



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 of \$730,600 in FY 2015 and an additional \$1,036,200 in FY 2016 for O & M funding that is currently in ongoing base budgets at Utah State University and Weber State University. This reduction reflects the expected timing of the completion of three USU buildings – the Business Building (Logan), the Brigham City Academic Building, and the Central Instruction Building (Price) and the Science Building at Weber State University 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, a Business Building addition at Utah State University was approved. The Business Building at Utah State University was originally scheduled for completion on June 1, 2014, but has run into several delays. Last year, based on a projected completion date of August 1, 2014, approved a one-time reduction of \$63,300 for the one month of FY 2015 before it would be occupied. The revised completion date for the building now is November 2, 2015, so the Analyst recommends a further one-time reduction for FY 2015 (supplemental) in the amount of \$730,600. Also recommended is a one-time FY 2016 reduction in the amount of \$265,700.

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 building was recently completed as expected on November 30, 2014, which matched the O & M appropriation so is no longer shown on the schedule.

During the 2014 General Session, two Utah State University and one Weber State University buildings were approved. The two USU buildings include the Brigham City Academic Building and the Central Instruction Building in Price; the Weber State University building is a new Science Building. Based on the projected completion dates for these three buildings, plus the USU Business Building, the Analyst recommends a total FY 2016 one-time reduction of \$1,036,200, as shown in the following table.

USHE New Facilities Operations and Maintenance

FY 2015 and FY 2016 One-time Reductions

	Expected Completion <u>Date*</u>	O & M Base Budget <u>FY 2015</u>	Original FY 2015 <u>Reduction</u>	LFA Add'l FY 2015 <u>Recomm.</u>	LFA FY 2016 Priority List <u>Recomm.</u>
<u>2011 General Session:</u>					
Utah State University Business Building	2-Nov-15	797,000	(66,400)	(730,600)	(265,700)
<u>2014 General Session:</u>					
Utah State University Brigham City	2-Dec-15	365,400	(365,400)	0	(154,200)
Price	30-Jul-15	328,900	(328,900)	0	(26,100)
Weber State University Science Building	29-Apr-16	711,000	(711,000)	0	(590,200)
Total		2,202,300	(1,471,700)	(730,600)	(1,036,200)

* Completion dates provided by DFCM.