

Capital Budget Guidelines

The Colorado School of Mines capital budget is impacted by several factors including the implementation of a new strategic plan, the growth in enrollment and research, and the availability of state funds for deferred maintenance projects. These guidelines have been developed to ensure all competing factors are considered and any use of capital funds is fully vetted and align to the overall mission and goals of the university. As funding availability and needs remain fluid, the allocation of funds is subject to change. This document outlines the overall guidelines and process for implementing the allocation of capital funds and subsequent changes.

Definitions

Capital Projects – projects and/or equipment where total costs are greater or equal to \$25,000 and/or are funded from the capital budget approved by the Board of Trustees Capital projects cannot be funded by the General Fund budget.

Programmatic Facilities – projects that benefit a specific program or function.

- Capital Projects: New equipment, construction or major renovation to accommodate new or expanded program needs.
- Renovation: Improvements to accommodate changes to a program or change use of space or to improve appearance.

Institutional Facilities – projects that may cross several functions, may be institution-wide, and are centrally determined and controlled.

- Deferred Maintenance: Maintenance of existing buildings, grounds and infrastructure critical components, which are not funded within the Facilities Management operating budget
- Capital Renewal – In kind replacement of critical building, grounds or infrastructure components with new components

Capital and Space Committee – the executive team that prioritizes, approves, and recommends to the President for approval Programmatic Facilities Requests and associated space along with changes that may impact the overall budget for Programmatic Facilities Requests. Members include:

- Executive Vice President for Finance and Administration
- Provost
- Vice President for Student Life and Dean of Students
- Associate Vice President for Research and Technology Transfer
- Director of Capital Planning and Construction (non-voting)
- Associated Director of Capital Planning and Construction (non-voting)

Capital Budget Guidelines

Research Equipment Depreciation – Depreciation on equipment directly used for sponsored research (as opposed for instructional purposes). Research equipment depreciation is component of the indirect rate charged on research projects and is reimbursed to the university. The amount equal to depreciation will be provided to fund new major research equipment.

Research Funded Projects – Programmatic Facilities projects that are funded directly with sponsored research funds as part of a research project.

General Capital Pool Budget Approval and Allocation

Each year the President will approve and recommend a capital budget pool to the Finance and Audit Committee and the Board of Trustees as part of the budget approval process. The approved budget will be funded with General Funds, Undesignated Auxiliary and Designated Auxiliary funds. In general, the pool will be allocated for the following uses:

- 20% of each funding source will be allocated to Institutional Facilities capital projects
- General funds equal to equipment depreciation used in the Indirect Cost Rate calculation (\$262,963 in FY2015) will be allocated each year to fund Research Equipment
- \$200,000 of general funds will be allocated each year to fund information technology software and equipment
- The remainder will be used for Programmatic Facilities project requests

Subject to budget availability, the allocation above, or changes to the allocation will be approved by the President. Specific approvals and processes for each allocation are outlined below.

Institutional Facilities Projects

Approximately 20% of the total capital budget is used to maintain university facilities. Many of these expenses are on-going and require funding each year (e.g. carpet replacement, fleet management, concrete repair, etc). However, some projects are one-time repairs and require new project accounts. The university may also receive state funding for some deferred maintenance projects. Because the amount funded between projects may change each year, the specific allocation must go through an approval process.

Approval

Facilities Management and Capital Planning and Construction will submit their Institutional Facilities projects requests to the Executive Vice President for Finance and Administration (EVPFA) for review and approval. Any project exceeding \$1,000,000 will be approved by the President and those exceeding \$5,000,000 must also be approved by the Board of Trustees. Additional funding equal to 30% or greater of the original project will require the same approvals as the original project. Unless the total budget for Institutional Facilities exceeds 20%, no approval is required from the Capital and Space Committee.

Capital Budget Guidelines

Timing (dates are approximate)

- Budget Office call for requests – January 1
- Facilities Management and Capital Planning and Construction submit request to the Budget Office – March 1
- Executive Vice President of Finance and Administration reviews and approves requests (to ensure adequate capital budget pool) – March 31
- Projects exceeding \$1,000,000 are submitted to the President for review and approval – June 15
- Final President approval of list – June 30

Recordkeeping and Process

Once approved by the President, project request sheets must be submitted to the Budget Office for administering and tracking. A project account will be created in Banner and cash will be transferred equal to the approved amount. Funds must be spent by the end of the subsequent fiscal year of when the budget was allocated or they will expire and be returned to the original funding source. Any funds remaining after the completion of a project will also be returned to the original funding source. Unused funds may not be transferred to other projects or any other funds. For General Fund supported projects, remaining funds will be transferred to the over/under reserve and may be redistributed upon approval of the EVPFA. Continuing projects that require annual funding will be monitored by the project manager with balances reported annually to the EVPFA to ensure funds are spent timely.

Any new requests received during the year, or funding increases for previously approved projects must be approved by the EVPFA. Each quarter, the President will review and approve new requests submitted during the year that exceed \$1,000,000 and any funding increases of 30% or greater for projects which originally exceeded \$1,000,000. A project request sheet must be submitted to the Budget Office to administer the approvals and the transfer of additional funds.

Research Equipment

The amount equal to the equipment depreciation component of the Indirect Cost Rate calculation for research expenditures will be reserved in a Major Research Equipment project account. These funds are used to purchase scientifically significant research equipment that is crucial to furthering research development across campus.

Approval and Timing

Requests for research equipment funding must be approved by the Vice President for Research and Technology Transfer (VPRTT). The faculty member/center director and college Dean will prepare a brief proposal to the VPRTT. The proposal should include the need for the equipment, how it will benefit the university and who will be the primary users. The proposal should also outline all sources of funding for the instrument; internal and external. It is expected that a majority of the cost will be the subject of a proposal to an external funding source, and that a substantial portion of the funding will be contributed

Capital Budget Guidelines

by the principals (Faculty, Center, Department and College) of the request. The VPRTT will evaluate the proposal and determine if the purchase contributes to growth and development in a research area of long-term strategic importance to the institution.

Unless the total budget for Major Research equipment exceeds calculated depreciation, no approval is required from the Capital Committee.

Record Keeping and Process

At the beginning of each fiscal year, the Budget Office will request a cash transfer from the Capital Pool to a continuing project in the Plant Fund for Major Research Equipment equal to the approved budgeted amount. Once approved, the Center or Department will provide copies of the purchasing paperwork to the RTT Office. In general, funds should be spent by the end of the subsequent fiscal year of when the budget was allocated unless reserves are required to fund large future equipment purchases (e.g. a super computer). Accumulation beyond the subsequent fiscal year must be approved by the EVPFA. RTT will provide an annual report to the Finance and Administration Office summarizing the purchases.

Information Technology Software and Equipment

The capital budget pool will fund \$200,000 of large IT software and equipment purchases that cannot be funded with operating budget due to material costs or the infrequency of the expense.

Approval and Timing

Once the budget is approved, Campus Computing, Communications and Information Technologies (CCIT) may charge project expenses directly to these funds with no additional approvals unless a single project is over \$1,000,000 then the President must approve. The activity will be reviewed on an annual basis to ensure the funds are spent timely and appropriately. The funds are only approved for the current fiscal year and may not roll into future years. Unless the total budget for CCIT equipment exceeds \$200,000, no approval is required from the Capital and Space Committee.

Recordkeeping and Process

The Budget Office will realign the capital budget to a unique account in Banner for \$200,000 at the beginning of each fiscal year in the General Fund. CCIT will process purchase orders and invoices directly against this account. CCIT is responsible for ensuring spending is within budget and for the approved purpose. Unspent budget will revert to the General Fund reserves.

Programmatic Facility Projects

Budget remaining after the above allocations is available to fund specific projects requested by campus constituents. Examples of potential programmatic projects include lab or classroom renovations, build-outs for specialized equipment, remodeling projects or any other improvements or changes to space.

Capital Budget Guidelines

Such requests may start at a department level, and then are prioritized up through a Dean/Director and through the Vice President of each area before the request may be submitted to the Budget Office.

Approval

Departments will submit their Programmatic Facilities project requests to their respective Dean or Director for a department level approval at the same time as their operating budget requests. Deans and Directors will then submit their prioritized request list to their respective Vice President for approval (Deans have approval up to \$25k – don't need to go to Provost below that). Each VP will submit the prioritized requests of their respective areas to the Capital and Space Committee. The Committee will approve the final prioritized list for the campus by level with Tier I for project highest priority, followed by Tier II and Tier III projects. Any project exceeding \$1,000,000 must be approved by the President and those exceeding \$5,000,000 must also be approved by the Board of Trustees. Additional funding must be approved by the EVPFA and increases equal to 30% or greater of the original project will require the same approvals as the original project.

Timing (dates are approximate)

- Budget Office call for requests – January 1
- Requests (prioritized by each VP) are due to the Budget Office - March 1
- Capital Committee prioritize all requests into Tier I, II, III levels – March 9
- CPC estimates are due for high priority projects (Tier I) – April 30
- Preliminary budget for Programmatic Facility projects – April 30
- CPC estimate for lower priority projects (Tier II, III) – May 15
- Capital Committee finalized prioritized list of all projects – June 15
- Projects exceeding \$1,000,000 are submitted to the President for review and approval – June 15
- Final President approval of list – June 30

Recordkeeping and Process

Once approved by the President, Capital Planning and Construction (CPC) will submit project request sheets to the Budget Office for administering and tracking. A project account will be created in Banner and cash will be transferred equal to the approved amount. Funds must be spent by the end of the subsequent fiscal year of when the budget was allocated or they will expire and be returned to the original funding sources. Any funds remaining after the completion of a project will also be returned to the original funding source. Unused funds may not be transferred to other projects or funds. For General Fund supported projects, remaining funds will be transferred to the over/under reserve and may be redistributed upon approval of the EVPFA.

Any new requests received during the year, or funding increases exceeding 30% of previously approved projects must be submitted by the VP of the requesting department to the Capital Committee for approval. Amounts less than 30% must be submitted by the VP of the requesting department and may be approved by the EVPFA for funding source and budget availability. Each quarter, the President will

Capital Budget Guidelines

review and approve new requests submitted during the year that exceed \$1,000,000 and any funding increases of 30% or greater for projects which originally exceeded \$1,000,000. A project request sheet must be submitted to the Budget Office to administer the approvals and the transfer of additional funds.

Research-Funded Projects

In some instances a Research Grant or Contract will fund a capital project directly related to that research. Because these projects are not funded with the capital budget, they are not prioritized with other departmental requests and are not subject to the approval process timeline.

Approval

Research projects require the approval of the Dean or Director, the Vice President of Research and Technology Transfer (VPRTT) and the Office of Research and Administration (ORA) to ensure the activity is appropriate for the restricted fund. Those projects exceeding \$1,000,000 must be approved by the President and over \$5,000,000 must be approved by the Board of Trustees. ORA must approve any funding changes to ensure compliance with the research budget and restrictions. Any other additional funding equal to 30% or greater of the original project is subject to the same approvals as the original project.

Recordkeeping and Process

In general, most project expenses should be recorded directly in the research project account. These funds will roll into the next fiscal year and expire at the end of the grant. Once approved, project request sheets must be submitted to CPC for administering and tracking. CPC will process all purchase orders and invoices directly against the department's research account for the project. All expenditures must be recorded when the grant expires. In some circumstances, project funds may be transferred to a capital project account. In those situations, CPC must submit the project request sheet to the Budget Office for administering and tracking the creation of the project account and the transfer. A project account will be created in Banner and cash will be transferred equal to the approved amount. Any funds remaining after the completion of a project will also be returned to the original funding source. Unused funds may not be transferred to other projects.

Non-Capital Projects

Projects estimated to cost less than \$25,000 are not defined capital projects and will not be funded with the capital budget pool. Expenses for such projects will be directly paid from departmental operating budgets.

Approval and Timing

Non-capital projects will require the approval of the Dean or Vice President of the respective requesting department. Approval by the Capital and Space Committee is not required unless there is an impact to space needed for the project. Capital Planning and Construction (CPC) will prioritize all requests

Capital Budget Guidelines

determine the estimated completion date. Because operating funds must be used for projects by the end of the fiscal year, all requests must be submitted to CPC **no later than March 31**. Operating funds will not be carried over into a subsequent year for future use. Scheduling of the project will be subject to availability of CPC staff. Approved requests received after that may require the use of funds from the following fiscal year. Operating funds will not carry-forward to a subsequent fiscal year.

Recordkeeping and Process

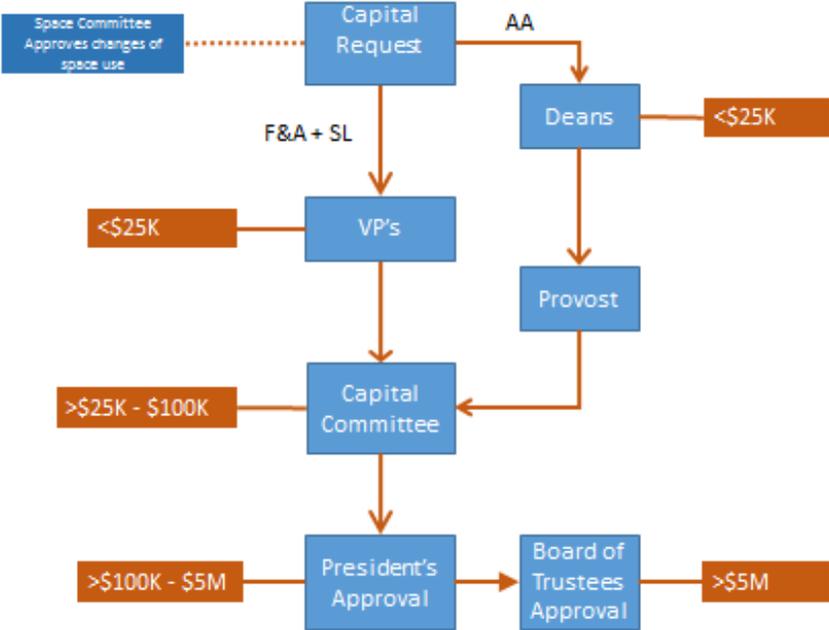
Once approved by the Dean or Vice President, project request sheets must be submitted to CPC for administering and tracking. CPC will process all purchase orders and invoices directly against the department's operating account for the project. If changes to the project result in total costs exceeding \$25,000, a request must be submitted by the VP of the requesting department to the Capital and Space Committee for approval as a Capital Project. Operating funds may not be used for any project exceeding \$25,000. Projects may not be split funded or combined for the purpose of using a specific funding source. Any funding exceptions should be requested from the Capital and Space Committee for approval.

Appendix A

Capital Budget Guidelines

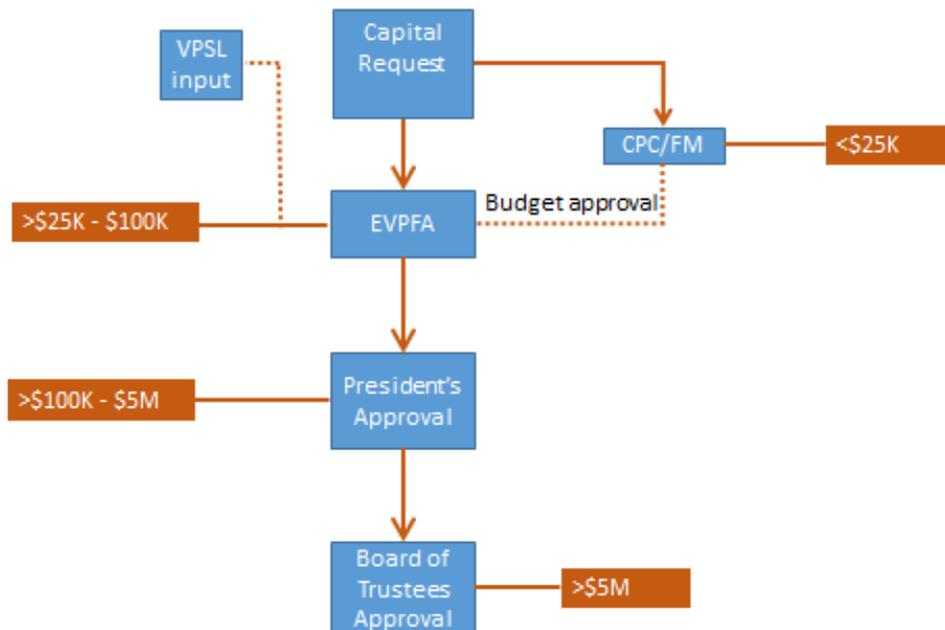
Capital							
	Deans/VP	CPC/FM	Committee	EVPA	VPRTT	President	BOT
Programmatic Facilities - Capital and Renovation/Remodel (1)							
Operating							
<\$25,000	X						
Capital Funds							
\$25,000-\$1,000,000	X		X				
\$1,000,001 - \$5,000,000	X		X			X	
>\$5,000,000	X		X			X	X
Research Funds							
\$0-\$1,000,000					X		
\$1,000,001 - \$5,000,000					X	X	
>\$5,000,000					X	X	X
Additional funding equal to 30% or greater of the original project will require the same approvals as original project.							
Institutional Facilities - Deferred Maintenance and Capital Renewals (2)							
Capital Funds							
\$0-\$1,000,000		X		X			
\$1,000,001 - \$5,000,000		X		X		X	
>\$5,000,000		X		X		X	X
Additional funding equal to 30% or greater of the original project will require the same approvals as original project.							
Definitions							
Programmatic Facilities							
(1) Capital (C):	New equipment, construction or major renovation to accommodate new or expanded program needs.						
Renovation/Remodel (RR):	Improvements to a space to accommodate changes to a program or changes, use of space or to improve appearance.						
Institutional Facilities							
(2) Deferred Maintenance (DM):	Maintenance of existing buildings, grounds and infrastructure critical components, which are not funded within the Facilities Management operating budget.						
Capital Renewal (CR):	In kind replacement of critical building, grounds or infrastructure components with new components.						

Capital Approvals Capital + Renovation/Remodel



Capital Budget Guidelines

Capital Approvals Deferred Maintenance + Capital Renewal



Appendix C

Mines Capital Request Schedule

(Dates Approximate)

		Responsible Office
• Call for capital requests	January 1 st	Budget
• Requests due to responsible office	February 1 st	Provost and VP's
• Requests due to Budget office	March 1 st	Budget
• Project prioritization (Tier I, II, III)	March 9 th	Provost and VP's
• Project estimating	April 1 st – May 15 th	CPC
• Preliminary project estimates for Tier I	April 30 th	CPC
• Set preliminary capital budget	April 30 th	Provost and VP's
• Capital Committee deliberation	May 15 th - June 15 th	Provost and VP's
• Finalize project list & capital budget	June 15 th	CPC
• Submit Capital List of projects >\$100,000 to President	June 15 th	EVPFA
• Revise Capital List and budget per President	June 30 th	CPC
• President approval	June 30 th	EVPFA