



USHE OPERATIONS AND MAINTENANCE

NEW FACILITIES

HIGHER EDUCATION
STAFF: SPENCER PRATT

ISSUE BRIEF

SUMMARY

The Analyst recommends that the subcommittee approve one-time reductions totaling \$5,001,700 in FY 2018 for Operations and Maintenance (O & M) funding that is currently in ongoing base budgets at the University of Utah, Utah State University, Utah State University, Southern Utah University, Utah Valley University, Snow College, and Salt Lake Community College. This reduction reflects the expected timing of the completion of two buildings on the University of Utah campus, two buildings on Utah State University's campus, the Business Building at Southern Utah University, the Performing Arts Building at Utah Valley University, the Science Building at Snow College, and Salt Lake Community College's CTE Center, 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.

A couple of years ago, the legislature also began providing the O & M funding upfront for non state-funded buildings.

All of the higher education buildings approved during the 2014 General Session or earlier have been completed and are currently in operation, with O & M funding in the institutions' base budgets. Buildings that were approved in the 2015 and 2016 General Sessions are expected to be completed sometime during FY 2018 or FY 2019.

In the 2015 General Session, approved state-funded buildings included two at the University of Utah, one at Utah State University, and one at Snow College. In addition, the legislature approved non state-funded buildings – two at the University of Utah and one at Utah State University. At the University of Utah, one of the state-funded buildings will be completed according to schedule later in FY 2017 and one of the non-State-funded buildings was completed on time during FY 2016. The other two buildings at the University of Utah are on the list for one-time O & M adjustments. The non-state-funded Utah State University building will be completed during FY 2017; the state-funded building is scheduled for completion in FY 2018, so also appears on the list for one-time O & M adjustments. The Science Building at Snow College will be completed early in FY 2018, so a small adjustment is on the list.

During the 2016 General Session, four buildings were approved. These include the Biological Sciences building at Utah State University, the Business building at Southern Utah University, the Performing Arts building at Utah Valley University, and the CTE Center at Salt Lake Community College. All four buildings will be completed in FY 2018 or FY 2019, so are included on the one-time O & M adjustment list

Based on the projected completion dates, the Analyst recommends the one-time reduction of \$5,001,700 (\$1,275,800 at the University of Utah, \$1,463,800 at Utah State University, \$349,000 at Southern Utah University, \$1,168,000 at Utah Valley University, \$25,600 at Snow College, and \$719,500 at Salt Lake Community College) to reflect the O & M

allocations that are in these institutions' ongoing budgets, but which will not be needed until the buildings are finished.

USHE New Facilities Operations and Maintenance				
FY 2018 One-time Adjustments				
	Expected Completion Date*	O & M Base Budget FY 2017	Original FY 2017 Reduction	LFA FY 2018 Priority List Recomm.
<u>2015 General Session:</u>				
University of Utah				
Crocker Science	30-Oct-17	682,700	(682,700)	(226,300)
Orson Spencer Hall**	1-Aug-18	1,049,500	(1,049,500)	(1,049,500)
Utah State University				
Clinical Services Building	1-Dec-17	630,500	(630,500)	(264,300)
Snow College				
Science Building	30-Jul-17	322,000	(322,000)	(25,600)
<u>2016 General Session:</u>				
Utah State University				
Biological Sciences Building	15-Oct-18	1,199,500	(1,199,500)	(1,199,500)
Southern Utah University				
Business Building	30-Nov-18	349,000	(349,000)	(349,000)
Utah Valley University				
Performing Arts Building	30-Nov-18	1,168,000	(1,168,000)	(1,168,000)
Salt Lake Community College				
CTE Center (Westpointe)	1-Mar-18	1,080,800	(1,080,800)	(719,500)
Total		6,482,000	(6,482,000)	(5,001,700)

* Completion dates provided by DFCM.
** Non state-funded buildings.