

VIII-10.20 - POLICY ON THE CAPITAL BUDGET
OF THE UNIVERSITY SYSTEM OF MARYLAND
(Approved by the Board of Regents, May 1, 1992;
amended February 12, 2010; February 12, 2016)

1. The Chancellor shall present annually to the Committee on Finance a proposed asking year request for the State Capital Improvement Program (CIP) and asking year request for the System Funded Construction Program (SFCP). Both CIP and SFCP submissions shall include a projected budget request by fiscal year for the four years succeeding the asking year request.
2. Definitions:
 - a. CIP: A program administered by the State Department of Budget and Management for project and funding authorization of capital improvement projects funded with resources of the State.
 - b. SFCP: This program as administered by the USM Office of the Vice Chancellor for Administration and Finance provides a mechanism for Board of Regents project approval and funding authorization for those eligible projects funded with resources of the USM and/or a USM institution including cash reserves and set-asides for a specific project and external borrowing as administered by the USM consistent with Board of Regents Policy VIII - 12.00.
3. Projects less than \$1,000,000 are not normally considered part of the SFCP. An Institution may internally finance (excepting for external borrowing) such projects only if sufficient self-support cash resources are available.
4. The USM shall obtain Board of Regents project and funding approval for SFCP eligible (non-State funded) projects if the cost is greater than \$5 million. Eligible projects costing between \$1 million and \$5 million require the approval of the Chancellor.
5. In order to avoid delays in the completion of an eligible SFCP project, the Vice Chancellor for Administration and Finance may authorize expenditures in excess of that approved by the Board (or by the Chancellor under line 4 of this policy) in the amount of 10% or \$1 million, whichever is less.
 - a. Furthermore, the Chancellor may authorize (at the Chancellor's discretion) expenditures in excess of that previously approved in the amount of 20% or \$5 million, whichever is less. An Institution may internally finance (excepting for external borrowing) increases to such projects only if sufficient self-support cash resources are available. Increases of any size to projects funded wholly or in part with State GO Bonds must be approved by the Board of Regents, regardless of the source of funds used for the increase.
 - b. Any change in funding authorized under section 5(a). of this policy must be approved by the Chancellor in writing and reported to the Board of Regents in a timely manner.
6. Each President shall prepare and submit to the Chancellor a CIP and SFCP budget request in accordance with the timetable, guidelines and instructions as established by the Chancellor. The information presented by the Chancellor to the Committee on Finance shall:
 - a. Include the request of each institution and each component as formulated by its President to

implement Board of Regents' approved policies and plans.

- b. Include the Chancellor's recommendations for each institution and component for each type of request.
 - c. Include the Chancellor's recommendations for System priorities.
 - d. Recognize the differences in the size of the institutions and components and in their missions as established by the Board.
 - e. Be prepared in accordance with the timetable instructions and procedures established by the Board.
 - f. The Finance Committee shall consider and recommend annually to the Board a proposed State Capital Improvement Program and a System Funded Construction Program as defined by and consistent with this policy.
 - g. The Board shall review and modify, as necessary, the recommendations of the Finance Committee, and approve a State Capital Improvement Program and a System Funded Construction Program.
 - h. After approval by the Board of Regents, the Chancellor shall submit annually to the Governor and the Maryland Higher Education Commission the documentation required for the State Capital Improvement Program as established by the State Department of Budget and Management and the 5-year System Funded Construction Program.
 - i. The Board of Regents shall approve in the System Funded Construction Program all projects proposed for funding through any kind of borrowing; the Chancellor shall be responsible for determining the most appropriate method(s) of financing those projects approved by the Board taking into account institutional debt (external or internal) affordability and USM borrowing capacity.
7. Except as required in section 5(b)., the authority granted to the Chancellor under this policy may be delegated by the Chancellor to any Officer of the USM Office.