

**State University System of Florida  
Board of Governors  
2020-21 Legislative Budget Request Development  
Policy Guidelines for Fixed Capital Outlay**

Pursuant to section 7, Article 9, of the Florida Constitution, the Board "...shall operate, regulate, control, and be fully responsible for the management of the whole university system." Included within this responsibility is the development of a Legislative Budget Request (LBR). In addition, section 216.023(1), Florida Statutes, requires the submission of an LBR to the Legislature and Governor based on an independent judgment of needs.

The following Fixed Capital Outlay (FCO) guidance will be combined with the Operating Budget guidance to create one comprehensive set of principles that will be used by the local boards of trustees and the Board of Governors in developing the 2020-2021 LBR.

**Fixed Capital Outlay Funds:**

For Public Education Capital Outlay (PECO) projects, the university's approved Five-Year Capital Improvement Plan (CIP) should be prioritized by the trustees as indicated below. PECO funding to meet critical maintenance needs must be assigned a higher priority than adding new facilities, with the intent to improve the condition of existing space and campus infrastructure.

Funding will be requested for institutional survey-recommended PECO projects in the following priority order:

**1. Remodeling/Renovation/Maintenance/Repair**

Funds will be requested from PECO pursuant to formula as required by section 1013.64(1)(a), Florida Statutes, and should not be included by the university on the CIP - this funding will be requested as the top system issue by the Board of Governors.

**2. Projects Previously Funded by the Legislature**

Projects previously funded by the Legislature, effective July 1, 2017, or later, should be listed next on the CIP; these are considered "Previously Funded". If a university has more than one such project, priority should be given to those projects which can be most rapidly brought to completion.<sup>1</sup>

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<sup>1</sup> Projects which have not received an appropriation in the past three Legislative Sessions are not considered "Previously Funded" and are subject to a 31-month reversion.

### 3. Capital Renewal and Stewardship of Existing Facilities<sup>2</sup>

- a. Subsystem Requests - Each board of trustees shall prioritize capital renewal and stewardship projects for individual subsystems of existing facilities which have failed or are functioning with substantial degradation in efficiency or performing at increased cost. This must be done on a line item basis.<sup>3</sup>
- b. Multiple Subsystem Requests - Renovation of multiple subsystems of an existing facility may be requested only if approved pursuant to an Educational Plant Survey.
- c. Demolition - Funding for demolition of an existing facility may be requested only if approved pursuant to an Educational Plant Survey.

### 4. New Facility Requests<sup>4</sup>

A New Facility Request must address the following demand indicators<sup>5</sup>:

- a. Will it improve the national ranking of a specific college; e.g. Music, Business, etc?
- b. Will it allow for creation of a new academic program?
- c. Will it create both new research capability and capacity; requiring material institutional support?
- d. Will it expand current course offerings?
- e. Will it address campuswide needs?

New Facility Requests must be supported by an: 1) existing Educational Plant Survey; 2) a business case study; and a 3) Plant Operations and Maintenance (PO&M) Budget Amendment, showing in detail how the base Education and General Budget will be adjusted to address the increased PO&M costs or providing a recurring PO&M alternative to state funding for the new facility.<sup>6</sup> Each New Facility Request will be evaluated based on cost effectiveness, including an efficient net-to-gross ratio, review of the building proposed layout, and cost per gross square feet.

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<sup>2</sup> A university may request legislative authority to expend carryforward reserves to the extent it anticipates the July 1, 2020, Education & General (E&G) reserves will be in excess of the mandatory 5%.

<sup>3</sup> For example, Building #10, Roof Replacement, and Building #24, HVAC Repair.

<sup>4</sup> A university should not request funding for a New Facility unless it can demonstrate, based on an independent analysis, such as Sightlines or APPA that it is demonstrating effective stewardship of its existing facilities.

<sup>5</sup> A New Facility Request is unlikely to show demand in every category.

<sup>6</sup> The alternative revenue does not need to be functionally related to the project, and may come from a university direct support organization or Public Private Partnership (P3).

A university which desires to seek funding for a new facility which is not eligible for inclusion pursuant to the above stated guidelines, but which is critical to achievement of the Board approved strategic plan goals for the university, may request approval from the Chancellor to determine whether the Board should be asked to re-evaluate the strategic plan goal or consider granting an exception to allow consideration of the FCO funding request.

### **Non-PECO Components of the University LBR**

Capital Improvement Fee Trust Fund Projects, Bonded Projects, P3-s, etc. should be included on the CIP-2 following the standard instructions provided by the Chancellor's Office. It is anticipated that the Board will request the requisite approvals from the Legislature following past practice and, as needed, to comply with the requirements of 1010.62, 1013.74, and 1013.78, Florida Statutes.

The following represents the timeline for submission of the State University System (SUS) 2020-2021 Fixed Capital Outlay LBR:

- March 28, 2019      Board approves LBR Guidelines
  - July 1, 2019        Deadline for University Board of Trustees Budget Requests
  - August 28, 2019    Board adopts LBR
  - October 2-3, 2019   Board Workshop on LBR Components
  - October 30, 2019   Board Amends LBR (PECO, Performance Funding, etc.)
  - January 14, 2020    Legislative Session Begins
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- ~~March 28:~~      ~~Facilities Committee will discuss the LBR Policy Guidelines~~
  - ~~April 30:~~      ~~Chancellor provides draft technical instructions and requests universities to submit their five year CIPs~~
  - ~~June 28:~~      ~~Board approved LBR Policy Guidelines~~
  - ~~May - July:~~    ~~Board of Trustees approve CIPs~~
  - ~~July 1:~~        ~~Universities submit five year CIPs. Board staff will review CIPs with university designee(s), technical corrections will be made as required~~
  - ~~Sept 13:~~      ~~Board approves the fixed capital outlay LBR~~
  - ~~Oct. 15.:~~      ~~FCO LBR is submitted to the Governor and Legislature~~
  - ~~Oct. 16:~~      ~~Facilities Committee Workshop to discuss projects~~
  - ~~Nov. 8:~~        ~~Board evaluates amendments to the LBR~~
  - ~~Dec. :~~         ~~Amended LBR is submitted to the Legislature and Governor after release of the Governor's budget recommendations~~