

Administration & Finance

Budgeting and Funding of Capital projects

As of August 2020

PROCESS STATEMENT

The purpose of this policy is to describe and outline the procedure to evaluate, prioritize and fund capital expenses consistent with the schools and the university's strategic vision and campus master plan. This policy applies to all UND SMHS campus and operational sites.

REASON for PROCESS

UND SMHS opened a new medical school building in 2016, the 325,000 square foot facility in Grand Forks serves the medical program, other health sciences programs, as well as research. The \$124 million project was funded by the North Dakota legislature. SMHS goals are to maintain the building in working condition to perform optimally in its design life. Campus offices in Fargo, Minot and Bismarck are varied arrangements from rental to state owned. The amenities and technology in all locations should be assessed for optimal learning environments.

To provide clear and concise guidance on our practices for requesting, funding and scheduling capital projects. The School and the University have funding sources available for prioritized projects.

DEFINITIONS

Deferred maintenance is maintenance that was not performed when it should have been or was scheduled to be and which, therefore is put off or delayed for a future period.

PRINCIPLES

UND Facilities Management is responsible for the management and oversight of construction, maintenance, repairs and renovations of all properties including the SMHS building. The intent of UND's policy for construction, maintenance and repair addressing deferred maintenance is to ensure work is done within cost effective procedures.

The university and SMHS have both adopted internal budget strategies annually to address, identify and fund priority renovations. UND and SMHS have annually set aside 1-2% of Tuition funds in a deferred maintenance reserve since fiscal year 2018. The reserve creates a consistent financial source upon which to draw. Projects and needs are continually being prioritized.

Funding for projected capital needs of the medical school is addressed annually in the budget process, or as needed, by consistently allocating a portion of tuition to Deferred Maintenance and/or Capital Equipment Reserves. While some of each year's current budget may be utilized to cover current fiscal year needs as needed and a reserve creates amounts retained in that account for future fiscal years.

PROCEDURES

During the annual budgeting, departments are surveyed for capital requests. The description and justification of the project, a rough estimate of the project cost, and identification of potential funding sources is requested. UND facilities is consulted for critical or planning capital maintenance (HVAC, electrical, etc.) for project coordination and sources of funding. UND SMHS projects are evaluated and prioritized from the budget office to the Dean for approval.

Annually SMHS sets aside funds as a percentage of tuition and allocates budgetary resources in a facilities fund dedicated for capital facility projects. Funds unspent are carried over for subsequent years.