

DESIGN/CONSTRUCTION PHASE PROJECT FUNDING

Issue: President Hitt, in his remarks to the BOG Facilities Committee at its May 27, 2004, meeting, indicated concerns that, in some cases, large fixed capital outlay projects did not receive full funding in a given year for a project's design or construction phase. This circumstance may cause inefficiencies in the progress of such projects.

Action: Division of Colleges and Universities staff met with the universities' Council for Administrative and Financial Affairs (CAFA) to determine what procedures could be implemented to eliminate problems that occur when a fixed capital outlay project does not receive at one time full funding for either the design or construction phase.

Result: CAFA concluded that, in the absence of additional state funding for facilities, increased flexibility for the universities to move appropriations among projects would be helpful. Currently, fixed capital outlay appropriations are project specific. Statutorily, the universities are only authorized to transfer project funds that are appropriated in the same year from the same source if there are savings upon completion of a project which does not give the universities the flexibility they desire.

Options: The BOG could seek:

- (1) Lump Sum Fixed Capital Outlay Funding for each university in the General Appropriations Act;
- (2) Language in the Implementing Bill authorizing the transfer of funds between projects at a university;
- (3) Statutory revisions authorizing the transfer of funds between projects at a university.

Recommendation: Option (2) is recommended. This would provide additional flexibility for a one-year period.