



# MEMORANDUM

May 10, 2023

## Revisions to Board Policies R701, R741, R742, R744 & R745: Capital Project Prioritization Process

In the March 2023 USHE Board meeting, the Board reviewed the OCHE-authored memorandum *Potential Revisions to Board Policies on Capital Facilities* and discussed options for revising current Board policies to accommodate a multi-year prioritization cycle for institution non-dedicated project requests. Benefits of such revisions include a more organized and sequenced planning of system-priority projects in the context of a more stable short-term planning horizon. The attached proposed Board policy revisions would allow for the following:

### **Requirement to Prioritize at Least Once Every Three Years, Option to Prioritize Annually**

Current Board policy requires the Board to annually review and prioritize institution non-dedicated project requests. The proposed policy changes would require the Board to review and prioritize institution non-dedicated project requests at least once every three years, with the option to elicit project requests and newly review and prioritize them in any year within the three-year cycle.

### **Annual Determination Whether to Newly Prioritize Project Requests**

Current Board policy requires the Board to annually adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education, not funded as dedicated projects. The proposed policy changes would require the Board to make an annual determination as to whether to exercise the option to elicit project requests and newly review and prioritize them within the three-year cycle. In a year that the Board elects to not newly review and prioritize requests, the Board would adopt the prioritized ranking of unfunded non-dedicated projects from the most recent year in which they were reviewed and scored.

### **Not Applicable to Degree-Granting Non-Dedicated Requests or Non-State Funded Requests**

Current Board policy requires the Board to annually review and prioritize degree-granting dedicated project requests and other non-state funded requests. Those policies would remain unchanged. The proposed policy changes would only apply to institution non-dedicated project requests and instances where the Board elects to use technical college capital project funds to partially offset costs for a non-dedicated capital project request for technical colleges.

**Commissioner's Recommendation**

The Commissioner recommends the Committee adopt the proposed revisions to policies R701, R741, R742, R744 & R745 and forward to the full Board for final approval.

**Attachment**

## R701, Capital Facilities<sup>1</sup>

**R701-1 Purpose:** To establish the respective roles of the Board of Higher Education (“Board”), the Boards of Trustees, and the Presidents regarding capital facilities and institutional requests for new capital facility projects.

### R701-2 References

- 2.1 [Utah Code § 53B-7-101](#), Combined Requests for Appropriations
- 2.2 [Utah Code Title 53B, Chapter 20](#), Property Rights – Title and Control
- 2.3 [Utah Code Title 53B, Chapter 22](#), Capital Developments
- 2.4 [Utah Code Title 63A, Chapter 5b, Part 3](#), Division of Facilities Construction and Management
- 2.5 [Utah Code § 63A-5b-401](#), Definitions
- 2.6 [Utah Code § 63A-5b-403](#), Institutions of Higher Education – Capital Development Projects
- 2.7 [Board Policy R711](#), Division of Facilities and Construction Management Delegation of Capital Facilities Projects
- 2.8 [Board Policy R706](#), Capital Facilities Master Planning
- 2.9 [Board Policy R741](#), Threshold Requirements for Capital Development Project Requests
- 2.10 [Board Policy R742](#), Degree-granting Institution Nondedicated Capital Project Prioritization Process
- 2.11 [Board Policy R743](#), Degree-granting Institution Dedicated Capital Project Allocation
- 2.12 [Board Policy R744](#), Technical College Capital Project Prioritization Process
- 2.13 [Board Policy R745](#), Approval Process for Use of Dedicated Capital Project Funds

### R701-3 Definitions

- 3.1 **“Architectural Programming”** means a formal decision-making process used to identify and define the goals and uses of a capital project and to define the scope of work and cost prior to design or construction.
- 3.2 **“Capital Facilities”** are defined as fixed capital assets such as buildings and structures, real estate, utilities and distribution infrastructure, landscape features, hardscape (surface parking, plazas, sidewalks, and exterior stairs and ramps), roadways, campus lighting, and other improvements that serve and protect the general purposes of an institution.
- 3.3 **“Capital Development Project”** is defined by Utah Code section 63A-5b-401(1)(a).
- 3.4 **“Capital Improvement Project”** is defined by Utah Code section 63A-5b-401(2).
- 3.5 **“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.
- 3.6 **“Nondedicated Project”** means a capital development project for which state funds from a source other than the institution’s allocation are requested or used.
- 3.7 **“Remodeling”** means any alteration, modification, or improvement project other than routine maintenance or repair work, regardless of the source of funding

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<sup>1</sup> *Approved September 16, 1975. Amended February 16, 1982, June 24, 1988, December 14, 1990, June 18, 1993, September 24, 1993, December 11, 1998, June 4, 1999, April 18, 2008, April 1, 2010, November 16, 2012, January 25, 2013, September 13, 2013, January 24, 2014, and May 15, 2015. Repealed January 20, 2017; new R701 adopted January 20, 2017, November 18, 2022, and XXX.*

**R701-4 Effective and Efficient Use of Resources:** The Utah System of Higher Education seeks to maximize the effective and efficient use of state resources. Institutions must demonstrate that requests for construction of new capital facilities or remodeling of existing facilities meet the requirements of Board Policies R741 and R745, and either Board Policies R742 and R743 for degree-granting institutions, or Board Policy R744 for technical colleges.

**4.1 Remodeling:** Institutions should remodel existing capital facilities for the purpose of changing the building's function only when the project is justified by, and consistent with, the institution's mission and in accord with the Board's previously approved goals and objectives.

#### **R701-5 State Funded Capital Projects Approvals**

**5.1 Boards of Trustee Review of Requests:** Institutions shall obtain approval from their respective Boards of Trustees before they may submit a funding request for dedicated, nondedicated, and capital improvement projects to the Board. Boards of Trustees shall ensure that proposed project requests meet the requirements of Board Policies R741 and R745, and either Board Policies R742 and R743 for degree-granting institutions, or Board Policy R744 for technical colleges.

**5.2 Commissioner's Office Recommendations:** The Commissioner and the Commissioner's staff shall provide annual recommendations for dedicated, nondedicated, and improvement projects under Board Policies R741 through R745 to the Board for the Division of Facilities Construction and Management ("DFCM"), the Governor, and the Legislature.

**5.3 Board of Higher Education Allocation for Dedicated Projects:** The Board shall establish and annually review a formula for the allocation of dedicated project funding provided by the Legislature in accordance with Board Policies R741, R743, and R744. The Board shall allocate dedicated project funds to institutions annually by June 30.

**5.4 Institutional Use of Funds for Dedicated Projects:** The process for institutions to request the use of legislative appropriations allocated by the Board for a dedicated project are governed by Board Policy R745. The Board shall annually submit a list of recommended dedicated projects to DFCM, the Governor, and the Legislature.

**5.5 Board of Higher Education Prioritization of Nondedicated Projects:** At least once every three years, the Board shall prioritize nondedicated projects for the Utah System of Higher Education in accordance with Board Policy R742 for degree-granting institutions, and Board Policy R744 for technical colleges. The Board shall annually submit final nondedicated project recommendations to DFCM, the Governor, and the Legislature.

**R701-6 Submission of Capital Improvement Project Requests:** Each year institutions shall submit to the DFCM and the Board of Higher Education a prioritized list of projects for funding through the state capital improvement program.

**6.1 Non-inclusion of Equipment:** Institutions may not include acquisition of equipment unless it is an integral component of a capital improvement project.

**6.2 Non-inclusion of Normal Maintenance:** Normal maintenance of fixed capital assets (i.e., unplanned or discretionary) shall be considered part of the annual operating budget and may not be included as a component of a capital improvement project. Normal maintenance excludes preventive and corrective maintenance of equipment scheduled by the DFCM, as well as planned or programmed maintenance of major structural components of a facility, e.g., roofs, parking lots.

**R701-7 Responsibilities of Institutional Presidents:** A president or their designee may:

**7.1 Other Necessary Actions:** Take all necessary actions relating to construction and remodeling activities that do not require DFCM approval.

**7.2 Routine Repair and Maintenance:** Assume the responsibility for routine repair and maintenance of existing structures or facilities, e.g., painting, roof repair, plumbing and electrical repairs, etc.). Institutions must adhere to the DFCM facility maintenance standards.

**7.3 Change Orders:** Assume the responsibility to approve and recommend to DFCM any change orders on projects under construction, as long as funds are available and the change order is within the approved purpose of the project.

**7.4 Accept Completed Facilities:** Accept completed capital facilities from DFCM.

**R701-8 Architectural Programming of State-Funded Capital Development Projects:** Prior to entering into a contract for architectural programming services for a future state-funded capital development project that has not been approved by the Legislature, an institution shall first receive approvals of the institution's Board of Trustees, the Board, and DFCM, in that order.

**8.1 Approval Not Needed for Projects Authorized by Legislature:** Institutions do not need Board approval to architecturally program a facility that has been affirmatively authorized and funded by the Legislature.

**8.2 Institutions May Seek Reimbursement:** Institutions that fund an architectural program for a facility using donations, institutional funds, or other funds not appropriated by the Legislature may request reimbursement for those funds in the state-funded capital development project request.

**R701-9 Board Review of Completed State-Funded Capital Development Projects:** As required by Utah Code section 53B-22-204(8) the Board shall review the cost and the design of all completed dedicated and nondedicated projects.

## R701, Capital Facilities<sup>1</sup>

**R701-1 Purpose:** To establish the respective roles of the Board of Higher Education (“Board”), the Boards of Trustees, and the Presidents regarding capital facilities and institutional requests for new capital facility projects.

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#### **R701-5 State Funded Capital Projects Approvals**

**5.1 Boards of Trustee Review of Requests:** Institutions shall obtain approval from their respective Boards of Trustees before they may submit a funding request for dedicated, nondedicated, and capital improvement projects to the Board. Boards of Trustees shall ensure that proposed project requests meet the requirements of Board Policies R741 and R745, and either Board Policies R742 and R743 for degree-granting institutions, or Board Policy R744 for technical colleges.

**5.2 Commissioner's Office Recommendations:** The Commissioner and ~~the Commissioner's~~ staff shall provide annual recommendations for dedicated, nondedicated, and improvement projects ~~—under~~ Board Policies R741 through R745 ~~in preparing its recommendations to the Board for~~ the Division of Facilities Construction and Management ("DFCM"), the Governor, and the Legislature.

**5.3 Board of Higher Education Allocation for Dedicated Projects:** The Board shall establish and annually review a formula for the allocation of dedicated project funding provided by the Legislature in accordance with Board Policies R741, R743, and R744. The Board shall allocate dedicated project funds to institutions annually by June 30.

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**5.5 Board of Higher Education Prioritization of Nondedicated Projects:** ~~At least once every three years,~~ The Board shall ~~annually~~ prioritize nondedicated projects for the Utah System of Higher Education in accordance with Board Policy R742 for degree-granting institutions, and Board Policy R744 for technical colleges, ~~and~~ The Board shall ~~annually~~ submit final ~~nondedicated project~~ recommendations to DFCM, the Governor, and the Legislature.

**R701-6 Submission of Capital Improvement Project Requests:** Each year institutions shall submit to the DFCM and the Board of Higher Education a prioritized list of projects for funding through the state capital improvement program.

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**R701-9 Board Review of Completed State-Funded Capital Development Projects:** As required by Utah Code section 53B-22-204(8) the Board shall review the cost and the design of all completed dedicated and nondedicated projects.



# R741, Threshold Requirements for Capital Development Project Requests <sup>1</sup>

**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 Utah Board of Higher Education’s (“Board”) 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.

**3.4 “Capital Program”** means the services to define the scope and purpose of a proposed capital project as defined in Utah Code section 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 requirements<sup>2</sup>:

### 4.1 Cost-Effective and Efficient Use of Resources

**4.1.1** Institutions shall submit an up-to-date 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

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<sup>1</sup> *Adopted July 14, 2022. Amended November 18, 2022; and XXX.*

<sup>2</sup> 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.

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.

**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.

**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.

# R741, Threshold Requirements for Capital Development Project Requests <sup>1</sup>

**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.

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- 2.2 [Utah Code § 53B-22-204](#), Board Prioritization, Approval and Review
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- 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
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**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 Utah Board of Higher Education’s (“Board”) 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.

**3.4 “Capital Program”** means the services to define the scope and purpose of a proposed capital project as defined in Utah Code section 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 requirements<sup>2</sup>:

### 4.1 Cost-Effective and Efficient Use of Resources

**4.1.1** Institutions shall submit an [up-to-date](#) 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

<sup>1</sup> *Adopted July 14, 2022; ~~Amended~~ November 18, 2022; [and XXX](#).*

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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.

**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.

**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.

## R742, Degree-granting Institution Nondedicated Capital Project Prioritization Process<sup>1</sup>

**R742-1 Purpose:** To provide the Utah Board of Higher Education’s (“Board”) 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 Projects
- 2.7 [Board Policy R706](#), Capital Facilities Master Planning
- 2.8 [Board Policy R741](#), Threshold Requirements for Capital Development Project Requests
- 2.9 [Board Policy R751](#), Institutional Facilities Space Utilization

### 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.

**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 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:** At least once every three years, the Board shall review and prioritize nondedicated projects submitted by degree-granting institutions. The nondedicated project prioritization process consists of five fundamental steps:

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<sup>1</sup> Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, May 21, 2021, and July 14, 2022. Renumbered July 14, 2022. Amended November 18, 2022; and XXX

**4.1 Step 1 – Establishment of Priority Guidelines:** By May each year, the Board shall determine whether to review and prioritize nondedicated projects for the Utah System of Higher Education. In a year that the Board does not elect to review and prioritize nondedicated projects, the Board shall adopt the prioritized ranking of unfunded projects from the most recent year when project requests were reviewed and scored. In a year that the Board elects to review and prioritize nondedicated projects, 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 742-5, 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** In a year that the Board reviews and prioritizes nondedicated projects, each institution may submit up to one project. 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 742-5 and the weighting system developed by the Board.

**4.4 Step 4 – Board Prioritization of Projects:** At least once every three years, the Board will meet 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.

**4.5.4** For each calendar year beginning on or after January 1, 2020, the dollar amounts described in subsections 4.5.1 through 4.5.3 shall be adjusted by an amount equal to the percentage difference between the Consumer Price Index for the 2019 calendar year and the previous calendar year.

#### **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, 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.

**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.

## R742, Degree-granting Institution Nondedicated Capital Project Prioritization Process<sup>1</sup>

**R742-1 Purpose:** To provide the Utah Board of Higher Education’s (“Board”) 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 Projects
- 2.7 [Board Policy R706](#), Capital Facilities Master Planning
- 2.8 [Board Policy R741](#), Threshold Requirements for Capital Development Project Requests
- 2.9 [Board Policy R751](#), Institutional Facilities Space Utilization

### 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.

**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 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:** ~~At least once every three years,~~ ~~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:

<sup>1</sup> Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, May 21, 2021, and July 14, 2022;  
~~R~~renumbered July 14, 2022;~~and~~ amended November 18, 2022; ~~and XXX~~.



**4.1 Step 1 – Establishment of Priority Guidelines:** By May each year, the Board shall determine whether to review and prioritize nondedicated projects for the Utah System of Higher Education. In a year that the Board does not elect to review and prioritize nondedicated projects, the Board shall adopt the prioritized ranking of unfunded projects from the most recent year when project requests were reviewed and scored. In a year that the Board elects to review and prioritize nondedicated projects, 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 742+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** In a year that the Board reviews and prioritizes nondedicated projects, ~~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 742+5 and the weighting system developed by the Board.

**4.4 Step 4 – Board Prioritization of Projects:** At least once every three years, ~~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.

4.5.4 For each calendar year beginning on or after January 1, 2020, the dollar amounts described in subsections 4.5.1 through 4.5.3 shall be adjusted by an amount equal to the percentage difference between the Consumer Price Index for the 2019 calendar year and the previous calendar year.

## **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, 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.

**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.

# R744, Technical College Capital Project Prioritization Process<sup>1</sup>

**R744-1 Purpose:** To provide the Utah Board of Higher Education’s (“Board”) 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 Projects
- 2.7 [Board Policy R703](#), Acquisition of Real Property
- 2.8 [Board Policy R706](#), Capital Facilities Master Planning
- 2.9 [Board Policy R751](#), Institutional Facilities Space Utilization
- 2.10 [Board Policy R741](#), Threshold Requirements for Capital Development Project Requests

## 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.

**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 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 Legislature to fund the design, construction, and/or operations and maintenance (“O & M”).

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<sup>1</sup> Adopted July 14, 2022. Amended November 18, 2022; and XXX.

**R744-4 Capital Project Prioritization Process:** At least once every three years, the Board shall review and prioritize capital projects submitted by technical colleges. The 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 determine whether to review and prioritize capital projects submitted by technical colleges. In a year that the Board does not elect to review and prioritize technical college projects, the Board shall adopt the prioritized ranking of unfunded projects from the most recent year when project requests were reviewed and scored. In a year that the Board elects to review and prioritize technical college projects, 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** In a year that the Board reviews and prioritizes technical college projects, each technical college may submit up to one capital project.

**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:** At least once every three years, the Board will meet 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.

**4.5.4** For each calendar year beginning on or after January 1, 2020, the dollar amounts described in subsections 4.5.1 through 4.5.3 shall be adjusted by an amount equal to the percentage difference between the Consumer Price Index for the 2019 calendar year and the previous calendar year.

**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, 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:** 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.

**R744-7 Nondedicated Funding:** The Board will request the highest-ranked project(s) as a nondedicated project(s). If a 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:** 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.

**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.

# R744, Technical College Capital Project Prioritization Process<sup>1</sup>

**R744-1 Purpose:** To provide the Utah Board of Higher Education’s (“Board”) 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 Projects
- 2.7 [Board Policy R703](#), Acquisition of Real Property
- 2.8 [Board Policy R706](#), Capital Facilities Master Planning
- 2.9 [Board Policy R751](#), Institutional Facilities Space Utilization
- 2.10 [Board Policy R741](#), Threshold Requirements for Capital Development Project Requests

## 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.

**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 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 Legislature to fund the design, construction, and/or operations and maintenance (“O & M”).

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<sup>1</sup> Adopted July 14, 2022; ~~amended~~ November 18, 2022; ~~and XXX~~.

**R744-4 Capital Project Prioritization Process:** At least once every three years, ~~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 determine whether to review and prioritize capital projects submitted by technical colleges. In a year that the Board does not elect to review and prioritize technical college projects, the Board shall adopt the prioritized ranking of unfunded projects from the most recent year when project requests were reviewed and scored. In a year that the Board elects to review and prioritize technical college projects, 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** In a year that the Board reviews and prioritizes technical college projects, ~~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:** At least once every three years, ~~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.

4.5.4 For each calendar year beginning on or after January 1, 2020, the dollar amounts described in subsections 4.5.1 through 4.5.3 shall be adjusted by an amount equal to the percentage difference between the Consumer Price Index for the 2019 calendar year and the previous calendar year.

#### **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, 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:** 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.

**R744-7 Nondedicated Funding:** The Board will request the highest-ranked project(s) as a nondedicated project(s). If a 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:** 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.

**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.



# 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 R741](#), Threshold Requirements for Capital Development Project Requests
- 2.7 [Board Policy R743](#), Degree-granting Institution Dedicated Capital Project Allocation Formula
- 2.8 [Board Policy R744](#), Technical College Capital Project Prioritization Process
- 2.9 [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.

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 review and authorize dedicated projects submitted by degree-granting institutions. At least once every three years, the Board shall review and prioritize projects 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:** Degree-granting 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

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<sup>1</sup> Adopted May 21, 2021. Renumbered July 14, 2022. Amended July 14, 2022, November 18, 2022, and XXX.

program and the construction budget estimate. Each degree-granting 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 and vote to authorize or deny each project. At least once every three years, the Board shall review a dedicated project request 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 Board Policy R741, 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.

# 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 R741](#), Threshold Requirements for Capital Development Project Requests
- 2.7 [Board Policy R743](#), Degree-granting Institution Dedicated Capital Project Allocation Formula
- 2.8 [Board Policy R744](#), Technical College Capital Project Prioritization Process
- 2.9 [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.

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. At least once every three years, the Board shall review and prioritize ~~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:** ~~Degree-granting~~ 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

<sup>1</sup> Adopted May 21, 2021, ~~amended and~~ Renumbered July 14, 2022, ~~amended~~ July 14, 2022, November 18, 2022, ~~and XXX~~.

program and the construction budget estimate. Each degree-granting 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 and vote to authorize or deny each project. At least once every three years, the Board shall review a dedicated project request ~~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 Board Policy R741, 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.