DEFERRED MAINTENANCE PROGRAM
GENERAL PROVISIONS AND OPERATING PROCEDURES

January 4, 2010 revised October 30, 2024

Background

Facilities 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.

Funding Financial Provisions

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.

Operating Procedures

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:

In order for UOCP&RES to fulfill its responsibilities, 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 UOCP&RES 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.

Approved by the Board of Trustees
April 11, 2006

20

Board Meeting
April 11, 2006

Revised April 10, .2006

ACADEMIC FACILITIES MAINTENANCE FUND ASSESSMENT,
ACADEMIC YEAR 2007

Action: Approval of the New Academic Facilities Maintenance Fund Assessment for Academic Year 2007

Funding: Establishes a New Funding Source

The University of Illinois maintains approximately 300 academic buildings on the Chicago, Springfield, and Urbana campuses. The current replacement value of these facilities is estimated to be about $4.4 billion. In Fiscal Year 2004 University staff with the assistance of Vanderweil Facility Advisors (Boston, MA), completed an extensive Facilities Condition Audit that identified $617.0 million in University-wide deferred maintenance deficiencies associated with these academic buildings.

Generally accepted facilities standards suggest that an acceptable level of deferred maintenance deficiencies equals 10 percent of the building replacement costs. The Space Realignment, Renewal and Replacement (SR3) methodology shows that deferred maintenance expenses accumulate as buildings age at an annual rate of 0.75 percent of their replacement cost. Data published by the Engineering News Record indicates that repair costs have increased about five percent per year since FY 2004. Consequently, the FY 2007 deferred maintenance backlog for academic facilities, viz. the amount in excess of the 10 percent acceptable level, is estimated to be about

$320.0 million. This estimate takes into account the modest University-wide deferred maintenance expenditures that were made in FY 2004 through 2006.

It will require several years to fully address the deferred maintenance backlog during which time repair costs will increase because of inflation. Between FY 2007 and FY 2016 the University of Illinois must spend about $800.0 million to address the accumulation of new maintenance costs as buildings age (~$400.0 million) and to eliminate the current backlog of deficiencies (~$400.0 million). Following extensive discussions with the Chancellors at each campus, the Vice President for Academic Affairs, and the Vice President for Administration, the President directed the vice presidents to develop a financial plan for solving the deferred maintenance problem permanently and for eliminating the backlog within 10 years. The financial plan has two components. The first component includes allocating existing University resources ($30.0 million in FY 2007) as well as new Capital Renewal funding from the State ($10.0 million requested in FY 2007) for deferred maintenance expenditures. These expenditures will increase each year by a percentage equal to the inflation rate for building repair and replacement costs.

The second component of the financial plan is an Academic Facilities Maintenance Fund Assessment (AFMFA) to be paid by both undergraduate and graduate/professional students to address the deferred maintenance backlog in academic facilities. All new undergraduate and graduate/professional students will pay the AFMFA in FY 2007, which will be $250 per semester for full-time students enrolled for at least ~~15~~ 12 credit hours at the Chicago and Urbana campuses and $8.33 per credit hour for students enrolled at the Springfield campus. For less than full-time enrollment at

Chicago and Urbana, the AFMFA will be ~~based~~ on emolled eredit ~~hours~~ ~~($16.67/credit~~ hOHr ift FY 2007) pro-rated according to current tuition range calculations. The AFMFA will be phased-in over four years so that in FY 2010 all students will pay the assessment. The AFMFA will increase each year by a percentage equal to the inflation rate for building repair and replacement costs as determined by authoritative external sources such as the Engineering News Record and the Capital Development Board. In FY 2008 undergraduate and graduate/professional students, who have been enrolled more than four years, will also begin paying the assessment. This group includes all undergraduates who will be paying the non-guaranteed tuition rates in FY 2008.

Funding for the $800.0 million ten-year deferred maintenance program is as follows: State of Illinois Capital Renewal funds--15 percent, University of Illinois internal funding from various sources--50 percent, and students and their families from the AFMFA--35 percent. Because the AFMFA is being phased-in over four years, it will be necessary to pay for some of the required maintenance expenditures by borrowing funds, especially during the first several years of the program. Total borrowing during the ten-year period will be approximately $100.0 million. The Board of Trustees has already approved the first phase of this "jump start" effort, and the fmancing team has been assembled. Approval of the specific funding mechanism is expected to come to the Board in May. In FY 2017, provided the expected State of Illinois Capital Renewal funding is secured for the entire program, the AFMFA may be eliminated because the deferred maintenance backlog will have been eliminated and other funding sources will be sufficient to address new maintenance costs and debt service in FY 2017 and beyond.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure* and Board of Trustees policies and directives.

The Chancellors, Vice President for Academic Affairs, and Vice President for Administration recommend approval.

The President of the University concurs.

Definition of Deferred Maintenance

As reported to the BOT, October 2002.

Identified deficiencies that reflect needed repairs to a building structure or system(s) that has experienced failure. These deficiencies include those items that have exceeded their useful life and can be expected to fail at any time. Repair of these items must be made in order to ensure the quality/reliability of the facility is not compromised. Deferred maintenance items left unattended will lead to shortened life and reduced asset value of the facility.

In addition, the VFA deficiency reports (2001, 2004 and 2006) prioritize the deferred maintenance items as follows:

Priority 1 Currently Critical (Immediate)

Deficiencies in this area require immediate action to return the facility to adequate operation, slow the accelerated deterioration, or correct cited safety hazards.

Priority 2 Potentially Critical (Year One)

Deficiencies in this area if not corrected expeditiously will become critical within one year causing intermittent operations, rapid deterioration, and potential safety hazards.

Priority 3 Necessary – Not Yet Critical (Year 2 – 5)

Deficiencies in this category include situations that require appropriate attention in order to prevent predictable deterioration, potential downtime, or associated damage or higher costs if further deferred.

Priority 4 & 5 Recommended Does Not Meet Current Code (Year 6+)

Categories in priority classification 4 and 5 are not part of the deferred maintenance calculation although they are logged in the data. Projects in priority 4 fall six or more years out and are not requisite but will improve the overall functionality and/or reduce long term maintenance in the facility. Priority 5 are projects that do not meet current code and are "grandfathered" thereby not requiring immediate attention unless part of a larger project in the contiguous area.

Go Back

Deferred Maintenance - Campus Specific - UIS *(generated on Thu Sep 24 [illegible] CDT 2009)*

Report Filters: **Include Closed Projects**=(N)

FCPWeb Project Data						UA Approved Fund Source												Banner						
Project Title	Project No.	Approval Date	Status	Funding	Contract Total	COPS-2006A EE	COPS-2007A EE	COPS-2006A	COPS-2007A	UA Reserves FY2006	UA Reserves FY2007	UA Reserves FY2008	AFMFA 2007	AFMFA 2008	AFMFA 2009	AFMFA 2010	Approved By	Fund	Funding	Expenses	Encumbrances	Fund Balance Available	Unencumbered Balance	Comments
BROOKENS LIBRARY WINDOW REPLACEMENT	S07002	15-Mar-2007	SUBSTANTIAL COMPLETION	$1,993,334.70	$1,984,879.20	$0.00	$0.00	$0.00	$838,734.70	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701048	$838,734.70	$635,633.05	$180,623.16	$22,479.49	$203,101.65	
						$0.00	$0.00	$1,154,600.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701026	$1,154,600.00	$1,154,600.00	$0.00	$0.00	$0.00	
BROOKENS LIBRARY RE-ROOF	S07004	06-Mar-2007	COMPLETE	$160,508.05	$163,497.00	$0.00	$0.00	$0.00	$0.00	$0.00	$7,648.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701032	$7,648.00	$7,648.00	$0.00	$0.00	$0.00	
						$0.00	$0.00	$152,860.05	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701028	$152,860.05	$152,860.05	$0.00	$0.00	$0.00	
PUBLIC AFFAIRS CENTER RE-ROOF	S07005	15-Mar-2007	COMPLETE	$270,096.50	$270,064.00	$0.00	$0.00	$0.00	$0.00	$0.00	$4,648.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701031	$4,646.00	$4,648.00	$0.00	$0.00	$0.00	
						$0.00	$0.00	$0.00	$10,862.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701051	$10,861.50	$10,861.50	$0.00	$0.00	$0.00	
						$0.00	$0.00	$254,555.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701019	$254,555.00	$254,555.00	$0.00	$0.00	$0.00	
SPENSER HOUSE ROOFING REPLACEMENT	S07009	28-Aug-2009	COMPLETE	$27,756.00	$27,755.76	$0.00	$0.00	$0.00	$0.00	$0.00	$27,756.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701051	$0.00	$0.00	$0.00	$0.00	$0.00	
WUIS MECHANICSBURG BUILDING ENCLOSURE AND SECURITY FENCE	S07010	28-Aug-2009	COMPLETE	$12,562.00	$12,561.68	$0.00	$0.00	$0.00	$0.00	$0.00	$12,562.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701050	$0.00	$0.00	$0.00	$0.00	$0.00	
VISUAL AND PERFORMING ARTS BUILDING RE-ROOF	S07011	28-Aug-2009	COMPLETE	$7,390.00	$7,390.00	$0.00	$0.00	$0.00	$0.00	$0.00	$7,390.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701052	$0.00	$0.00	$0.00	$0.00	$0.00	
STUDENT LIFE BUILDING RE-ROOF	S07012	15-May-2007	COMPLETE	$12,607.41	$12,607.41	$0.00	$0.00	$0.00	$0.00	$0.00	$12,607.41	$0.00	$0.00	$0.00	$0.00	$0.00		4-701053	$0.00	$0.00	$0.00	$0.00	$0.00	
PUBLIC AFFAIRS CENTER MECHANICAL ROOM RE-ROOF	S07013	19-May-2007	COMPLETE	$69,542.20	$73,034.00	$0.00	$0.00	$0.00	$0.00	$0.00	$57,582.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-100007	$0.00	$0.00	$0.00	$0.00	$0.00	
						$0.00	$0.00	$11,960.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-701054	$11,960.20	$11,960.20	$0.00	$0.00	$0.00	
UIS SAFETY SIDEWALKS AND LIGHTING	S08001	25-Oct-2007	COMPLETE	$6,629.00	$6,629.16	$0.00	$0.00	$0.00	$0.00	$0.00	$6,629.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-100007	$0.00	$0.00	$0.00	$0.00	$0.00	
ELEVATOR MAINTENANCE	S08002	25-Oct-2007	COMPLETE	$25,208.00	$25,208.00	$0.00	$0.00	$0.00	$0.00	$0.00	$25,208.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-100007	$0.00	$0.00	$0.00	$0.00	$0.00	
CARPET TILE STOCK	S08003	25-Oct-2007	COMPLETE	$24,072.00	$24,072.00	$0.00	$0.00	$0.00	$0.00	$0.00	$24,072.00	$0.00	$0.00	$0.00	$0.00	$0.00		4-100007	$0.00	$0.00	$0.00	$0.00	$0.00	
HEALTH & SCIENCES BUILDING SERVER ROOM COOLING SYSTEM	S08004	28-Aug-2009	SUBSTANTIAL COMPLETION	$250,596.00	$226,895.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$76,096.00	$0.00	$0.00		4-701470	$76,096.00	$33,750.55	$12,345.45	$30,000.00	$42,345.45	
						$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$174,500.00	$0.00	$0.00	$0.00	$0.00		4-701019	$174,500.00	$174,500.00	$0.00	$0.00	$0.00	
BROOKENS LIBRARY		27-Feb-																4-						

Deferred Maintenance Banner Codes

The AFMFA fee A/R detail codes and campus fee accumulation funds established in Banner for each campus are as follows:

Campus	A/R Detail Code	FOAPAL
Urbana	1AFM	1-304850-103000-300701-103850
Chicago	2AFM	2-304850-103000-300701-103850
Springfield	4AFM	2-304850-103000-300701-103850

The following funds were established in Banner to account for the financial aid:

Campus	FOAPAL
Urbana	1-302978-678000-301106-678018
Chicago	2-301772-820000-301106-820025
Springfield	4-302647-831000-301106-831014