

Capital Budget Process

Effective FY21

Purpose:

Provide structure to the Capital Budget Process to control spending and thoughtfully plan projects.

Key Changes:

1. Business and Finance leadership (the CFO, Controller, Treasurer, and Director of Budget) determine the capital budget amount and communicate it to the University in October when request forms are distributed
2. Groups performing work (e.g. Facilities) review and approve requests before they are submitted to the Budget Office
3. An Area's discretionary designated funds, as well as those specifically identified for capital purchases or R&R, should be used before requesting capital budget
4. If a capital request will be funded via a gift, the Vice President of Development must have a signed agreement for the full amount and collected 50% of it before the capital purchase/project can occur.
5. Identify how the capital budget request is tied to the Campus Master Plan in the "justification" section of the form if applicable
6. Provide capital budget requests for three fiscal years when possible (i.e. multi-year planning)
 - a. Year one is fixed
 - b. Year two is open to amendment if a strategic opportunity arises
 - c. Year three is open to revision
7. Operating budget adjustments will be made for return projects
8. In January, the Cabinet will review the capital requests consolidated by the Budget Office and approve specific items, not arbitrary amounts
9. Capital budget requests submitted after the deadline will require President Pestello's approval regardless of funding source

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1. Business and Finance leadership (the CFO, Controller, Treasurer, and Director of Budget) will recommend what the University can afford to fund based on large projects approved outside the annual process, debt capacity, projected increase/decrease of interest expense, projected amount of depreciation expense to fall off each year and expected enrollment increase/decline. This amount will be communicated to the University when the Capital Budget Request Forms are distributed.
2. Capital Budget Request Forms are distributed on October 1st and due December 30th of the respective year. If a project requires review by another area (see #5), the area completing the work must receive the project request form by November 1st to have ample time to return their recommendation by the December 30th deadline.
3. An Area's discretionary designated funds, as well as those specifically identified for capital purchases or R&R, should be used before requesting capital budget.
4. If a capital request will be funded via a gift, the Vice President of Development must have a signed agreement for the full amount and collected 50% of it before the capital purchase/project can occur.
5. Capital Budget Request Form Fields (revised form):
 - a. VP/Dean (Executive Level/Division) – Area requesting capital budget
 - b. Request Originator – Person requesting capital budget
 - c. Request Description – What the capital budget will be used to purchase
 - d. Location – Where the construction, software or equipment will reside
 - e. Reviewed by Area Completing Work (see #6)
 - f. Return/Non-Return Project (see #7)
 - g. Total Cost – Estimate of amount needed for capital request. Capital budget requests should be submitted for the next three fiscal years although year two and three are not guaranteed.
 - h. Timing of Costs – Estimate of amount by fiscal year for the next three fiscal years whether the capital budget is spent all in one year or spread over multiple years. This will assist with cash forecasting, facilities scheduling and depreciation estimates.
 - i. Department Funded for the next three fiscal years – Amount the department can contribute to cover the cost of the capital request from either their operating budget or designated fund(s). If a department can internally fund a capital request it

still needs to be entered on the form to assist in cash forecasting, facilities scheduling and depreciation estimates.

- j. Requested Amount – Funds needed for capital request after department funds are applied
 - k. Justification – Need for capital request. Additional documents can be attached and are encouraged to assist Committee during their review process. Justification must include how the request is tied to the Campus Master Plan.
6. Requests concerning the below types of projects must be reviewed by the respective area, or multiple areas if more than one is involved, and documented by the person completing the review on the Project Review Form (new supplemental form). Documented approval indicates area(s) performing work has agreed to the timing and cost of the project.
 - a. Security/Cameras – DPS
 - b. Technology – ITS
 - c. Design & Construction – Facilities
 - d. Classroom Modifications – Registrar
 7. Return projects – Estimate annual savings to the operating budget such as reduced energy costs associated with an energy conservation project or reduced staff associated with an IT project, savings description, and payback period in the Return Projects Form (revised supplemental form). If applicable, project increased revenue to be generated. Operating budget adjustments will be made for return projects. Return projects would receive preference.
 8. In January, the Cabinet will review the capital requests consolidated by the Budget Office and approve specific items, not arbitrary amounts.
 9. The Director of Budget, on behalf of the Cabinet, will officially notify the Vice Presidents and Provost by March 1st which capital requests were approved.
 10. If a capital project or purchase comes in below budget, the excess budget will be returned to the University apart from Facilities and ITS who can use the funds towards deferred maintenance or technological improvements that yield University-wide benefits.
 11. Capital budget requests submitted after December 30th will not be considered until the following fiscal year. President Pestello will need to approve any one-off requests, regardless of funding source.