

Authorization to Use New State Capital Outlay Threshold Level

FINANCE AND AUDIT COMMITTEE

May 3, 2011

The existing capital outlay threshold definition for the Commonwealth of Virginia, and referenced in the university's Management Agreement with the Commonwealth, is \$1 million and/or 5,000 gross square feet of new construction.

During the 2011 General Assembly, the legislature increased dollar component of the state's capital project threshold to \$2 million from \$1 million effective July 1, 2011. Item 4-4.01 #2c of Appropriations Act will read, "All institutions of higher education shall be exempt from the capital review and approval process for repair, renovation, or new construction projects costing up to \$2,000,000." Under this new \$2 million level, any renovation work or new construction work less than 5,000 gross square feet may be carried out under operating budget activities.

To maintain consistency with the state's processes and rules in the appropriations act, the university is requesting authorization to raise the dollar component of the capital threshold definition to \$2 million under the university's locally administered processes.

RESOLUTION TO USE NEW STATE CAPITAL OUTLAY THRESHOLD LEVEL

WHEREAS, the existing capital outlay threshold definition for the Commonwealth of Virginia, and referenced in the university's Management Agreement with the Commonwealth, is \$1 million and/or 5,000 gross square feet of new construction; and,

WHEREAS, during the 2011 General Assembly, the legislature increased dollar component of the state's capital project threshold to \$2 million from \$1 million effective July 1, 2011; and,

WHEREAS, Item 4-4.01 #2c of Appropriations Act will read, "All institutions of higher education shall be exempt from the capital review and approval process for repair, renovation, or new construction projects costing up to \$2,000,000."; and,

WHEREAS, under this new \$2 million level, any renovation work or new construction work less than 5,000 gross square feet may be carried out under operating budget activities; and,

WHEREAS, to maintain consistency with the state's processes and rules in the appropriations act, the university is requesting authorization to raise the dollar component of the capital threshold definition to \$2 million under the university's locally administered processes; and,

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to use \$2 million as the dollar threshold level for requiring capital project authorizations.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to use \$2 million as the threshold level for capital outlay projects be approved.

June 6, 2011