

## **VIII-10.10 - POLICY ON FACILITIES RENEWAL FOR AUXILIARY AND NON-AUXILIARY CAPITAL ASSETS**

(Approved by the Board of Regents, May 1, 1992; Amended on December 9, 2005; Amended on November 11, 2022)

1. Subject to limitations established by law, the Board of Regents is empowered to maintain the capital assets under its jurisdiction, including land, structures, and infrastructure, for auxiliary and non-auxiliary programs.
2. Facilities renewal is the planned renovation, adaptation, replacement, or upgrade of the systems of a capital asset during its life span such that it meets assigned functions in a reliable manner.
3. Total institutional spending for facilities renewal, renovation, and replacement from operating and capital sources shall be targeted annually at 2% of the current replacement value (RV) of all capital assets greater than 10 years old. Institutions should report spending separately for State (non-auxiliary) and auxiliary facilities. The allocation of funds and the selection of projects shall be approved through the operating and capital budget processes.
4. Institutions shall provide information on the amount of funds and their use to the operating and capital budget departments in the USM Office, to enable the Chancellor to monitor and report on the progress of the facilities renewal program on an annual basis to the Regents. Current replacement values and renovation backlog figures from annual SGAP reports will also be used to report a Facility Condition Index (FCI) ratio for each institution. The Chancellor's Office will provide guidance for institutions regarding data, calculations, and reporting.
5. After approval of the operating budget request by the Board, the request for State operating funds to the Governor shall include not less than the average of the previous three fiscal years of renewal expenditures unless there are System-wide funding constraints. The Chancellor may recommend to the Board an institution's one-time only exception from this policy or may recommend amendments to an institution's budget request to meet the facilities renewal policy, following recommendations by the President.

Replacement for:

Policies of the former University of Maryland, included in a report titled Critical Capital Needs, fall 1985, which highlights facilities renewal requirements for non-auxiliary facilities.

The Campus Funds Construction Program for non-auxiliary facilities and policy for the University Funded Construction Program for auxiliary facilities.

Policy of the former Board of Trustees of State Universities and Colleges, included in a report titled Facilities Management: A Comprehensive Plan, as approved by the Finance and Management Committee.