**Scope:**

This policy covers the method for determining whether capital projects may be funded with CRC reserve balances.

**Policy Statement:**

Self-Support planning units may choose to fund capital projects with CRC Reserves, while the funding of capital projects for central-support planning units is determined centrally.

To qualify for CRC funding, capital projects must meet the following criteria:

* The useful life of the project must be greater than two years.
* The budget category for the project must be capital maintenance, which means the project is intended to extend the life of the building.
	+ If the project involves new/incremental construction (additional square footage), only the capital maintenance portion of the project can be funded with CRC Reserves.
* The project is not related to utilities distribution, IT systems, or moveable equipment.
* The building for which CRC Reserves are to be used must meet one of the following criteria:
	+ Planning unit currently occupies the building and pays CRC for the building.
	+ Planning unit does not currently occupy the building but will occupy in the future and pay CRC for the building (subject to approval by the Budget Office).
	+ Planning unit currently occupies building, does not currently pay CRC, but will pay CRC for the building in the future (subject to approval by the Budget Office).
* CRC Reserves cannot be used to fund capital maintenance for buildings for which CRC is not charged, such as leased buildings or the School of Medicine buildings.

Once the above qualifications are met, unit will receive written approval from the Budget Office to proceed with CRC funding for the approved projects.

**Reason for the Policy:**

Each year, operating funds are set aside in separate accounts and to spend on capital maintenance projects when appropriate. Each self-support planning unit has their own CRC reserve balances, while there is a single central CRC reserve for all central-support planning units.

This policy seeks to provide clarity into the methods for determining which capital projects may be funded with CRC reserves.

**Definitions:**

Capital Replacement Charge (CRC)

The amount of money that, if set aside each year, would be sufficient to fund all the capital maintenance over the long term for Yale’s buildings. CRC is designed to provide funding for capital maintenance only and is not intended to fund programmatic renovations or new construction.

**Date Issued: 05/31/2017**

**Date Reviewed: 11/18/2020**

**Date Revised: 11/18/2020**

**Owner: Director, Financial Planning & Analysis**