

## 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.<sup>2</sup>

### 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.

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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 May 18, 2023.

<sup>2</sup> Technical edits August 30, 2024.

**3.3 “Dedicated Project”** means a capital development project for which state funds from an institution’s allocation are requested or used.

**3.4 “Non appropriated 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 non appropriated 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:

**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 Non appropriated Funds:** Proposals from institutions for approval of capital development projects to be financed by non appropriated funds are subject to the approval process outlined in Board Policy R702.