

## Fiscal Highlights

### Capital Improvements and Deferred Maintenance - Angela J. Oh

Utah has a statutory requirement to fund capital improvements and it is one of the few states that uses ongoing appropriations to do so. Current law, UCA 63A-5-104(7), requires capital improvement funding to be 1.1 percent of combined building values (with an exception explained below) before the State can build any new buildings. Capital improvements, formerly known as alterations, repairs, and improvements (AR&I), consist of projects costing less than \$2.5 million to improve an existing facility or less than \$500,000 to construct a new facility. The Division of Facilities Construction and Management, under the direction of the State Building Board, uses capital improvement funds to make critical repairs to state facilities and replace worn equipment. Typical improvement projects include repairs to utility tunnels, HVAC systems, electrical systems, roofs, and parking lots.

The table below shows the FY 2016 allocation of capital improvements by the State Building Board.

Dixie State University	\$ 1,954,409	Environmental Quality	-
Salt Lake Community Col.	\$ 4,354,648	Fairpark	\$ 1,737,839
Snow College	\$ 2,235,065	Health	\$ 1,131,779
Southern Utah University	\$ 3,001,830	Human Services	\$ 5,279,033
University of Utah	\$ 24,760,402	National Guard	\$ 2,800,610
Utah State University	\$ 11,255,000	Natural Resources	\$ 760,296
Utah Valley University	\$ 4,010,961	Parks and Recreation	\$ 3,032,767
Weber State University	\$ 4,394,000	Wildlife Resources	\$ 2,170,652
Utah Col. of Applied Tech.	\$ 5,609,668	Office of Education	\$ 1,828,700
<i>Subtotal Higher Education</i>	<i>\$ 61,575,983</i>	Public Safety	\$ 775,129
Agriculture	\$ 215,000	Tax Commission	\$ 1,051,091
Alcoholic Beverage Control	\$ 459,049	Transportation	\$ 1,128,428
Capitol Preservation Board	\$ 1,617,550	Veterans Affairs	\$ 202,590
Community and Culture	\$ 80,922	Workforce Services	\$ 970,107
Corrections	\$ 3,757,918	Statewide Programs	\$ 5,669,900
Courts	\$ 3,982,057	Critical Needs	\$ 5,700,000
DFCM	\$ 5,619,440	<i>Subtotal Agencies</i>	<i>\$ 49,970,857</i>
		<b>Grand Total</b>	<b>\$ 111,546,840</b>

During budget deficits, statute allows funding to fall below the 1.1 percent replacement value to 0.9 percent without additional statutory changes. The figure below shows a 10-year history of capital improvement appropriations and the percentage of replacement value. During the 2010 and 2011 General Sessions, the Legislature reduced appropriations for capital improvements and those two years experienced the lowest appropriations as a percentage of replacement value in the last ten years.

