



# USHE OPERATIONS AND MAINTENANCE

## STATE-FUNDED FACILITIES

HIGHER EDUCATION  
STAFF: SPENCER PRATT

ISSUE BRIEF

### **SUMMARY**

The Analyst recommends that the subcommittee approve a one-time reduction in FY 2014 of \$63,300 and in FY 2015 of \$898,300 for O & M funding that is currently in ongoing base budgets at Utah State University and Utah Valley University. This reduction reflects the expected timing of the completion of the Business Building at USU and the Classroom Building at UVU as shown in the attached table.

### **OBJECTIVE**

Funding of O & M for new and renovated facilities help to maintain the buildings and preserve the State's capital investment on USHE campuses.

### **DISCUSSION AND ANALYSIS**

Several years ago, the Legislature approved a new policy for state-funded buildings, where the O & M for a new building would be funded at the time the building was approved. The O & M funding is appropriated, but is offset with one-time reductions until the building is completed and ready for occupancy. This policy brings the O & M costs to the attention of the Legislature as a cost of the building, not later as a cost that needs to be prioritized with other requests. This policy seems to be working to the benefit of both the Legislature and the institutions.

This policy only applied to state-funded buildings, so the O & M for non-state funded buildings still needs to go through the appropriations request process.

All of the buildings approved prior to the 2011 General Session have been completed and are currently in operation, with O & M funding in the institutions' base budgets. During the 2011 General Session, two buildings were approved – a Business Building addition at Utah State University and a Professional Programs Classroom Building for Weber State University's Davis Campus. The Professional Programs Classroom at Weber State University was completed at the end of FY 2013. The Business Building at Utah State University was scheduled for completion and occupancy on June 1, 2014, so last year, the Legislature reduced the ongoing O & M funding for the 11 months in FY 2014 that it would not be operational. A revised completion date of August 1, 2014, leaves the remaining one month of FY 2014 and one month of FY 2015 to be reduced. The Analyst recommends a one-time reduction in FY 2014 in the amount of \$63,300 and in FY 2015 in the amount of \$66,400 for the month before it will be occupied.

No new buildings were approved for USHE during the 2012 General Session. During the 2013 General Session, a new classroom building was approved for Utah Valley University. The full ongoing O & M for that building was appropriated to UVU, then backed-out one-time in FY 2014, based on the projected completion date. The completion date is November 30, 2014, so will need seven months of O & M appropriation in FY 2015.

**USHE New Facilities Operations and Maintenance**

**FY 2015 One-time Reductions**

	Expected Completion Date*	O & M Base Budget FY 2014	Original FY 2014 Reduction	LFA Add'l FY 2014 Recomm.	LFA FY 2015 Priority List Recomm.
<u>2011 General Session:</u>					
Utah State University Business Building	1-Aug-14	797,000	(733,700)	(63,300)	(66,400)
<u>2013 General Session:</u>					
Utah Valley University Classroom Building	30-Nov-14	1,984,500	(1,984,500)	0	(831,900)
<b>Total</b>		<b>2,781,500</b>	<b>(2,718,200)</b>	<b>(63,300)</b>	<b>(898,300)</b>

\* Completion dates provided by DFCM.