

State Level Linkages

IVY TECH STATE TRUSTEE AND STATE AGENCY DECISION LEVELS

- I. Buildings, Grounds, & Capital Committee followed by State Trustees
 - A. Contracts greater than \$100,000.
 - B. Facility leases greater than two-years or greater than \$100,000 for the lease period.
 - C. All land acquisitions or disposals.
 - D. Biennial Budget:
 - 1. Ten-year capital improvement plan,
 - 2. Capital budget request, and
 - 3. Plant improvement schedule of operating budget request.

- II. Commission for Higher Education
 - A. Approve programs and program sites.
 - B. Review and recommend operating and capital budget requests.
 - C. Review and recommend each project to:
 - 1. Construct a building or facility for greater than \$200,000,
 - 2. Purchase or lease-purchase land, buildings, or facilities with a principal value greater than \$100,000,
 - 3. Repair and rehabilitate facilities for greater than \$500,000 or, if no state funds or student fees are used, the approval level is for projects greater than \$1,000,000, and
 - 4. Lease a building or facility if the annual costs are greater than \$50,000.
 - 5. Release state funds for General Assembly approved and funded projects including General R&R.

- III. State Budget Committee
 - A. Review and include in budget report - operating and capital budget requests.
 - B. Review and recommend each project to:
 - 1. Construct a building or facility for greater than \$200,000,
 - 2. Purchase or lease-purchase land, buildings, or facilities with a principal value greater than \$100,000,
 - 3. Repair and rehabilitate facilities for greater than \$500,000 or, if no state funds or student fees used, the approval level is for projects greater than \$1,000,000, and
 - 4. Lease a building or facility if the annual costs are greater than \$50,000.
 - 5. Release state funds for General Assembly approved and funded projects including General R&R.

- IV. General Assembly
 - A. Review and appropriate funds - operating and capital budget requests.
 - B. Authorize and approve (if any state funds or student fees are involved) each project to:
 - 1. Construct a building or facility for greater than \$500,000, and
 - 2. Purchase or lease-purchase land, buildings, or facilities with a value greater than \$300,000.

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State Approvals for Capital Projects

The approval process that Indiana public higher education institutions must follow for potential capital projects is set out by State law in I.C. 20-12-5.5. That particular portion of the Indiana Code requires that the Indiana General Assembly must approve any construction of buildings or facilities that exceeds \$500,000 and any purchase or lease-purchase of land, buildings, or facilities, the principal value of which exceeds \$300,000. The only exception to this General Assembly approval requirement is for a project that does not use any state appropriated funds or mandatory student fees assessed all students.

Even after a project receives General Assembly approval, Ivy Tech and other Indiana public higher education institutions must continue through a statutorily set approval process prior to actually beginning construction, entering into a purchase or lease-purchase, or achieving the release of state funds, if appropriate. The same section of state law, I.C. 20-12-5.5, requires that each project to:

1. Construct buildings or facilities of a cost greater than \$200,000;
2. Purchase or lease-purchase land, buildings, or facilities the principal value of which exceeds \$100,000;
3. Repair and rehabilitate a building or facility at a cost that exceeds \$500,000 (\$1,000,000 if no part of the project is paid by state appropriated funds or mandatory student fees assessed all students); or
4. Lease a building or facility if the annual cost of the facility exceeds \$50,000;

must be reviewed by the Commission for Higher Education, recommended for approval by the State Budget Agency/State Budget Committee, and approved by the Governor. This approval requirement applies to projects that have previously been approved by the General Assembly as well as projects that do not require General Assembly approval.

Given the above legal and procedural requirements, the following approval process is typically followed. First, a major capital project starts with a significant amount of planning at the local and regional level. Projects that are needed and ready become part of the College's capital (construction, large renovation, purchase, or lease-purchase projects) or operating (lease projects) budget request to the General Assembly. After months of information review and deliberation, the capital and operating requests are approved by the State Trustees and submitted to the General Assembly. Capital requests are typically due in June and the operating request by August first. Once submitted, the requests are reviewed by the CHE, the State Budget Agency and State Budget Committee, and the General Assembly. Hearings are held and various recommendations are made prior to final passage of the budget bill. Therefore, it may be nearly a year from the time projects are submitted, until the College knows which projects are approved and for what amounts.

Assuming General Assembly approval and adequate financing, before proceeding, the College still must:

1. Finalize the schematic plans for the building (new construction, major renovation, purchase a building that needs renovation, or lease-purchase a building that is to be constructed or renovated), negotiate a purchase or lease-purchase agreement (for a purchase or lease-purchase), or negotiate a lease agreement (for a lease), and
2. Get state level authority approval to proceed with the project from the CHE, State Budget Agency/State Budget Committee, and Governor as noted above.