

Section Title: Financial Policies

Policy Title: Capital Projects

Policy Number: F4.0

4.0.10 **Scope and Purpose.** As the coordinating body for higher education in Tennessee, the Commission engages with institutions and governing boards on capital investment and real estate transactions through its role to develop and approve recommendations for capital outlay and maintenance funding.

4.0.20 **Authority.** The Commission is empowered to identify, prioritize, and make recommendations and decisions upon capital investment and real estate transactions for institutions of higher education in its execution of the Master Plan, approval of institutional master plans, and oversight of the state's comprehensive strategic financial plan for higher education.

4.0.30A **Procedures.** The Commission shall identify capital investment needs and determine priorities for those investments for consideration by the Governor and the General Assembly as part of the annual appropriations act.

4.0.30B The Commission shall consider capital and infrastructure issues, as well as higher education efficiency, performance, and return on investment, as part of its comprehensive strategic financial plan for higher education.

4.0.30C The Commission reserves the right to not rank or approve projects for capital outlay or maintenance funding that are not identified in an institution's current and approved facility master plan.

4.0.30D The Commission authorizes the Executive Director to make adjustments to the capital outlay and capital maintenance recommendations as necessary on behalf of the Commission.

4.0.40A **Capital Outlay.** In accordance with funding request guidelines annually disseminated by Commission staff, the Commission shall receive a prioritized list of capital outlay projects from each governing board.

4.0.40B Commission staff shall make a recommendation to the Commission consisting of one prioritized list of projects. When reviewing projects, Commission staff may employ the assistance of external reviewers and may consider, but shall not be limited to:

- 1) State goals;
- 2) Campus master and strategic plans;
- 3) THEC Space Guidelines and facility assessments;
- 4) Program and business plans; and
- 5) External funding.

Commission staff may consider these factors differently by sector, project scope, or institutional type and mission.

4.0.40C The Commission shall review and approve a recommendation for the funding of capital outlay projects. The Commission's actions and a prioritized list of capital projects shall be transmitted to the Department of Finance and Administration for review and consideration in the annual appropriation request.

4.0.40D The Commission reserves the right to rank, not rank, alter a recommended ranking, or take any other action(s) it deems fit to advance state goals.

4.0.50A **Capital Maintenance.** In accordance with funding request guidelines annually disseminated by Commission staff, the Commission shall receive a prioritized list of capital maintenance projects from each governing board.

4.0.50B Commission staff shall make project recommendations to the Commission in accordance with a capital maintenance formula. The formula may include, but not be limited to, the age, gross Education & General (E&G) square footage, usage, and conditions of institutions' facilities.

4.0.50C The Commission shall review and approve a recommendation for the funding of capital maintenance projects. The Commission's actions shall be transmitted to the Department of Finance and Administration for review and consideration in the annual appropriation request.

4.0.60A **Disclosed Projects.** Institutions may choose to construct, demolish, maintain, renovate, or otherwise engage with capital projects funded in

part by the Tennessee State School Bond Authority (TSSBA) or sources other than state appropriations.

4.0.60B The Commission authorizes the Executive Director to receive, compile, and report a list of disclosed capital projects from School Bonds and other Sources that are listed in the Capital Outlay and Facilities Program in the Appropriations Act. These projects shall be disclosed in accordance with T.C.A § 4-15-102(e).

Approved: April 22, 1988
Revised: January 27, 1989
July 26, 1996
July 25, 1997
April 18, 2002
April 17, 2003
November 17, 2005
November 20, 2008
May 11, 2017
August 17, 2023

Applicable Statute

T.C.A. § 4-15-102, state building commission
T.C.A. § 4-15-107, state building commission
T.C.A. § 49-7-132, state building commission
T.C.A. § 49-7-202, capital investment needs
T.C.A. § 49-7-1002, higher education funding requests
T.C.A. § 49-8-203, capital and real estate transactions