



UTAH SYSTEM OF  
HIGHER EDUCATION

# MEMORANDUM

TAB F

September 14, 2022

## Capital Facilities Dedicated Projects Policy Revision

### Background

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.

The Board adopted and revised several policies to implement S.B. 102 in July 2022. The Commissioner proposes one additional change:

**R745, *Approval Process for Use of Dedicated Capital Project Funds*:** This policy provides 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. The proposed change allows institutions to request, and the Board to approve, projects based on the anticipated balance in the Higher Education Capital Projects Fund in the upcoming fiscal year.

### Commissioner's Recommendation

The Commissioner recommends the Board approve the proposed change to R745.

### Attachment



# **R745, Approval Process for Use of Dedicated Capital Project Funds<sup>1</sup>**

**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.

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<sup>1</sup> Adopted May 21, 2021; amended and renumbered July 14, 2022.

**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 anticipated balance in the Higher Education Capital Projects Fund after the annual Board allocation for the upcoming fiscal year. Institutions may not submit projects to the Governor, DFCM, or the legislature without prior Board approval.

**4.3 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.

**4.4 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.