~adopts or amends~~ the OCHE’s initial scoring ~~scoring provided by the Commissioner’s Office~~ and may award additional points based on the priority factors established under subsection 4.1 to ~~takes final action~~ determine a final score for each requested project.

4.5 Step 5 – Board Submission of Prioritized ~~of~~ Projects: The number of nondedicated project requests that the Board may ~~submits~~ finalized priorities ~~to the State Building Board~~ DFCM, the Governor, and the State ~~L~~ legislature for further consideration and funding each year is limited as follows: ~~State statute limits the number of building requests the Board may submit as follows:~~

~~4.5.1 1 Project if legislative funding for dedicated projects equals \$100 million or more~~ If the ongoing state funds appropriation for dedicated projects is at least \$100 million, the Board may submit the project with the highest final score.

~~4.5.2 2 Projects if legislative funding~~ If the ongoing state funds appropriation for dedicated projects is between \$50 million and \$100 million, the Board may submit two projects with the highest final scores.

~~4.5.3 3 Projects if legislative funding~~ If the ongoing state funds appropriation for dedicated projects is equals less than \$50 million, the Board may submit the three projects with the highest final scores.

~~R7421-55 Needs Analysis Points~~ **Project Scoring:** An institution may receive up to 100 total points for a nondedicated project request based on the following criteria:

5.1 Initial Score: OCHE's initial score will be based on the following criteria:

~~5.1.1 Capital fFacility nNeed:~~ Based on how the project: Cost effectiveness and efficient use of resources based on: 1) fulfills the industry/economic Utah industry/economic demand for the project; 2) the targeted square feet per FTE; 3) cost effectiveness; and 4) external funds; and 2) addresses an institution's existing space needs in the project's space category(ies);

~~5.1.2 Consistency with the institution's mission and master plan~~ **Utilization of fFacilities:** Based on the Board's Room Utilization Rate standards in R751, *Institutional Facilities Space Utilization*, for the project's space category(ies);

~~5.1.3 Maintenance and eCondition of fFacilities:~~ Based on whether the project addresses building conditions that have reached a level of imminent non-functionality on account of a catastrophic event or critical life safety, fire, or seismic deficiencies Fulfilling a critical institutional facility need based on: 1) large catastrophe or life or safety need; and 2) facility condition; and and

~~6.1 Associated liability and imminent loss of function:~~ Points may be awarded where the institution has substantiated by documentation from a qualified engineer, fire marshal, attorney, or other qualified professional that completing the proposed project will resolve a very significant legal and/or health/life safety risk.

6.1.1 "Very significant" means "the realistic estimate of the liability exceeds the cost of the project," as determined by the Commissioner's Office with assistance from an external consultant or the Utah Division of Facilities Construction and Management, and funded by the submitting institution.

6.1.2 These points may also be awarded if there is a substantiation of the threatened, imminent loss of the function should the project not be authorized, as is the case when natural disasters have destroyed a particular academic building or code violations cause the structure to be closed. Points awarded range from zero to 15 per project based upon the severity of liability or loss of function as determined above.

6.2 Non-functional Facilities: Buildings that can no longer function for the purpose designed may be considered for "Facility Condition Points" as recommended by the Office of the Commissioner. Points may be awarded in instances where aging facilities do not pose a safety hazard but lack appropriate size, mechanical/electrical capacity or technology upgrades to accommodate modern instructional resources. The Commissioner's Office should award points in this category only in exceptional circumstances and should strongly consider the impact of institutional actions that led to the existing condition. Points awarded range from zero to 15 per project based on the severity of liability or loss of function as determined above.

5.1.4 The Board's assessment of how well the project meets the priority guidelines established under subsection ~~4.1~~ **Other Factors:** including 1) the cost-effectiveness of the project based on the DFCM cost database; and 2) the share of the project's costs supported by alternative funding. ~~nonappropriated funds that are in hand or committed to the institution for the project, including land donations but excluding fees and other institutional funds. Nonappropriated funds shall not create a future liability for the State, create an external property right, nor be given with the expectation of a future payback.~~

5.2 Review of Threshold Requirements: The Board will ensure that each project that receives a final score meets the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

5.3 Final Score: ~~If the Board determines a project meets the requirements of subsection 5.2, it will adopt or may amend OCHE's initial scoring and award additional points based on the priority factors established under subsection R741-4.1 to determine a final score.~~

~~Degree-granting institutions receive up to 50 points for the calculated need of a nondedicated project based on an institution's existing space inventory (including projects approved for construction) and assignable square feet per FTE space standards. Assignable square feet per FTE space standards shall be~~

based on industry best practices and shall differentiate between institutional mission and institutional size measured by student FTE enrollment. Student FTE calculations shall exclude online and concurrent enrollment FTE. Institutions receive points for nondedicated projects where the institution has less assignable square feet per FTE than the space standards in a particular space category prorated for the percent of the project that space category occupies. Classroom and teaching laboratory space shall receive more weight than other space categories.

R741-6 Facility Condition Assessment Points: Facility condition assessment points apply to degree-granting projects designed to resolve issues that pose a disruption in daily operations or that pose serious life safety threats. These points can be awarded to projects designed to resolve issues where there is substantiated legal and/or life-threatening liability; where facilities are threatened with immediate loss of function due to natural disaster; where closure is imminent because of violations of legal/safety/other requirements; or similar circumstances. These Facility Condition Assessment points can be applied only under the following circumstances:

R741-7 Utilization Points: Degree-granting institutions receive up to 15 points for the utilization of classroom facilities on main campuses during the Fall semester as reported in the annual USHE Utilization Report required by R751, *Institutional Facilities Space Utilization*. Points are assigned as follows:

7.1 Weekly Room Utilization Rate (RUR)—An institution receives 10 points if it meets or exceeds the RUR standard set by the Board in R751 for Fall semester main campus classrooms. Institutions not meeting the adopted Board standard receive a proportionate share of the 10 points based on the reported RUR score.

7.2 Seat Occupancy Rate (SOR)—An institution receives 5 points if it meets or exceeds the SOR standard set by the Board in R751 for Fall semester main campus classrooms. Institutions not meeting the adopted Board standard receive a proportionate share of the 5 points based on the reported SOR score.

R741-8 Major Infrastructure Points: The Office of the Commissioner, in consultation with the Division of Facilities Construction and Management, may award points for major infrastructure projects that address critical life safety, fire and seismic deficiencies and the need to preserve and repair critical infrastructure such as utilities. Such projects do not receive Needs Analysis, Utilization, or Facility Condition points. Up to 60 points can be applied based on the degree of severity of need as follows:

~~**8.1 Imminent Non-functionality:** Where circumstances exist that pose imminent non-functionality threats to the campus, points in the range of 41-60 can be assigned. To be considered for this level of support the project must be the institution's top priority.~~

~~**8.2 Operational but Seriously Deficient:** Infrastructure in this condition can qualify for points in the range of 21-40.~~

~~**8.3 Operational but Deficient:** Infrastructure in this condition can qualify for points in the range of 1-20.~~

~~**R741.9 Final Priority Ranking:** The Board recommends projects for funding in the resulting rank order, with the project having the highest point total being the highest-ranked project.~~

~~**R7421.610 Operation and Maintenance Costs (“O & M”):** The estimated O & M costs for each facility and the source of funding [for](#) those costs will be listed for each facility on the priority list and will be approved by the Board as part of the approval process for construction or acquisition of each facility. In prioritizing nondedicated projects, the Board will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget.~~

~~**R7421.711 Projects Funded from Non-a-State Appropriated Funds:** Proposals from institutions for approval of capital development projects to be financed by non-~~state~~-appropriated funds are subject to the approval process outlined in [Board](#) Policy R702, *Non-State Funded Projects*.~~

~~**R741.12 Land Bank Acquisition Requests:** Requests for purchase of land from funds to be appropriated by the state Legislature for future use of an institution must be reviewed and approved by the Board. In reviewing such requests, the Board shall use the guidelines in *Policy R703, Acquisition of Real Property* and shall ensure that the request is consistent with the institutional master plan (see *Policy R706, Capital Facilities Planning*).~~

R742, Degree-granting Institution Nondedicated Capital Project Prioritization Process¹

R742-1 Purpose: To provide the Utah Board of Higher Education’s methodology and process for prioritization of system-wide, state-funded, nondedicated capital development projects at degree-granting institutions.

R742-2 References

- 2.1 [Utah Code § 53B-1-402](#), Establishment of Board -- Powers, Duties, and Authority
- 2.2 [Utah Code § 53B-22-201](#), Capital Developments
- 2.3 [Utah Code § 53B-20-101](#), Property of Institutions to Vest in State Board
- 2.4 [Utah Code § 63A-5b-401](#), Development of Capital Facilities
- 2.5 [Board Policy R701](#), Capital Facilities
- 2.6 [Board Policy R702](#), Non-State Funded Property
- 2.7 [Board Policy R706](#), Capital Facilities Master Planning

R742-3 Definitions

3.1 “Alternative Funding Sources” means external donation(s) of money and/or land that are either in-hand or are committed to the institution for the specific capital project requested. Alternative funding sources excludes fees and other institutional funds. Alternative funding sources shall not create a future liability for the State, create an external property right, or be given with the expectation of a future payback.

3.2 “Capital Development Project” means:

3.2.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.2.2 A new facility with a construction cost of \$500,000 or more; or

3.2.3 A purchase of real property if an appropriation is requested and made for the purchase.

¹ Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, May 21, 2021, and XXX.

3.3 “Dedicated Project” means a capital development project for which state funds from an institution’s allocation are requested or used.

3.4 “Nonappropriated Funds” means contributions such as donations to capital projects from sources other than appropriations of the State Legislature. For purposes of this policy, student fees are not considered nonappropriated funds.

3.5 “Nondedicated Project” means a capital development project for which state funds from a source other than the institution’s allocation are requested or used.

R742-4 Nondedicated Project Prioritization Process: The Board shall annually review and prioritize nondedicated projects submitted by degree-granting institutions. The annual nondedicated project prioritization process consists of five fundamental steps:

4.1 Step 1 – Establishment of Priority Guidelines: By July of 2022 and May of subsequent years, the Board shall adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education not funded as dedicated projects. In addition to the initial scoring criteria outlined in section 741-5, the guidelines will identify any factors that the Board will consider and specify a point and weighting system for final scoring of projects.

4.2 Step 2 – Submission of Requests: Institutions may submit their highest priority capital development projects to the Office of the Commissioner of Higher Education (“OCHE”) for evaluation.

4.2.1 Each institution may submit up to one project per year. Prior to submitting a request for a nondedicated project, an institution shall review its allocation for dedicated projects.

4.2.2 All project requests must come through the Board, and institutions may not submit such requests directly to the Governor, the Division of Facilities Construction and Management (DFCM), or the legislature.

4.3 Step 3 – Initial Score: OCHE will review nondedicated project requests and assign an initial score for each request. Projects will be scored based on the criteria outlined in section 741-5 and the weighting system developed by the Board.

4.4 Step 4 – Board Prioritization of Projects: The Board will meet annually to review and prioritize nondedicated project requests. The Board may amend OCHE’s initial scoring and may

award additional points based on the priority factors established under subsection 4.1 to determine a final score for each requested project.

4.5 Step 5 – Board Submission of Prioritized Projects: The number of nondedicated project requests that the Board may submit to DFCM, the Governor, and the legislature for further consideration and funding each year is limited as follows:

4.5.1 If the ongoing state funds appropriation for dedicated projects is at least \$100 million, the Board may submit the project with the highest final score.

4.5.2 If the ongoing state funds appropriation for dedicated projects is between \$50 million and \$100 million, the Board may submit two projects with the highest final scores.

4.5.3 If the ongoing state funds appropriation for dedicated projects is less than \$50 million, the Board may submit the three projects with the highest final scores.

R742-5 Project Scoring

5.1 Initial Score: OCHE’s initial score will be based on the following criteria:

5.1.1 Capital Facility Need: Based on how the project: 1) fulfills Utah industry/economic demand ;and 2) addresses an institution’s existing space needs in the project’s space category(ies);

5.1.2 Utilization of Facilities: Based on the Board’s Room Utilization Rate standards in R751, *Institutional Facilities Space Utilization*, for the project’s space category(ies);

5.1.3 Maintenance and Condition of Facilities: Based on whether the project addresses building conditions that have reached a level of imminent non-functionality on account of a catastrophic event or critical life safety, fire, or seismic deficiencies; and

5.1.4 Other Factors: including 1) the cost-effectiveness of the project based on the DFCM cost database; and 2) the share of the project’s costs supported by alternative funding. .

5.2 Review of Threshold Requirements: The Board will ensure that each project that receives a final score meets the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

5.3 Final Score: If the Board determines a project meets the requirements of subsection 5.2, it may amend OCHE's initial score and award additional points based on the priority factors established under subsection 4.1 to determine a final score.

R742-6 Operation and Maintenance Costs ("O & M"): The estimated O & M costs for each facility and the source of funding for those costs will be listed for each facility on the priority list and will be approved by the Board as part of the approval process for construction or acquisition of each facility. In prioritizing nondedicated projects, the Board will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget.

R742-7 Projects Funded from Nonappropriated Funds: Proposals from institutions for approval of capital development projects to be financed by nonappropriated funds are subject to the approval process outlined in Board Policy R702, *Non-State Funded Projects*.

~~R742~~**R743**, Degree-granting Institution Dedicated Capital Project Allocation ~~Formula~~¹

~~**R742****R743-1 Purpose:** To provide the methodology for how the Utah Board of Higher Education will allocate dedicated capital project funds ~~will determine the amount of money to allocate to each~~ degree-granting institutions ~~for dedicated capital projects appropriated by the State legislature as required by statute including how the Board will measure each USHE institution's fulfillment of the statutory factors and the relative weight assigned to each factor.~~~~

~~R742~~**R743-2 References**

- ~~2.1~~ Utah Code § 53B-7-706, ~~(Performance Funding)~~
- ~~2.2~~ Utah Code § 53B-22-201, ~~(Capital Developments)~~
- ~~2.3~~ Utah Code § 53B-22-204, Funding Request for Capital Development Project
- ~~2.4~~ Utah Code § 63A-5b-401, Development of Capital Facilities
- ~~2.5~~ Board Policy and Procedures R701, Capital Facilities
- ~~2.6~~ Board Policy and Procedures R706, Capital Facilities Master Planning
- ~~2.5~~ Policy and Procedures R741, ~~Non-dedicated Capital Project Prioritization Process~~
- ~~2.7~~ Board Policy and Procedures R745, Approval Process for ~~Institutional~~ Use of Dedicated Capital Project Funds
- ~~2.8~~ Board Policy and Procedures R751, Institutional Facilities Space Utilization

~~R742~~**R743-3 Definitions**

~~3.1~~ **“Capital Development”**: ~~means: This policy adopts the definition established in Utah Code 63A-5-104(1)(a).~~

~~3.1.1~~ A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

~~3.1.2~~ A new facility with a construction cost of \$500,000 or more; or

~~3.1.3~~ A purchase of real property if an appropriation is requested and made for the purchase.

¹ *Adopted August 2, 2019; amended XXX.*

3.2 “Dedicated Project”: means a capital development project for which state funds from an institution’s ~~formulaic~~ allocation ~~under Utah Code 53B-22-201~~ are requested or used.

3.3 “Higher Education Capital Projects Fund”: means a capital projects restricted fund created by the state legislature to receive appropriations for ~~USHE~~-dedicated projects for degree-granting institutions.

R743-4 Policy

~~**R742-4 Board Allocation of Funds:** Each year the Board shall determine the amount of funding each USHE institution shall receive for dedicated projects from the annual legislative appropriation to the Higher Education Capital Projects Fund.~~

~~R742-~~

54.1 Dedicated Capital Project Allocation Formula: Unless otherwise directed by the legislature, the Board shall allocate ~~the annual legislative appropriation~~ funding according to the following measures of the statutorily required factors with their associated weights:

54.1.1 Enrollment: Weighted at 20 points. The measure is the most recent five-year average of Budget-Related full-time equivalent (FTE) students excluding online and concurrent enrollment FTE students. Points are awarded proportionate to each institution’s five-year average.

54.1.2 Performance: Weighted at 15 points. The measure is the sum-product of the percent of award in each performance category required by Utah Code section 53B-7-706 and the weights given by the Board for the most recent performance funding allocation. Points are awarded proportionate to each institution’s weighted performance.

54.1.3 Projected Growth in Student Population: Weighted at 15 points. The measure is the estimate of the number of 18-24 year-old students each USHE institution will accommodate based on ten-year population projections of Utah counties and the number of students from each Utah county currently enrolled in a USHE institution. Points are awarded proportionate to the total number of 18-24 year-old students each institution is projected to accommodate in the next ten years.

54.1.4 Square Feet per FTE: Weighted at 15 points. The measure is the current institutional space inventory for classrooms, teaching laboratories, and study/library space divided by the number of Budget-Related FTE excluding online and concurrent

enrollment FTE students. Points are awarded proportionate to the institutional square feet per FTE calculations relative to the institution with the most square feet per FTE in each of the three types of space.

54.1.5 Facility Age and Condition: Weighted at 20 points. The measure is the product of the square feet, average age (adjusted for major remodels), and average condition (scored from 1 to 5 with higher numbers representing better condition) of non-auxiliary institutionally-owned buildings valued over \$3.5 million as reported in the annual building inventory. Points are awarded proportionate to each institution's calculated score.

54.1.6 Utilization: Weighted at 15 points. The measure is the classroom Room Utilization Rate (RUR) multiplied by the Seat Occupancy Rate (SOR) from the most recent utilization report for each USHE institution. Points are awarded proportionate to each institution's utilization rate.

5.1 Board Allocation of Funds: By June 30 of each year the Board shall allocate dedicated projects funds appropriated by the legislature. The Board shall submit the allocation to the Utah Division of Finance to track individual institutional allocations within the Higher Education Capital Projects Fund.

5.2 Threshold Requirements: The Board will not approve funds for dedicated project requests that do not meet the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

R743, Degree-granting Institution Dedicated Capital Project Allocation¹

R743-1 Purpose: To provide the methodology for how the Utah Board of Higher Education will allocate dedicated capital project funds to degree-granting institutions.

R743-2 References

- 2.1 [Utah Code § 53B-7-706](#), Performance Funding
- 2.2 [Utah Code § 53B-22-201](#), Capital Developments
- 2.3 [Utah Code § 53B-22-204](#), Funding Request for Capital Development Project
- 2.4 [Utah Code § 63A-5b-401](#), Development of Capital Facilities
- 2.5 [Board Policy R701](#), Capital Facilities
- 2.6 [Board Policy R706](#), Capital Facilities Master Planning
- 2.7 Board Policy R745, Approval Process for Use of Dedicated Capital Project Funds
- 2.8 [Board Policy R751](#), Institutional Facilities Space Utilization

R743-3 Definitions

3.1 “Capital Development” means:

3.1.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.1.2 A new facility with a construction cost of \$500,000 or more; or

3.1.3 A purchase of real property if an appropriation is requested and made for the purchase.

3.2 “Dedicated Project” means a capital development project for which state funds from an institution’s allocation are requested or used.

3.3 “Higher Education Capital Projects Fund” means a capital projects restricted fund created by the state legislature to receive appropriations for dedicated projects for degree-granting institutions.

R743-4 Policy

¹ *Adopted August 2, 2019; amended XXX.*

4.1 Dedicated Capital Project Allocation Formula: Unless otherwise directed by the legislature, the Board shall allocate funding according to the following measures of the statutorily required factors with their associated weights:

4.1.1 Enrollment: Weighted at 20 points. The measure is the most recent five-year average of Budget-Related full-time equivalent (FTE) students excluding online and concurrent enrollment FTE students. Points are awarded proportionate to each institution's five-year average.

4.1.2 Performance: Weighted at 15 points. The measure is the sum-product of the percent of award in each performance category required by Utah Code section 53B-7-706 and the weights given by the Board for the most recent performance funding allocation. Points are awarded proportionate to each institution's weighted performance.

4.1.3 Projected Growth in Student Population: Weighted at 15 points. The measure is the estimate of the number of 18-24 year-old students each USHE institution will accommodate based on ten-year population projections of Utah counties and the number of students from each Utah county currently enrolled in a USHE institution. Points are awarded proportionate to the total number of 18-24 year-old students each institution is projected to accommodate in the next ten years.

4.1.4 Square Feet per FTE: Weighted at 15 points. The measure is the current institutional space inventory for classrooms, teaching laboratories, and study/library space divided by the number of Budget-Related FTE excluding online and concurrent enrollment FTE students. Points are awarded proportionate to the institutional square feet per FTE calculations relative to the institution with the most square feet per FTE in each of the three types of space.

4.1.5 Facility Age and Condition: Weighted at 20 points. The measure is the product of the square feet, average age (adjusted for major remodels), and average condition (scored from 1 to 5 with higher numbers representing better condition) of non-auxiliary institutionally-owned buildings valued over \$3.5 million as reported in the annual building inventory. Points are awarded proportionate to each institution's calculated score.

4.1.6 Utilization: Weighted at 15 points. The measure is the classroom Room Utilization Rate (RUR) multiplied by the Seat Occupancy Rate (SOR) from the most

recent utilization report for each USHE institution. Points are awarded proportionate to each institution's utilization rate.

5.1 Board Allocation of Funds: By June 30 of each year the Board shall allocate dedicated projects funds appropriated by the legislature. The Board shall submit the allocation to the Utah Division of Finance to track individual institutional allocations within the Higher Education Capital Projects Fund.

5.2 Threshold Requirements: The Board will not approve funds for dedicated project requests that do not meet the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

R744, Technical College Capital Project Prioritization Process¹

R744-1 Purpose: To provide the Utah Board of Higher Education’s methodology and process for prioritization of system-wide, state-funded capital development projects at technical colleges.

R744-2 References

- 2.1 Utah Code § 53B-1-402, Establishment of Board -- Powers, Duties, and Authority)
- 2.2 Utah Code § 53B-2a-117, Technical Colleges – Capital Development
- 2.3 Utah Code § 53B-20-101, Property of Institutions to Vest in State Board
- 2.4 Utah Code § 63A-5b-401, Development of Capital Facilities
- 2.5 Board Policy R701, Capital Facilities
- 2.6 Board Policy R702, Non-State Funded Property
- 2.7 Board Policy R703, Acquisition of Real Property
- 2.8 Board Policy R706, Capital Facilities Master Planning

R744-3 Definitions

3.1 “Alternative Funding Sources” means external donation(s) of money and/or land that are either in-hand or are committed to the technical college for the specific capital project requested. Alternative funding sources excludes fees and other institutional funds. Alternative funding sources shall not create a future liability for the State, create an external property right, or be given with the expectation of a future payback.

3.2 “Capital Development Project” means:

3.2.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.2.2 A new facility with a construction cost of \$500,000 or more; or

3.2.3 A purchase of real property if an appropriation is requested and made for the purchase.

¹ Adopted XXX.

3.3 “Dedicated Project” means a capital development project for which state funds from the Technical Colleges Capital Projects Fund are requested or used.

3.4 “Fund” means the Technical Colleges Capital Projects Fund created in Utah Code section 53B-2a-118.

3.5 “Nonappropriated Funds” means contributions such as donations to capital projects from sources other than appropriations of the State Legislature. For purposes of this policy, student fees are not considered nonappropriated funds.

3.6 “Nondedicated Project” means a capital development project for which state funds from a source other than the Technical Colleges Capital Projects Fund are requested or used.

3.7 “State Funded Project” means a capital development project submitted by an institution requiring appropriations from the State Legislature to fund the design, construction, and/or operations and maintenance.

R744-4 Capital Project Prioritization Process: The Board shall annually review and prioritize capital projects submitted by technical colleges. The annual project prioritization process consists of five fundamental steps:

4.1 Step 1 – Establishment of Priority Guidelines: By July of 2022 and May of subsequent years, the Board shall adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education’s technical colleges. In addition to the criteria outlined in section 744-5, the guidelines will identify any factors that the Board will consider and specify a point and weighting system for final scoring of projects.

4.2 Step 2 – Submission of Requests: Technical colleges may submit their highest priority capital development projects to the Office of the Commissioner of Higher Education (“OCHE”) for evaluation.

4.2.1 Each technical college may submit up to one capital project per year.

4.2.2 All project requests must come through the Board, and technical colleges may not submit such requests directly to the Governor, Division of Facilities and Construction Management (“DFCM”), or the legislature.

4.3 Step 3 – Analysis and Initial Scoring: OCHE will review project requests and assign an initial score for each. Projects will be scored based on the criteria outlined in section 744-5 and the weighting system developed by the Board.

4.4 Step 4 – Board Prioritization of Projects: The Board will meet annually to review and prioritize project requests. The Board may amend OCHE’s initial scoring and award additional points based on the priority factors established under subsection 4.1 to determine a final score for each requested project.

4.5 Step 5 – Board Submission of Prioritized Projects: The number of non-dedicated project requests the Board may submit to DFCM, the Governor, and the legislature for further consideration and funding each year is limited as follows:

4.5.1 If the ongoing state funds appropriation to the fund is at least \$14,000,000, the Board may submit the project with the highest final score.

4.5.2 If the ongoing state funds appropriation to the fund is between \$7,000,000 and \$13,999,999, the Board may submit two projects with the highest final scores.

4.5.3 If the ongoing state funds appropriation to the fund is less than \$7,000,000, the Board may submit the three projects with the highest final scores.

R744-5 Project Scoring:

5.1 Initial Score: OCHE’s initial score will be based on the following criteria:

5.1.1 Growth and Capacity: Addresses a technical college’s: 1) existing space needs in the project’s space categories, and 2) the Board’s Room Utilization Rate in Board Policy R751, *Institutional Facilities Space Utilization*, for the project’s space category(ies);

5.1.2 Effectiveness and Support of Critical Programs: How the project fulfills Utah industry/economic demand;

5.1.3 Cost Effectiveness of the Project: Based on the DFCM cost database;

5.1.4 Building Deficiencies: If the project addresses building conditions that have reached a level of imminent non-functionality on account of a catastrophic event or critical life, safety, or seismic deficiencies; and

5.1.5 Alternative Funding Sources: The share of the project’s costs supported by alternative funding sources.

5.2 Final Score: The Board may amend OCHE’s initial score and award additional points based on the priority factors established under subsection 4.1 to determine a final score.

R744-6 Threshold Requirements: The Board will ensure that each project that receives a final score meets the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

R744-7 Nondedicated Funding: The Board will request the highest-ranked project(s) as a nondedicated project(s). If request to fund a nondedicated project through appropriations is denied, the Board has discretion to request funding through dedicated capital project appropriations under section R744-8.

R744-8 Dedicated Funding: Based on available funds, the Board may, in its discretion, forward capital project request(s) for dedicated capital project funding based on prioritization.

R744-9 Operation and Maintenance Costs (“O & M”): The estimated O & M costs for each facility and the source of funding those costs will be listed for each facility on the priority list and will be approved by the Board as part of the approval process for construction or acquisition of each facility. In prioritizing nondedicated projects, the Board will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget.

R744-10 Projects Funded from Nonappropriated Funds: Proposals from institutions for approval of capital development projects to be financed by nonappropriated funds are subject to the approval process outlined in Board Policy R702, *Non-State Funded Projects*.

R742, Degree-granting Institution Nondedicated Capital Project Prioritization Process¹

R742-1 Purpose: To provide the Utah Board of Higher Education’s methodology and process for prioritization of system-wide, state-funded, nondedicated capital development projects at degree-granting institutions.

R742-2 References

- 2.1 [Utah Code § 53B-1-402](#), Establishment of Board -- Powers, Duties, and Authority
- 2.2 [Utah Code § 53B-22-201](#), Capital Developments
- 2.3 [Utah Code § 53B-20-101](#), Property of Institutions to Vest in State Board
- 2.4 [Utah Code § 63A-5b-401](#), Development of Capital Facilities
- 2.5 [Board Policy R701](#), Capital Facilities
- 2.6 [Board Policy R702](#), Non-State Funded Property
- 2.7 [Board Policy R706](#), Capital Facilities Master Planning

R742-3 Definitions

3.1 “Alternative Funding Sources” means external donation(s) of money and/or land that are either in-hand or are committed to the institution for the specific capital project requested. Alternative funding sources excludes fees and other institutional funds. Alternative funding sources shall not create a future liability for the State, create an external property right, or be given with the expectation of a future payback.

3.2 “Capital Development Project” means:

3.2.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.2.2 A new facility with a construction cost of \$500,000 or more; or

3.2.3 A purchase of real property if an appropriation is requested and made for the purchase.

¹ Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, May 21, 2021, and XXX.

3.3 “Dedicated Project” means a capital development project for which state funds from an institution’s allocation are requested or used.

3.4 “Nonappropriated Funds” means contributions such as donations to capital projects from sources other than appropriations of the State Legislature. For purposes of this policy, student fees are not considered nonappropriated funds.

3.5 “Nondedicated Project” means a capital development project for which state funds from a source other than the institution’s allocation are requested or used.

R742-4 Nondedicated Project Prioritization Process: The Board shall annually review and prioritize nondedicated projects submitted by degree-granting institutions. The annual nondedicated project prioritization process consists of five fundamental steps:

4.1 Step 1 – Establishment of Priority Guidelines: By July of 2022 and May of subsequent years, the Board shall adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education not funded as dedicated projects. In addition to the initial scoring criteria outlined in section 741-5, the guidelines will identify any factors that the Board will consider and specify a point and weighting system for final scoring of projects.

4.2 Step 2 – Submission of Requests: Institutions may submit their highest priority capital development projects to the Office of the Commissioner of Higher Education (“OCHE”) for evaluation.

4.2.1 Each institution may submit up to one project per year. Prior to submitting a request for a nondedicated project, an institution shall review its allocation for dedicated projects.

4.2.2 All project requests must come through the Board, and institutions may not submit such requests directly to the Governor, the Division of Facilities Construction and Management (DFCM), or the legislature.

4.3 Step 3 – Initial Score: OCHE will review nondedicated project requests and assign an initial score for each request. Projects will be scored based on the criteria outlined in section 741-5 and the weighting system developed by the Board.

4.4 Step 4 – Board Prioritization of Projects: The Board will meet annually to review and prioritize nondedicated project requests. The Board may amend OCHE’s initial scoring and may

award additional points based on the priority factors established under subsection 4.1 to determine a final score for each requested project.

4.5 Step 5 – Board Submission of Prioritized Projects: The number of nondedicated project requests that the Board may submit to DFCM, the Governor, and the legislature for further consideration and funding each year is limited as follows:

4.5.1 If the ongoing state funds appropriation for dedicated projects is at least \$100 million, the Board may submit the project with the highest final score.

4.5.2 If the ongoing state funds appropriation for dedicated projects is between \$50 million and \$100 million, the Board may submit two projects with the highest final scores.

4.5.3 If the ongoing state funds appropriation for dedicated projects is less than \$50 million, the Board may submit the three projects with the highest final scores.

R742-5 Project Scoring

5.1 Initial Score: OCHE’s initial score will be based on the following criteria:

5.1.1 Capital Facility Need: Based on how the project: 1) fulfills Utah industry/economic demand ;and 2) addresses an institution’s existing space needs in the project’s space category(ies);

5.1.2 Utilization of Facilities: Based on the Board’s Room Utilization Rate standards in R751, *Institutional Facilities Space Utilization*, for the project’s space category(ies);

5.1.3 Maintenance and Condition of Facilities: Based on whether the project addresses building conditions that have reached a level of imminent non-functionality on account of a catastrophic event or critical life safety, fire, or seismic deficiencies; and

5.1.4 Other Factors: including 1) the cost-effectiveness of the project based on the DFCM cost database; and 2) the share of the project’s costs supported by alternative funding. .

5.2 Review of Threshold Requirements: The Board will ensure that each project that receives a final score meets the requirements of Board Policy R741, *Capital Facilities Threshold Requirements*.

5.3 Final Score: If the Board determines a project meets the requirements of subsection 5.2, it may amend OCHE's initial score and award additional points based on the priority factors established under subsection 4.1 to determine a final score.

R742-6 Operation and Maintenance Costs ("O & M"): The estimated O & M costs for each facility and the source of funding for those costs will be listed for each facility on the priority list and will be approved by the Board as part of the approval process for construction or acquisition of each facility. In prioritizing nondedicated projects, the Board will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget.

R742-7 Projects Funded from Nonappropriated Funds: Proposals from institutions for approval of capital development projects to be financed by nonappropriated funds are subject to the approval process outlined in Board Policy R702, *Non-State Funded Projects*.

~~R743~~R745, Approval Process for Use of Dedicated Capital Project Funds¹

~~R743~~R745-1 **Purpose:** To provide the ~~methodology and~~ process for the [Utah Board of Higher Education's approval of Utah System of Higher Education \("USHE"\) institutions' use of capital development project](#) funds appropriated by the ~~State L~~egislature for dedicated capital projects.

~~R743~~R745-2 References

- 2.1 ~~Utah Code § 53B-2a-117, Title 53B, Chapter 2a, Section 117~~ (Technical Colleges – Capital Development)
- 2.2 ~~Utah Code § 53B-22-201, Title 53B, Chapter 22, Section 201~~ (Capital Developments)
- 2.3 ~~Utah Code Title 63A, Chapter 5b, (Administration of State Building Board)~~ [Facilities](#)
- 2.4 [Board Policy R701](#), Capital Facilities
- 2.5 [Board Policy R706](#), Capital Facilities Planning
- 2.6 Board Policy R743~~2~~, [Degree-granting Institution](#) Dedicated Capital Project Allocation Formula
- 2.7 [Board Policy R744, Technical College Capital Project Prioritization Process](#)
- 2.8~~7~~ [Board Policy R751](#), Institutional Facilities Space Utilization

~~R743~~R745-3 Definitions

3.1 ~~"Capital Development Project"~~: means:

- 3.1.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;
- 3.1.2 ~~a~~[A](#) new facility with a construction cost of \$500,000 or more; or
- 3.1.3 ~~a~~[A](#) purchase of real property if an appropriation is requested and made for the purchase.

~~3.2 Dedicated Project:~~ A institution's capital development project funded by the institution's allocation under ~~Utah Code 53B-22-201~~ or from the Board's prioritization of dedicated funds under ~~Utah Code 53B-2a-117~~.

¹ Adopted May 21, 2021.

3.23 “Capital Projects Fund”: ~~A~~ means a capital project restricted fund created by [Utah Code sections 53B-22-202 and 53B-2a-118](#) to receive appropriations for USHE dedicated projects.

3.34 “Capital Program”: means ~~T~~the services to define the scope and purpose of a proposed capital project as defined ~~by~~in [Utah Code section 63A-5b-502](#).

3.4 “Dedicated Project” means [a degree-granting institution’s capital development project funded by the institution’s allocation under Utah Code section 53B-22-201 or a capital development project from the Board’s prioritization of dedicated funds for technical colleges under Utah Code section 53B-2a-117.](#)

~~R743~~**R745-4 Dedicated Project Prioritization Process for Degree-Granting**

Institutions Approval Process: The Board shall annually review and authorize dedicated projects submitted by ~~USHE~~-degree-granting institutions [or projects prioritized by the Board for technical colleges under Board Policy R744-8.](#) ~~The annual dedicated project prioritization process consists of five steps:~~

~~**4.1 Step 1 — Allocation of Funds:** By June 30 of each year, the Board shall allocate funds appropriated by the State Legislature for dedicated projects as outlined in Board Policy R742, *Dedicated Capital Project Allocation Formula*. The Board shall submit the allocation to the State of Utah Division of Finance to track individual institutional allocations within the Higher Education Capital Projects Fund.~~

~~**4.1.2 Step 2 — Capital Programming and Cost Estimation:** Before an institution may submit a dedicated capital project ~~may be submitted~~ for Board [approval](#) and legislative consideration, ~~the~~ institutions shall create a capital program ~~for the facility~~ to define the scope and purpose of the facility. In collaboration with the Department of Facilities Construction and Maintenance (“DFCM”), the institution shall use the program to create a realistic construction budget estimate (“CBE”) for the project.~~

~~**4.2.3 Step 3 — Submissions of Requests:** Institutions shall submit capital development requests for funding from dedicated project allocations to the Board for evaluation based on procedures developed annually by the Office of the Commissioner, including a submission of the capital program and the construction budget estimate. Each institution may submit one or more projects. Project costs for the combined total of all submitted projects must be less than or equal to the institution’s ~~sa~~ balance in the Higher Education Capital Projects Fund after the annual Board allocation. Institutions may not submit projects to ~~the State Building Board~~[the Governor, DFCM,](#) or the ~~State L~~egislature without prior Board approval.~~

4.4-Step 4— Board Review and Authorization of Projects: The Board shall annually reviews dedicated project requests submitted by a degree-granting institution or by a technical college after the Board has prioritized the college’s use of funds under Board Policy R744-8 and votes to authorize or deny eachthe project. Subject to available funding, if a degree-granting institution’s dedicated capital project or a technical college dedicated capital project prioritized by the Board under R744-8 meets the requirements of R741, Capital Facilities Threshold Requirements, the Board may authorize the project.

The review shall include three statutory requirements:

4.4.1 Cost Effective and Efficient Use of Resources

~~4.4.1.1~~ Institutions shall submit a detailed capital program and a capital budget estimate reviewed by DFCM. Institutions shall also describe to the Board how the project prudently and economically uses state and institutional resources.

~~4.4.1.2~~ With the assistance of DFCM and using the DFCM cost database, institutions shall compare the costs of the proposed facility with projects of like size and function and justify significant differences in comparable costs.

~~4.4.1.3~~ Institutions shall provide the total cost of ownership for the proposed facility, including the annual cost of operation and maintenance, the total cost of operation and maintenance over the useful life of the facility, and the total cost of capital improvements over the estimated life of the facility, and describe the funding sources to pay those costs.

4.4.2 Consistent with Institutional Role, Mission and Master Plan

~~4.4.2.1~~ Institutions shall demonstrate how the proposed facility will meet institutional needs and is consistent with the institution’s role and mission.

~~4.4.2.2~~ Institutions shall demonstrate how the proposed facility aligns with the institutional master plan and the 5-year plan required by Board Policy R706.

4.4.3 Fulfillment of a Critical Institutional Facility Need

~~4.4.3.1~~ Institutions shall demonstrate the need for the facility by providing quantifiable evidence, which may include measures of program growth, enrollment, facility obsolescence, etc.

~~4.4.3.2~~ Institutions shall provide current facility utilization measures and describe how the project will improve institutional space utilization, including how the institution will measure and report its improved utilization to the Board.

~~4.4.3.3~~ Institutions shall provide current deferred maintenance information, including the dollar amount of institutional deferred maintenance and a description of how the project will affect deferred maintenance.

4.5 Step 5—Board Submission of Authorized of Projects: The Board shall submit its ~~authorized~~ approved dedicated projects to ~~the State Building Board~~ DFCM and the Governor for review and recommendation and to the ~~State L~~egislature for further consideration and authorization to use allocated funds in the Higher Education Capital Projects Funds. Institutions may not spend allocated funds unless affirmatively authorized by the ~~State L~~egislature and funded by the ~~State L~~egislature for operation and maintenance.

~~R743-5 Dedicated Project Prioritization Process for Technical Colleges:~~ The Board shall annually review, prioritize, and authorize ~~dedicated projects submitted by USHE technical colleges. The annual dedicated project prioritization process consists of four steps:~~

~~5.1 Step 1—Submission of Requests:~~ Technical colleges submit capital development requests for funding from the Higher Education Capital Projects Fund to the Board based on procedures developed annually by the Office of the Commissioner. Each technical college may submit no more than one project, but the project may request funding over several years. Institutions may not submit projects to the State Building Board or the State Legislature without prior Board approval. Requests must include the following information:

~~5.1.1~~ A detailed capital budget estimate reviewed by DFCM. Institutions shall also describe to the Board how the project prudently and economically uses state and institutional resources.

~~5.1.2~~ A demonstration of the need for the facility by providing quantifiable evidence, which may include measures of program growth, enrollment, facility obsolescence, etc.

~~5.1.3~~ Current facility utilization measures and a description of how the project will improve institutional space utilization, including how the improved utilization will be measured and reported to the Board.

~~5.1.4~~ The total cost of ownership for the proposed facility, including the annual cost of operation and maintenance, the total cost of operation and maintenance over the useful life of the facility, and the total cost of capital improvements over the estimated life of the facility.

5.1.5 How the proposed facility aligns with the institutional role, mission, master plan and the 5-year plan required by Board Policy R706.

5.2 Step 2 — Board Review and Scoring of Projects: The Board annually reviews dedicated project requests to prioritize funding in the Higher Education Capital Projects Fund for technical education projects. The scoring process assigns weighted points from five statutorily required factors. Each year, prior to the review, the Board shall establish the weights for the following factors considered in the scoring:

5.2.1 Growth and Capacity: The Board awards up to ten points to projects based on the gap between the calculated space need and an institution's current inventory of space. An institution's calculated space need shall be determined by multiplying an assignable square-foot per FTE standard by the projected number of FTE students (excluding online and concurrent enrollment students not using institutional facilities), faculty, or staff as appropriate for each category of space reported in the most recent USHE Space Inventory. The Board also awards up to ten additional points for space utilization (as reported in the most recent annual space utilization submission) that exceeds USHE standards set in Board Policy R751. Twenty points are possible.

5.2.2 Effectiveness and Support of Critical Programs: The Board awards points based on a qualitative review of each project's support of institutional program needs. Institutions shall submit information relating to the programs that will be housed in the proposed facility, including current enrollments, workforce demand, projected enrollments, and current capacity. Ten points are possible.

5.2.3 Cost Effectiveness: The Board awards points for cost-effective projects as measured by the DFCM cost database. Ten points are possible.

5.2.4 Building Deficiencies and Life Safety Concerns: The Board awards points to projects that replace existing facility deficiencies identified by third-party facility condition assessments or DFCM in the following four areas: life or fire safety, structural or seismic, electrical, and mechanical. A project receives a point for each five percent of a seismic/structural or life/fire safety deficiency (up to three points) and half a point for each five percent of electrical and mechanical deficiencies (up to two points) calculated as a percentage of the current replacement value of the building as insured by the Division of Risk Management. The points are then multiplied by the percentage of the project that includes renovated or demolished square feet. Ten points are possible.

5.2.5 Alternative Funding Sources: The Board awards points based on evidence that non-appropriated funds are in hand or have been committed to the institution for use toward

~~the project's costs. Non-appropriated funds shall not create a future liability for the state, create an external property right, nor be given with an expectation of future payback. Neither student fees nor institutional funds will be counted as non-appropriated funds for purposes of awarding points. The Board will award one point for every one percent of allowable alternative funds calculated as a percentage of total project costs up to a maximum of 10 points.~~

~~**5.3 Step 3 — Board Prioritization of Projects:** Based on the scoring in subsection 5.3, the Board shall rank all technical education dedicated projects and determine which projects to recommend to the Legislature for funding. The Board may prioritize multiple projects up to the amount in the Higher Education Capital Projects Fund for technical education projects. The Board may also prioritize a single project that requires funding over multiple years.~~

~~**5.4 Step 4 — Board Submission of Authorized of Projects:** the Board shall submit its authorized dedicated projects to the State Building Board and the Governor for review and recommendation and to the State Legislature for further consideration and authorization to use allocated funds in the Higher Education Capital Projects Funds. Institutions may not spend allocated funds unless affirmatively authorized by the State Legislature and operation and maintenance funding is established.~~

~~**R743R745-56. Operation and Maintenance for Dedicated Projects:** As allowed by statute [Under Utah law](#), all authorized projects may request operation and maintenance funding from the Legislature in conjunction with dedicated capital project funding. If the Legislature does not fund the operation and maintenance for a particular project, the requesting institution must identify funds to operate and maintain the facility before construction may begin.~~

~~**R743R745-67. Review upon Completion of a Dedicated Project:** As required by statute, the Board shall review the costs and design of each capital project completed using dedicated capital project funds. Institutions shall submit all costs of a dedicated capital project to the Board, including but not limited to soft costs, land purchases, programming, design, and construction costs upon substantial completion. The institution shall also provide information to the Board on design decisions and elements for discussion in relation to costs of construction.~~

R745, Approval Process for Use of Dedicated Capital Project Funds¹

R745-1 Purpose: To provide the process for the Utah Board of Higher Education’s approval of Utah System of Higher Education (“USHE”) institutions’ use of capital development project funds appropriated by the legislature for dedicated capital projects.

R745-2 References

- 2.1 [Utah Code § 53B-2a-117](#), Technical Colleges – Capital Development
- 2.2 [Utah Code § 53B-22-201](#), Capital Developments
- 2.3 [Utah Code Title 63A, Chapter 5b](#), Administration of State Facilities
- 2.4 [Board Policy R701](#), Capital Facilities
- 2.5 [Board Policy R706](#), Capital Facilities Planning
- 2.6 Board Policy R743, Degree-granting Institution Dedicated Capital Project Allocation Formula
- 2.7 Board Policy R744, Technical College Capital Project Prioritization Process
- 2.8 [Board Policy R751](#), Institutional Facilities Space Utilization

R745-3 Definitions

3.1 “Capital Development Project” means:

3.1.1 A remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.1.2 A new facility with a construction cost of \$500,000 or more; or

3.1.3 A purchase of real property if an appropriation is requested and made for the purchase.

3.2 “Capital Projects Fund” means a capital project restricted fund created by Utah Code sections 53B-22-202 and 53B-2a-118 to receive appropriations for USHE dedicated projects.

3.3 “Capital Program” means the services to define the scope and purpose of a proposed capital project as defined by Utah Code section 63A-5b-502.

¹ Adopted May 21, 2021.

3.4 “Dedicated Project” means a degree-granting institution’s capital development project funded by the institution’s allocation under Utah Code section 53B-22-201 or a capital development project from the Board’s prioritization of dedicated funds for technical colleges under Utah Code section 53B-2a-117.

R745-4 Approval Process: The Board shall annually review and authorize dedicated projects submitted by degree-granting institutions or projects prioritized by the Board for technical colleges under Board Policy R744-8.

4.1 Capital Programming and Cost Estimation: Before an institution may submit a dedicated capital project for Board approval and legislative consideration, the institution shall create a capital program to define the scope and purpose of the facility. In collaboration with the Department of Facilities Construction and Maintenance (“DFCM”), the institution shall use the program to create a realistic construction budget estimate (“CBE”) for the project.

4.2 Submissions: Institutions shall submit capital development requests for funding from dedicated project allocations to the Board for evaluation based on procedures developed annually by the Office of the Commissioner, including a submission of the capital program and the construction budget estimate. Each institution may submit one or more projects. Project costs for the combined total of all submitted projects must be less than or equal to the institution’s balance in the Higher Education Capital Projects Fund after the annual Board allocation. Institutions may not submit projects to the Governor, DFCM, or the legislature without prior Board approval.

4.4 Board Review and Authorization of Projects: The Board shall annually review dedicated project requests submitted by a degree-granting institution or by a technical college after the Board has prioritized the college’s use of funds under Board Policy R744-8 and vote to authorize or deny each project. Subject to available funding, if a degree-granting institution’s dedicated capital project or a technical college dedicated capital project prioritized by the Board under R744-8 meets the requirements of R741, *Capital Facilities Threshold Requirements*, the Board may authorize the project.

4.5 Board Submission of Authorized Projects: The Board shall submit its approved dedicated projects to DFCM and the Governor for review and recommendation and to the legislature for further consideration and authorization to use allocated funds in the Higher Education Capital Projects Funds. Institutions may not spend allocated funds unless affirmatively authorized by the legislature and funded by the legislature for operation and maintenance.

R745-5 Operation and Maintenance for Dedicated Projects: Under Utah law, all authorized projects may request operation and maintenance funding from the legislature in conjunction with dedicated capital project funding. If the legislature does not fund the operation and maintenance for a

particular project, the requesting institution must identify funds to operate and maintain the facility before construction may begin.

R745-6 Review upon Completion of a Dedicated Project: As required by statute, the Board shall review the costs and design of each capital project completed using dedicated capital project funds. Institutions shall submit all costs of a dedicated capital project to the Board, including but not limited to soft costs, land purchases, programming, design, and construction costs upon substantial completion. The institution shall also provide information to the Board on design decisions and elements for discussion in relation to costs of construction.