

Information Item - Revised Definition of a Permanent Improvement Project

The 2005 Legislature amended the definition of a permanent improvement project. Previously, a project was defined as a capital expenditure totaling \$100,000 or more. The new definition is \$500,000. Section 2-47-50 of the 1976 Code is restated below with significant changes in *italics*.

... For purposes of this chapter, with regard to all institutions of higher learning, permanent improvement project is defined as:

1. acquisition of land, regardless of cost;
2. acquisition, as opposed to the construction, of buildings or other structures, regardless of cost;
3. construction of additional facilities and work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work involved is *five hundred thousand dollars or more*;
4. architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are not to be included;
5. capital lease purchase of a facility acquisition or construction; and
6. equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project.

Any permanent improvement project that meets the above definition must become a project regardless of the source of funds. However, an institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve fund or state appropriated funds, or *state infrastructure bond funds* by the General Assembly for capital improvements shall process a permanent improvement.

The new definition means that any permanent improvement that is under \$500,000 and does not meet any of the above definitions no longer requires approval by CHE, Joint Bond Review Committee (JBRC) or the Budget and Control Board.