In order to maintain the university’s fiscal integrity, the university has developed the following capital project funding guidelines. This document will be reviewed and adjusted annually, with adjustments made based on the economic environment and financial position of the university at the time of the review.

**Capital Project Funding Guidelines**

Specific capital projects (including capital leases and third-party developer projects) may move forward with the following restrictions.

- With a preliminary cost estimate, a unit may request to spend a limited amount of its own existing funds to the extent necessary to conceptually develop and size a project idea for the purpose of advancing discussion for possible inclusion in the university’s approved five-year capital plan.
- Before any formal design or construction work begins, the project must be included in the university’s approved one-year capital budget. However, inclusion in the capital budget does not constitute authorization to proceed with any phase of a project, which must be considered through the normal project approval process.
- Before inclusion in the university’s approved five-year capital plan, the project must contain a submitted and approved funding strategy which may not rely on uncertain sources of funding (e.g., gifts to be raised, grant proposals, future New York State capital plans) and which must include: 1) the full anticipated cost of the project, including construction, architectural and design fees, equipment, contingencies, etc.; 2) the incremental annual cost of ongoing operations and maintenance for the facility; and 3) any other relevant information. Feasibility of planned fundraising must be approved by the Vice President for Alumni Affairs and Development or the Vice Provost for Development at the medical college. Because funding sources are as diverse as university projects, each project’s funding strategy should be developed with consideration given to both the project’s merit and university priorities.
  - New York State funded projects may be divided between design and construction phases, with funding spanning SUNY capital plans, allowing the design phase to be included in the approved capital plan.
- The sources of funding for operations and maintenance expenses must be identified, in writing.
- Once included in the university’s approved five-year capital plan, preliminary work may be authorized through the schematic design phase if funded by existing available resources. Continuation of design work beyond schematic design and prior to approval of the construction phase may be permitted through the consideration and approval of the Capital Planning Group (CPG) and Capital Funding & Priorities Committee (CF&PC).
- A project not included in the annual approved five-year capital plan may be brought forward for consideration as an addition to the capital plan if a full funding plan is identified between plan cycles. This determination will be made by CPG and CF&PC.
Capital Project Funding Guidelines, continued

Funding guidelines are as follows:

- Unit reserves identified as a source of funding must be “earmarked”, or set aside in an account committed to this use until such time as they may be replaced with other sources of funding or are otherwise no longer required.
  - Use of Funds Functioning as Endowment in excess of $1,000,000 to fund a project must be approved by the Provost.

- Before a project’s construction phase is permitted to begin, the following must be true:
  - All funds within the funding strategy must be committed in writing for 100% of project cost, including debt:
    - Any source of funding for an authorized expenditure which is not in-hand must have an available source of “backstop” funding identified and committed.
    - Committed New York State funds must include an assessment of certainty of funding.
    - A utility or other rate-recovery project must include 1) a detailed statement of expected cash flow, indicating whether short-term debt is required, and 2) a rate impact analysis approved by the CFO and VP for Budget and Planning.
  - If there is gift funding:
    - Fundraising must be complete before construction begins or an approved “backstop” plan must be in place.
    - At least 75% of gifts included in the approved funding plan must be cash-in-hand.
    - The majority of the remaining gift pledges must be scheduled to be collected within five years of the start of construction. Should gifts not materialize, the unit undertaking the project will backstop fund all costs.
  - If there is debt funding:
    - The university’s expendable resources to debt ratio must always be greater than 2.0 before borrowing will be an option. If a proposed project brings the university below the minimum ratio, a trade-off decision must be made before it can be advanced.
      - Until the university returns to the minimum expendable resources to debt ratio, there will be no funds for long or short term (bridge financing) debt.
    - No more than 50% of any capital project will be debt-financed unless the project is a life-safety or major infrastructure priority. Auxiliary enterprises, such as dorms, will be evaluated based on the university’s overall debt capacity.
• Academic facilities must be at least 50% funded by unit reserves, philanthropy, or other sources.
• Projects which do not fall into the categories above (life-safety, major infrastructure, revenue-generating enterprise, academic) are to be funded 100% by available resources such as unit reserves, philanthropy, or other sources.
• The project must establish and document the maximum project debt required by the project, and include the CFO’s written evaluation of the impact of the terms of the debt on the university’s balance sheet and the unit’s ability to repay.
• The project must identify and disclose, in writing, sources of the debt repayment. If there is a planned incremental revenue stream for this purpose, this disclosure should include any incremental program-related investments, (such as faculty hiring costs or the additional overhead revenue), and their associated assumptions.

Departure from these guidelines is permissible only in exceptional circumstances, as determined by the President and the Provost after recommendation from the CF&PC.