

51.01 Capital Planning

Revised [August 16, 2023](#) (MO -2023)
Next Scheduled Review: August 16, 2028
Click to view [Revision History](#).



Policy Summary

Capital needs are determined as part of a long-term planning process to identify new construction, repairs, renovations, rehabilitation of existing facilities, real property acquisitions, real property leases with significant tenant improvements, and other capital projects to be compiled into a five-year capital plan which also identifies available resources for funding and debt repayment.

Policy

1. APPROVAL OF CAPITAL PLAN

- 1.1 Each fiscal year the Board of Regents (board) approves the capital plan for the next five years.
- 1.2 Projects not included on the approved capital plan are presented to the board as exceptions.
- 1.3 Board approval constitutes approval for initiation of all projects on the capital plan and of funding sources identified on the capital plan. The fiscal year designation of a project on the capital plan can be changed to the current year with the approval of the chancellor and the chair of the Committee on Buildings and Physical Plant as long as funding is identified and the Program of Requirements (POR) is completed.
- 1.4 Projects funded by legislative appropriations, other state funds and gift funds are automatically added to the capital plan with the chancellor's and the chair of the Committee on Buildings and Physical Plant's approval once the funding is identified and the POR is completed.
- 1.5 Board approval authorizes the appropriation of up to 10% of the planning amount for the first fiscal year's proposed projects for pre-construction activities as defined in System Policy *51.04, General Requirements and Delegations of Authority on Construction Projects*.

2. CAPITAL PLAN PROJECTS

- 2.1 Capital projects are defined as:
 - (a) New construction of buildings, facilities or other permanent improvements with scopes of \$4,000,000 or more;

- (b) Additions to buildings, facilities or other permanent improvements with scopes of \$4,000,000 or more;
 - (c) Repair, renovation or rehabilitation of existing buildings, facilities or other permanent improvements with scopes of \$4,000,000 or more;
 - (d) Improved real property acquisitions with a value more than \$1,000,000; or
 - (e) Projects (including certain tenant improvement projects on leased property) or acquisitions funded using Permanent University Fund (PUF) and/or Revenue Financing System (RFS) debt proceeds, with scopes of \$4,000,000 or more.
- 2.2 For each project to be included on the capital plan, the following information must be provided by the member.
- (a) Name of project.
 - (b) Description of project.
 - (c) If new construction or addition, assignable net square feet, educational and general net square feet and gross square feet of space needed and justification for space need.
 - (d) If repair, renovation or rehabilitation, existing assignable net square feet, educational and general net square feet and gross square feet of space.
 - (e) Project impacts on infrastructure.
 - (f) Project planning amount.
 - (g) Fiscal year in which project design will be initiated.
 - (h) Source of funds for project.
 - (1) If RFS debt proceeds, debt repayment source must be identified.
 - (2) If cash-funded, source of funds must be identified.
 - (3) PUF must not be identified as the source of funds for a project until a commitment has been made by the chancellor.
 - (4) Legislative appropriation must not be identified as a funding source for a project until authorized by the legislature.
- 2.3 For each auxiliary project included in the first two fiscal years on the capital plan, a pro forma cash flow statement is required and must address capital cost, operating cost and maintenance cost for the first five years of occupancy.
- 2.4 All privately funded projects, while not on the capital plan, must provide all applicable information in Section 2.2, a pro forma cash flow statement and an analysis performed by the System Offices comparing the project to system project delivery.
- 2.5 All pre-planning and planning studies for new construction, additions, and repair, renovation or rehabilitation capital projects may be administered by the Office of Facilities Planning & Construction (FPC) at the request of the member chief executive officer (CEO).

3. MASTER PLANS

All members are required to have a master plan which is consistent with projects in the capital plan. The master plans are periodically reviewed by the member and updated when necessary. Master plans and updates must be consistent with the member's development strategy and submitted to the board for review. Master plans and updates may be administered by FPC at the request of the member CEO.

4. PROGRAM OF REQUIREMENTS

A POR or statement of work (SOW) must be prepared prior to a major construction project, as defined in Policy 51.04, included on the capital plan for initiation in the next fiscal year or submitted as an addition to the capital plan for the current fiscal year. The POR or SOW may be prepared by FPC at the request of the member CEO. The POR or SOW must be approved by the member CEO or designee.

The member may appropriate funds for the preparation of the POR or SOW.

The POR must identify existing furnishings and equipment that are to be reused and new furnishings and equipment that are required as part of the project. The CEO's approval of the POR must constitute compliance with System Policy 51.05, *Furnishing and Equipping New and Renovated Buildings*.

Related Statutes, Policies, or Requirements

[Tex. Gov't Code Ch. 2253](#)

[Tex. Educ. Code § 51.9335](#)

[System Policy 51.04, *General Requirements and Delegations of Authority on Construction Projects*](#)

[System Policy 51.05, *Furnishing and Equipping New and Renovated Buildings*](#)

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

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