



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, 2016, and 2017 General Sessions are expected to be completed sometime between FY 2018 and FY 2023.

In the 2015 General Session, approved state-funded buildings included one at the University of Utah, one at Utah State University, and one at Snow College. In addition, the legislature approved a non state-funded buildings at the University of Utah. At the University of Utah, the state-funded building was completed according to schedule in FY 2017 and the non-State-funded buildings is scheduled for completion later this year and is on the list for a one-time FY 2019 O & M adjustment. The Utah State University building will be completed during FY 2018 and appears on the FY 2018 list for a one-time O & M adjustment. The Science Building at Snow College was delayed to early FY 2018, so a small FY 2018 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. Approval was later given to reduce the size of the Utah State University Biological Science Building as well as the O & M from the original amount of \$1,199,500 to \$941,700. This adjustment was made for FY 2017, but was inadvertently missed for FY 2018. As a result, the FY 2018 one-time reduction was overstated by the difference of \$257,800. The Analyst is recommending that the Legislature approve a one-time FY 2018 supplemental in the amount of \$257,800 to correctly reflect the O & M costs associated with this building. The FY 2019 one-time reduction of \$366,400 is based on the revised O & M level of \$941,700 and the projected completion date. The Business Building at Southern Utah University is scheduled for completion just after the beginning of FY 2019, resulting in a small one-time FY 2019 adjustment. Base on the

projected completion date for the Performing Arts Building at Utah Valley University, the one-time FY 2019 O & M reduction is estimated at \$486,400. The projected completion date for the CTE Center at Salt Lake Community College was delayed to near the end of FY 2018, resulting in a one-time FY 2018 adjustment of \$308,000.

Last year, the Legislature approved three buildings, one at the University of Utah, one at Weber State University, and one at Dixie State University. The Weber State Building is a renovation, so has a quick turnaround. It should be completed later this summer, in time for Fall semester, with an estimated FY 2019 one-time O & M reduction of \$20,100. The other two buildings will not be completed until FY 2020 or later, so the full O & M amount is projected to be reduced for FY 2019.

Based on the projected completion dates, the Higher Education Base Budget Bill (H.B. 1) includes net one-time FY 2018 reductions of \$239,000 (increase of \$93,700 at Utah State University, \$24,700 at Snow College and \$308,000 at Salt Lake Community College) and FY 2019 reductions of \$2,046,700 (\$562,500 at the University of Utah, \$366,400 at Utah State University, \$20,100 at Weber State University, \$16,300 at Southern Utah University, \$486,400 at Utah Valley University, and \$595,500 at Dixie State University) 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 2019 One-time Adjustments

	Expected Completion <u>Date*</u>	O & M Base Budget <u>FY 2018</u>	Original FY 2018 <u>Reduction</u>	LFA Add'l FY 2018 <u>Recomm.</u>	LFA FY 2019 Priority List <u>Recomm.</u>
<u>2015 General Session:</u>					
University of Utah					
Crocker Science	30-Oct-17	682,700	(226,300)		
Orson Spencer Hall**	1-Aug-18	1,049,500	(1,049,500)		(89,100)
Utah State University					
Clinical Services Building	6-Mar-18	630,500	(264,300)	(164,100)	
Snow College					
Science Building	27-Aug-17	322,000	(25,600)	(24,700)	
<u>2016 General Session:</u>					
Utah State University					
Biological Sciences Building CORRECTED AMOUNT	20-Nov-18	941,700	(1,199,500)	257,800	(366,400)
Southern Utah University					
Business Building	18-Jul-18	349,000	(349,000)		(16,300)
Utah Valley University					
Performing Arts Building	30-Nov-18	1,168,000	(1,168,000)		(486,400)
Salt Lake Community College					
CTE Center (Westpointe)	13-Jun-18	1,080,800	(719,500)	(308,000)	
<u>2017 General Session:</u>					
University of Utah					
Medical Education and Discovery	1-Dec-22	473,400	(473,400)		(473,400)
Weber State University					
Social Sciences Building Renov.	18-Jul-18	432,200	(432,200)		(20,100)
Dixie State University					
Human Performance Center	15-Jul-19	595,000	(595,000)		(595,000)
Total		7,724,800	(6,502,300)	(239,000)	(2,046,700)

* Completion dates provided by DFCM.

** Non state-funded buildings.