



PA State System of Higher Education Board of Governors

Effective: July 13, 2000

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Policy 2000-02-A: Capital Facilities Planning, Programming, and Funding

See Also:

Adopted: July 13, 2000
Amended: January 14, 2010

A. Purpose

This policy establishes requirements for developing and maintaining a capital facilities planning and programming process, identifies approval levels, and provides guidance for allocating Commonwealth capital funding.

B. Background

To support the State System's mission of providing a quality education for its students, quality facilities must be built and well maintained.

Act 188 requires Board of Governors' approval of System building projects submitted to the Office of the Budget Secretary. The State System has a well established System Capital Facilities Planning and Programming Process (CFP3) for determining capital facilities requirements, submitting detailed planning documents, and allocating available funding for projects authorized by the legislature.

Since distribution of the State System's funding is determined, in part, by the relative distribution of the general educational space according to the State System's allocation formula, changes that affect funding must be approved to avoid inadvertent or unwarranted modifications to the distribution.

C. Policy

1. General - All facilities projects submitted for inclusion in an annual capital funding request or submitted for financing through a State System of Higher Education bond issue must be approved by the Board of Governors according to the capital facilities planning, programming, and funding policies established herein.

2. Capital Facilities Planning - The State System will use a capital facilities planning process to address capital facilities requirements. The process will include, at a minimum, a universally accepted facilities inventory database, a standardized method of auditing and assessing the condition of each facility, a facilities master plan for each university prepared according to published guidelines, and criteria or guidelines for determining space requirements to meet the educational and quality of life standards desired for each university. Only those projects that satisfy a valid space deficiency, a System or Commonwealth educational requirement, or renew an existing facility for a valid mission requirement will be submitted for Board approval.

The Finance, Administration, and Facilities Committee of the Board will review each project before it is recommended for Board approval.

3. Capital Facilities Programming - All facilities projects submitted for inclusion in a State System capital appropriation request or System-financed capital project will be based on detailed project justifications and planning documents. The prepared justifications and planning documents will be in response to the published budget guidance, university mission requirements, and/or workforce development requirements.

4. Capital Facilities Funding

- a. Capital Funding for Educational Facilities - Annually, the Commonwealth provides an allocation of capital funding for some System educational facilities projects. Private gifts, grants and partnerships, and System operating funds also have been used to fund capital facilities requirements. Capital funds are allocated by the Board for authorized capital projects. The Board will consider requests for Commonwealth capital funding according to the following criteria:

- (1) The Board may require universities to contribute funding from alternate sources for some projects to help leverage Commonwealth capital funding depending on project circumstances. Projects receiving significant private support will receive a higher priority recommendation for public funding. Public/private alliances or private sector support for academic facilities that satisfy System educational requirements and/or contribute to global competitiveness and workforce needs are strongly encouraged.

- (2) Full Commonwealth funding may be requested for projects when alternative funding sources cannot meet the life cycle renewal, renovation, or replacement requirements of facilities or supporting infrastructure systems:

- (a) To maintain health and safety standards, and/or operational continuity of utility and support systems;

- (b) To achieve regulatory compliance with existing and/or new legislation; and/or
 - (c) For life cycle renewal, renovation, or replacement to maintain safe occupancy, efficient operations, and building code habitability standards of existing facilities.
- (3) System bond financing may be used for general educational facilities when approved by the Board. University financial resources and expected benefits from each project in cost savings/avoidance and improved efficiencies will be taken into consideration.
- b. Capital Funding for Auxiliary Projects - Bond financing may be used for System auxiliary projects funded by student fees or other revenue. The Board will approve projects submitted for funding through a System bond issue before bond proceeds are released for the project. The Board will approve financing of auxiliary facilities projects according to the following criteria:
 - (1) New facilities satisfying a valid requirement to improve the quality of student living or university parking structures first must be pursued through public/private alliances and financed on a user fee self-liquidated basis through appropriate not-for-profit entities.
 - (2) The Board may approve System bond financing of projects to renew, renovate, or reconfigure auxiliary facilities when it deems that public/private alliances are not practical or feasible.
 - (3) Students may elect, through a student referendum, to raise student fees sufficiently to finance construction of new or renovation of existing recreational and student activity facilities on university property through System bond financing or other appropriate not-for-profit entities.
 - (4) The Board may elect to use Commonwealth capital funds for an auxiliary project as a last resort when all other funding options are exhausted.
- 5. Space Management – The Board must approve increases to space inventory categorized as general educational for which universities will seek funding through the allocation formula. This includes, but is not limited to, increases made through lease, new construction, building additions, or conversion of space categorized as auxiliary. The Board delegates to the Chancellor or designee approval authority of annual space changes of less than 1% of a university's general educational inventory.

D. Definitions

Auxiliary Facilities - Those facilities that house and are funded as entities that furnish goods and services to students, faculty, or staff and charge a fee directly related to, although not necessarily equal to, the cost of the service. Examples of auxiliary facilities are parking lots and structures, residence halls, dining halls, student unions, and recreation halls constructed through student fees.

Commonwealth Capital Funding - State funding typically provided from State bond proceeds. Projects must be authorized by the legislature in a capital budget and be valued for at least \$100,000 for bond-funded projects.

Facilities Inventory - A listing of the facilities on each university campus, branch campus, educational center, or other State System entity, including leased space, by building and room category, according to a standard classification and measurement system.

Facilities Master Plan - A planning document that specifies the facilities and their existing or planned locations required to conduct the mission of each State System university based upon the academic, financial, and strategic priorities of the university, as endorsed by the State System.

Facilities Project - A project funded by specific Commonwealth funds or financed by the State System for maintenance, repair, or renovation of existing buildings, structures, or infrastructure; or for construction of new buildings, structures, or infrastructure at State System institutions.

Facility Replacement - Replacement of an existing facility at the same square footage or within approved space guidelines because renewal/renovation of the facility is not feasible, practical to accommodate modern instruction or construction methods, or economically viable, but a facility is required for continued performance of the function conducted in the facility.

Feasibility Study - A thorough study of a proposed facilities project to evaluate its economic, financial, technical, functional, environmental, and cultural advisability, which results in a programmatic diagram of the project showing a possible floor plan and architectural design that satisfies the desired facility requirements.

General Educational Facilities - All facilities, including leased space, other than auxiliary that directly or indirectly support the mission of the State System. The facilities are classified as classroom; laboratory; office; study; special use, such as athletic; general use; support; and health care facilities.

Public/Private Alliances - Agreements between an entity or entities of the State System and individuals, businesses, corporations, or other organizations that join the parties to share arrangements and responsibilities for financing, operation, and use of public facilities.

System Capital Authorization Request – The annual facilities projects request submitted by the Board to the General Assembly and the Governor's Office for inclusion in a capital budget project itemization act.

E. Repeals

Board of Governors' Policy 1995-01, *Capital Facilities Programming and Planning*, and Board of Governors' Policy 1996-02, *Programming of Capital Facilities Projects*, are repealed upon adoption of this policy.

F. Effective Date

July 13, 2000