UNIVERSITY OF ILLINOIS SYSTEM
OFFICE OF CAPITAL, UTILITIES, AND REAL ESTATE

Deferred Maintenance Program

Policy Information

Policy Sponsor: System Office of Capital, Utilities, and Real Estate
Approved by: Senior Assistant Vice President, Capital, Utilities, and Real Estate
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Purpose

The Deferred Maintenance Program Policy outlines procedures related to deferred maintenance funding programs which* are intended to ensure the systematic identification, funding, and execution of facility renewal projects across the University of Illinois System to address deferred maintenance needs, maintain campus infrastructure, and responsibly manage financial resources in alignment with facility condition assessments and University procedures.

Scope

This policy applies to all university capital construction units within the University of Illinois System responsible for managing deferred maintenance projects. It outlines the procedures for accumulating, identifying, spending, and tracking deferred maintenance funds, ensuring consistent financial oversight and alignment with facility condition assessments and university protocols. The policy provides a standardized framework for reporting and approval processes across all campuses.

Statement of Policy

The University of Illinois Deferred Maintenance Program Policy establishes a consistent, system-wide framework for identifying, funding, managing, and reporting deferred maintenance projects. It ensures that projects align with facility condition assessments, utilize designated funding sources appropriately, and follow standardized procedures for approval, execution, and financial oversight across all campuses.

Procedures

Facility Condition Assessments:

Facility condition assessments are used to identify and quantify building renewal and renovation needs at a point in time. In May 2023, the Board of Trustees (BOT) approved an engagement with CannonDesign to perform a System-wide facility condition assessment. An assessment of this scale was previously performed in 2001 which resulted in several deferred maintenance funding programs, some of which are still in place. It is expected that the results of the 2023-2024 engagement will result in a modification to existing policy and/or the creation of additional policies and procedures.

A summation of funding mechanisms available for use in deferred maintenance remediation follows.

Funding - Certificates of Participation:

The University received legislative relief in 2023 when Certificates of Participation (COPs) were reintroduced as a funding mechanism through which the university could issue bonds for deferred maintenance projects.

Funding - Academic Facilities Maintenance Fund Assessment:

In April 2006 the BOT approved the Academic Facilities Maintenance Fund Assessment (AFMFA), to be paid by students, which provides an additional source of revenue to fund the facility renewal program. AFMFA is assessed on students at all three universities and is prorated for students enrolled less than full time. The fee is approved annually by the BOT and currently generates approximately $45 million a year for use in deferred maintenance projects.

Funding – State Capital Renewal:

The University received approximately $350 million for use in capital renewal projects in FY2020. Approximately half of the appropriation has been released for a variety of deferred maintenance projects across all three universities.

COPS Provisions:

The following measures will be adhered to regarding COPS funding:

1. Banner unexpended plant project funds (assigned a Banner level 3 fund code of 7441) will be established for each accepted proposed COP-funded project regardless of project budget amount. If multiple years’ COPs are utilized for a single project, separate project funds will be created for each year
2. Funds will be transferred to the project fund when projects are approved.

3. Unspent funds will be returned to the COP Proceeds Fund and will be available for other Deferred Maintenance Program projects. The new projects identified for completion with the unspent funds are required to follow the same approval process as outlined in "Operating Procedures".

AFMFA Provisions:
The following measures will be adhered to regarding AFMFA funding:

1. University Accounting and Financial Reporting (UAFR) will establish a Deferred Maintenance Program fee accumulation plant fund on each campus' chart of accounts to record AFMFA revenue as assessed.
2. The AFMFA revenues will be deposited directly into the DM program fee accumulation plant fund, in accordance with National Association of College and University Business Officers (NACUBO) guidance in regards to fees restricted or designated for certain purposes.
3. University Student Financial Services and Cashiering Operations (USFSCO) has established unique detail codes in Banner Accounts Receivable which direct the assessment to the proper fund and account code in the Banner General Ledger. Account code 301106 entitled Academic Facilities Maintenance Fee was established in Banner to account for these revenues. See Appendix D for a list of Banner A/R detail and fee accumulation C-FOAP codes.
4. In accordance with the University's revenue aid offset policy a portion of the revenues will be used for financial aid. These revenues will be transferred as AFMFA revenue from the Deferred Maintenance Program fee accumulation fund on each campus to the appropriate campus Financial Aid Office's auxiliary not-under-indenture fund, established in entity 3200 – Student/Staff Programs. These funds will be reconciled by the appropriate campus Financial Aid Office. The Office of Planning and Budgeting will annually communicate the appropriate amount to transfer by campus to UAFR and UAFR will record the transfer. Unique payment A/R detail codes have been established by USFSCO to provide financial aid from this funding source to the University's students. See Appendix D for a list of Banner financial aid C-FOAP codes.
5. Additional pool funds will be created annually to record net fees collected for each successive academic year for each campus. The entire summer session fees will be posted to the fund associated with the year in which the session begins. UAFR will transfer the balance of net fees collected into the appropriate pool funds monthly.
6. A Banner project fund (assigned a Banner level 3 fund code of 7680) will be established for each approved AFMFA-funded project regardless of project budget amount. If multiple years' fees are utilized for a single project, separate project funds will be created for each year. Funds will be transferred from the appropriate campus Deferred

Maintenance Program pool fund to the Banner project fund(s). Unspent project funds will be transferred back to the appropriate Deferred Maintenance Program pool fund when the project is completed and made available for future projects. Once all projects assigned for a particular year are complete and unencumbered, the campus construction unit can request UAFR to transfer unutilized fees for that particular year to the "excess fees" plant fund to be used for future deferred maintenance projects. Projects using the unspent funds are required to follow the approval process outlined in this document.

Roles and Responsibilities

University Office for Planning and Budgeting

- Responsible for:
  1. Notifying UAFR of the AFMFA Fee amounts to be transferred to campus financial aid funds.

System Office of Capital, Utilities, and Real Estate:

- Responsible for:
  1. Oversight and coordination of the Deferred Maintenance Program, regardless of funding source, with the concurrence of UAFR and the University Office of Planning and Budgeting.
  2. Reviewing of project requests regarding deferred maintenance criteria
  3. Reviewing that projects funded from the same funding source, but over multiple fiscal years, have a separate project fund created for each year.

Capital Construction Units (CCUs):

- Responsible for:
  1. Overseeing the selection and completion of the project, approval of requisitions, etc. in compliance with normal University procedures.
  2. Assuring that expenditures paid from each project fund meet the criteria of deferred maintenance projects.

University Accounting and Financial Reporting (UAFR):

- Responsible for:
  1. Reviewing activity in Deferred Maintenance Program pool funds, COP proceeds funds, and all associated R&R projects to verify that resources are retained within these programs and expenditures are reasonably coded.
  2. Ensuring that projects funded from the same funding source, but over multiple fiscal years, have a separate project fund created for each year.
  3. Responsible for quarterly meetings.

Project Approval:

The BOT approved the renewal program to address the backlog and future Deferred Maintenance Program requirements of the University. It is necessary for the program to stay in step with the Deferred Maintenance Program identified by the facilities condition assessment while identifying emerging Deferred Maintenance Program projects to be addressed. To obtain approval for projects to use the funding sources identified:

1. Projects must meet the definition of “deferred maintenance” as presented to the Board of Trustees (see Appendix B) or be identified as a deficiency in the facility condition assessment. System Capital Programs will perform an initial review of the proposed projects for acceptance as a deferred maintenance project. Each proposed project will include a general scope, budget, funding source and VFA deficiency number or a narrative on how the project meets the definition of deferred maintenance.
2. Once acceptance as a deferred maintenance project is received from System Capital Programs, the project will follow standard project approval routing.

Establishing and Maintaining Project Funds:

Accounting guidelines have been established and are listed below.

After acceptance of a proposed project has been received:

1. Kahua will be used to track all Deferred Maintenance Program projects beginning with the planning phase. Refer to Kahua training videos and job aids for information concerning project creation and project financial tracking.
    a. If a Deferred Maintenance Program project is funded by one or more of the above mentioned sources, the project will utilize the “Deferred Maintenance” project category in Kahua, where appropriate for the project.
    b. All Deferred Maintenance Program projects will have an actual approval date and a “Fund Source Type” and a "Fund Source Sub-type" entered in FCPWeb.
2. UAFR in coordination with System Capital Programs will establish the appropriate funds in Banner and process a transfer to the project fund(s) equal to the approved project budget(s).
3. All Deferred Maintenance Program projects will be assigned a unique Banner Fund Code for the official tracking of budget, revenue and expenses. If a project has multiple fund sources, there will be a different fund code established for each source of funds and for each fiscal year’s allotment of funds within each source.
4. When a project is completed, the CCU will notify UAFR and System Capital Programs**.** UAFR will transfer any unexpended project funds back to the originating COP proceeds or Deferred Maintenance Program pool fund for distribution to other projects. UAFR will then terminate the project fund in Banner.

5. All increases and decreases in funding to Deferred Maintenance Program projects will be recorded by UAFR with notification to System Capital Programs and the increase and or decrease will only come from or return to the Deferred Maintenance Program pool fund from which it originated.

Facility Condition Assessment Database:
System Capital Programs will act as stewards for the University-wide facility condition assessment database system (FOScore). They will work with the CCUs to revise the data as projects are completed and new deficiencies are identified.

Project Reporting:
System Capital Programs provides a quarterly compliance report to the CCUs on the overall management of the program. The report will consist of a comparison of Approved Projects budgets allocated, funding with Kahua and Banner data, remaining available funding from respective funding sources, and unencumbered project fund balances as recorded in Banner.

The quarterly reports detailing project activity will be provided to the CCUs and shared between System units. Quarterly meetings will be held to discuss any reporting issues.

In addition, an annual report indicating the condition index of the University's portfolio of facilities will be completed using the facilities condition assessment software. This report will be a joint effort between System Capital Programs and the CCUs.

Forms, Tools and Additional Resources

www.uocpres.uillinois.edu

Website Address for this Policy

www.uocpres.uillinois.edu