



HIGHER EDUCATION
STAFF: SPENCER PRATT

UNIVERSITY OF UTAH INFRASTRUCTURE

ISSUE BRIEF

SUMMARY

The University of Utah has identified major infrastructure problems on campus which result in frequent blackouts because of inadequate electrical lines. Last year, the Legislature approved \$22 million in the Capital Development budget and a portion of the Capital Improvement budget to address this situation. The University of Utah proposes to issue a revenue bond for the balance of the funding need to complete this project and then increase its rates to provide the revenue stream to pay off the bond. The State Board of Regents' request includes \$3.9 million to absorb the rate increases.

OBJECTIVE

The University has discussed this project for the past two years with the Infrastructure and General Government Appropriations Subcommittee and received approval last year to pay for the first portion of the project. Additional funding would allow the University to have the necessary funds to complete this project.

DISCUSSION AND ANALYSIS

The University proposes issuing a revenue bond and then paying off the bond with the higher rates, which are to be funded with additional state appropriations. If state appropriations are going to provide the revenue to pay off the revenue bond, it would likely be more efficient for the State to issue a General Obligation (G.O.) bond to get a more favorable rate.

Should the Higher Education Appropriations Subcommittee be allocated additional funding, the Analyst recommends \$7,000,000 to pay off the bond to fund the infrastructure capital improvement.