




---

 BUS-20, Group A Housing System Funding for Major Maintenance, Replacement, and Improvement of Facilities
 

---

## I. REFERENCES

- A. Group A Housing System Indenture - Sections 4.11 and 6.01 (c).
- B. Group A Housing System Rate Structure Policy - Regents' Item 502, March 16 1967.
- C. Haskins and Sells Cost Accounting Study - Part III.

## II. INTRODUCTION

Under the provisions of the Housing System Rate Structure Policy, student rates are established at levels sufficient to cover net revenue requirements (Part A), and operating expenses (Part B). Part A consists of funding requirements for the system's financial obligations (debt service), and for the need of the system for funds to cover extraordinary maintenance, replacement, and improvement of facilities (major maintenance). This bulletin sets forth the procedures necessary to implement the University's rate structure policy and the recommendations of Haskins and Sells with respect to the generation, allocation, and utilization of major maintenance funds.

## III. PROCEDURES:

- A. Campus net revenue assessments are subject to annual determination by the Vice President - Business and Finance. Net revenue assessments shall include the amounts necessary:
  - 1. To meet debt service requirements and other direct charges to the net revenue fund, and
  - 2. To provide funds required for current and future major maintenance expenditures.
- B. The portion of the annual net revenue assessment authorized for major maintenance at each campus is subject to determination by the Vice President - Business and Finance. Major maintenance requirements shall be based on the total capital investment in Group A facilities in operation on each campus, and on a moving average of system-wide experience in the utilization of major maintenance funds.
- C. Of the total amount of net revenues derived from assessments for major maintenance, the Vice President - Business and Finance will authorize annually for expenditure a portion of these funds to each campus.
  - 1. Itemization of planned major maintenance expenditures (pre-audit) is not required for expenditures within the limits of the annual authorizations.
  - 2. Two copies of annual reports of actual major maintenance expenditures made during a fiscal year (post audit) shall be submitted to the Vice President - Business and Finance, Attention: Director of Business Services. These should be submitted as early as possible after the end of the fiscal year.
  - 3. Responsibility for complying with the provisions of the Group A Housing System Indenture covering the expenditure of major maintenance funds rests with each campus Chancellor or his designated representative.

- D. Of the total amount of net revenues derived from assessments for major maintenance, the balances not subject to annual allocation in accordance with (C.) above shall be identified by campus.
1. Upon applications by campuses, and approval thereof by the Vice President - Business and Finance, funds retained as major maintenance reserves may be made available for specified purposes. (To conserve these reserves, campuses must demonstrate inability to meet specific and unanticipated needs from the funds allocated annually in accordance with (C.) above.)
  2. Until funds retained as major maintenance reserves have accumulated to a level insuring system-wide security, campuses receiving approval to expend such funds may also be required to replace them by means of a surcharge added to their regular net avenue assessments.
  3. Unencumbered balances of annual allocations pertaining to major maintenance funds in accordance with (C.) above shall expire at the end of each fiscal year.
- E. The procedures outlined in this bulletin are subject to higher authority. The provisions of the Group A Housing System Indenture and the policies and directives of The Regents and of the President are governing in all cases.

IV. RESPONSIBILITIES:

- A. The Office of the President has the responsibility for:
1. Determining annual net revenue assessments.
  2. Determining annual expenditure authorizations of major maintenance funds.
  3. Maintaining major maintenance reserve sub-accounts.
  4. Controlling major maintenance reserve funds.
- B. Chancellors, or their designated representatives, have the responsibility for:
1. Complying with Group A Housing System Indenture provisions.
  2. Reporting major maintenance expenditures annually.
  3. Maximizing the efficient utilization of major maintenance funds.

---

*Send comments or questions about this website to [webmaster](#).*

*Last updated: October 16, 2006 .*