

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**
November 4, 2021

SUBJECT: Approval of Amendments to Board of Governors Regulation 14.003 –
Public Announcement Requirements

PROPOSED BOARD ACTION

Approve Amendments to Board Regulation 14.003 – Fixed Capital Outlay – University Budgeting Procedures.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution, Regulation Development Procedures

BACKGROUND INFORMATION

On May 5, 2020, the Board adopted Regulation 14.003 setting forth procedures and guidelines for universities to following in preparing the annual FCO budgets. Highlights included:

- Requiring each university board of trustees to approve the FCO budget.
- Defined the use of Education & General operating funds to be used for FCO projects.
- Categorized carryforward projects and set limitations on funding in accordance with statute.
- Provided guidance on the inclusion of state appropriated and non-appropriated projects' in FCO budgets.
- Provided guidance on amending the FCO budget.

The original regulation language was found to be more restrictive than statutory limitations, namely those in s. 1011.45, F.S. governing carryforward spending on FCO projects. The proposed amendments revise the regulation so that the spending parameters and limitations therein more closely mirror statute, clarifies the budget amendment approval authority and simplifies the regulation text by eliminating reiterative, unnecessary language.

On August 31, 2021, the Board approved the Public Notice of Intent to Amend Regulation 14.003, and notice was made on September 2, 2020 via posting of the proposed action on the Board website. No comments or concerns were expressed from the public.

Supporting Documentation Included:

Amended Regulation 14.003

14.003 Fixed Capital Outlay Projects – University Budgeting Procedures

(1) Each university will prepare an annual Fixed Capital Outlay (FCO) Budget for all Fixed Capital Outlay (FCO) Projects in accordance with the instructions, guidelines, and standard formats provided by the Chancellor for those FCO Projects as defined in Board Regulation 14.001. The FCO Budget must be approved by both the university board of trustees and the Board of Governors. Such approval remains in effect for the life of the FCO Projects. The annual FCO Budget must include all FCO Projects, including previously approved projects that have not yet been completed.

(2) FCO Projects shall be listed by category or categories in the University FCO Budget as follows:

FCO Budget Categories

a. Education & General (E&G) Operating Projects – This category is consolidated, and includes all FCO Projects, as defined in Board Regulation 14.001, funded from current year E&G operating funds. No individual project in this category funded in whole or in part with E&G operating funds shall exceed \$1,000,000, pursuant to Board Regulation 9.007(3)(a)1.

Boards of Trustees may adopt policies requiring more detailed line item budgeting at the local level.

b. Carryforward (CF) - Small Projects – This category is consolidated and includes all FCO Projects with a total cost up to \$2 million funded in whole or in part from CF funds. No individual FCO project in this category shall exceed \$2,000,000. Allowable uses include maintenance, repair, renovation, remodeling, and demolition of existing educational facilities and existing general site improvements (E&G campus real property improvements), as well as replacement of facilities less than 10,000 gross square feet. This category must be budgeted as a single identical line in both the carry forward spending plan and FCO Budget. This may also be reflected as one of multiple funding sources under categories State Appropriated Projects and Non-Appropriated Projects.

c. Carryforward (CF) – Large Projects – This category includes FCO Projects funded in whole or in part from CF funds, where the total project cost is greater than \$2 million. This may also be reflected as one of multiple funding sources under categories State Appropriated Projects and Non-Appropriated Projects. Allowable uses include the following:

- i. Completion of a Public Education Capital Outlay (PECO) project that has received a state appropriation and is included on the Board's incomplete project list.

- ii. A renovation, repair, or maintenance project where the total CF expenditure on the project is up to \$5 million.
- iii. A remodeling or infrastructure project, including a developmental research school, where the total CF expenditure is up to \$10 million.
- iv. Repair or replacement of facilities due to damage caused by a natural disaster.

d. State Appropriated Projects includes all FCO Projects using funds originally appropriated as FCO funds by the State of Florida, notwithstanding the criteria provided in Board Regulation 14.001. These funds should never be included in the university operating budget. Examples include PECO and Capital Improvement Trust Fund (CITF).

e. Non-Appropriated Projects includes all FCO Projects that have not directly or indirectly used funds appropriated by the State. Examples of such funding sources would include housing revenue bonds, parking revenue bonds, private donations, federal grants, insurance proceeds, and athletic revenues.

(3) For the purpose of this regulation, Fixed Capital Outlay (FCO) Projects do not apply to those projects acquired, constructed, and owned by a Direct Support Organization or under a Public Private Partnership; the requirements for those projects are addressed in either the Debt Management Guidelines or the Public Private Partnership Guidelines.

(4) The FCO Budget may be amended, subject to use of only the categories authorized in section (2), as follows:

- a. E&G Operating Projects - must be approved by the board of trustees or designee.
- b. CF Small Projects – Individual new projects up to \$2 million, as well as increases up to \$2 million on individual existing projects, must be approved by the board of trustees or designee.
- c. CF Large Projects – Individual new projects added to the FCO Budget, as well as increases greater than \$2 million in CF expenditures on individual existing projects, require Board of Trustees and Board of Governors approval.
- d. State Appropriated Projects – Individual new projects greater than \$5 million, as well as increases over \$5 million to existing individual projects, require Board of Trustees and Board of Governors approval.
- e. Non-Appropriated Projects – All new projects greater than \$5 million,

as well as increases over \$5 million to existing projects, require Board of Trustees and Board of Governors approval.

- (5) FCO Project spending may be reported annually at the end of the fiscal year at the project detail level, in a format specified by the Chancellor.

Authority: Section 7(d), Art. IX, Fla. Const., History–New 5-5-2020, Amended 11-4-2021.