



Office of the Legislative Fiscal Analyst

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Memorandum

To: Executive Appropriations Committee

From: Joseph Fitzgerald, Office of the Legislative Fiscal Analyst

Date: December 9, 2024

Re: Higher Education Construction Cost Inflation

Per JR3-2-402(1)(a)(vi), the Executive Appropriations Committee shall hear a report on construction inflation and ongoing operating and maintenance costs for any capital development projects requested by the Utah System of Higher Education (USHE).

According to the Division of Facilities and Construction Management (DFCM), there are 23 capital development projects requested by USHE currently under construction. Of these projects, DFCM and USHE report that the Southern Utah University Business Building West Addition is underfunded for construction costs by \$1,365,100. As for underfunded operations and maintenance costs, three projects are currently reported as underfunded: the Utah State University Veterinary Medicine Building (\$1,179,100), Bridgerland Technical College's new allocation in the Brigham City Regional Education Complex (\$17,700), and Ogden-Weber Technical College's Health Technology Building (\$168,000). The Office of the Legislative Fiscal Analyst has not independently verified these numbers.

As part of its budget request for the 2026 General Session, the Utah Board of Higher Education is requesting \$1,365,100 in existing appropriations from the Higher Education Capital Project Fund to fund the shortfall for the Southern Utah University Business Building West Addition. The Board is not requesting additional funding for the shortfall in operations and maintenance costs.

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MEMORANDUM

To: Executive Appropriations Committee

From: The Office of the Commissioner of Higher Education

Date: December 9, 2024

Re: Utah System of Higher Education Capital Project Cost Escalation and Maintenance Report

Senate Joint Rules Resolution 15 from the 2024 General Session requires the Executive Appropriations Committee to hear an annual report on construction inflation and the ongoing operation and maintenance costs of any capital development project requested by a Utah System of Higher Education institution under Utah Code Section 53B-2a-117 or 53B22-204; and to further consider whether to adjust the next fiscal year base budget or set aside special allocations in response to the report.

According to the Division of Facilities Construction and Management, as of December 2024, there are 23 USHE capital projects with state funding participation currently undergoing construction. Of those projects, there is one instance of reported under-funded cost escalation (SUU Business Building West Addition) and one instance of identified under-funded operations and maintenance costs (USU Veterinary Medicine Building).

Among projects not currently under construction, there are two identified instances of O&M shortfalls in the amounts of \$17,700 for Bridgerland Technical College's 3,200 in new square feet allocated from the Brigham City Regional Education Complex and \$168,000 for Ogden-Weber Technical College's Health Technology Building dedicated in 2011.

As part of its adopted FY 2026 capital budget recommendation, the Utah Board of Higher Education is requesting \$1,365,100 in existing appropriations from the Higher Education Capital Project Fund to support the SUU Business Building West Addition project cost escalation. The UBHE is not requesting funding for any reported O&M deficits, as they are not included in the adopted FY 2026 consensus operating budget recommendation.

Legislative Session	Institution	Project	Anticipated Completion Date	Original State Appropriations	Original Other Project Financing	Original Project Cost	Updated Project Cost	Surplus/(-Overrun)	Source of Coverage	Budgeted O&M	Identified O&M Needed
2024	Snow College	Social Science Classroom and Lab Building	Jul-27	\$41,215,700	\$735,000	\$41,950,700	\$41,950,700	\$0	N/A	\$455,100	\$0
2024	Ogden Weber Technical College	Pathways Building	Jan-27	\$84,170,500	\$0	\$84,170,500	\$84,170,500	\$0	N/A	\$630,100	\$0
2024	Utah State University	Administrative Services Building	Aug-26	\$4,991,300	\$5,000,000	\$9,991,300	\$9,991,300	\$0	N/A	\$0	\$0
2024	University of Utah	Huntsman Cancer Institute Vineyard Facility	Dec-28	\$75,000,000	\$325,000,000	\$400,000,000	\$400,000,000	\$0	N/A	\$662,700	\$0
2023	University of Utah	Price Computing & Engineering Building	Dec-26	\$113,144,200	\$76,197,800	\$189,342,000	\$194,342,000	-\$5,000,000	DFCM	\$2,302,300	\$0
2023	Mountainland Technical College	Wasatch Campus	May-26	\$65,736,500	\$914,000	\$66,650,500	\$66,650,500	\$0	N/A	\$848,200	\$0
2023	Weber State University	Engineering Technology Building Renovation	Nov-25	\$8,332,400	\$0	\$8,332,400	\$8,332,400	\$0	N/A	\$339,700	\$0
2023	Salt Lake Community College	Business Building Expansion & Remodel	Jul-26	\$18,063,400	\$13,127,600	\$31,191,000	\$31,191,000	\$0	N/A	\$767,400	\$0
2023	Southern Utah University	Business Building West Addition	Jan-26	\$12,500,000	\$4,844,300	\$17,344,300	\$18,709,400	-\$1,365,100	Dedicated Project Funds	\$92,100	\$0
2023	Utah State University	Science Engineering Research Building Renovation	Dec-24	\$4,200,000	\$775,900	\$4,975,900	\$4,975,900	\$0	N/A	\$29,600	\$0
2023	Utah State University	Huntsman Experiential Learning Center	Jun-25	\$10,000,000	\$19,236,700	\$29,236,700	\$31,281,400	-\$2,044,700	Institution	\$393,500	\$0
2023	Utah State University	Monument Valley Campus	Dec-25	\$5,000,000	\$9,680,000	\$14,680,000	\$14,680,000	\$0	N/A	\$107,200	\$0
2023	Utah Tech University	Cox Performing Arts Center Renovation ¹	Dec-25	\$29,934,000	\$9,500,000	\$39,434,000	\$39,434,000	\$0	N/A	\$0	\$0
2022	Utah Valley University	Engineering Building	Jun-25	\$80,000,000	\$30,000,000	\$110,000,000	\$115,000,000	-\$5,000,000	DFCM	\$1,755,200	\$0
2022	Weber State University	David O. McKay Education Building Renovation	May-25	\$27,132,200	\$0	\$27,132,200	\$27,132,200	\$0	N/A	\$171,200	\$0
2022	Mountainland Technical College	Payson Campus Building	Jun-25	\$47,922,000	\$4,500,000	\$52,422,000	\$54,672,000	-\$2,250,000	DFCM & Institution	\$798,700	\$0
2022	Tooele Technical College	Campus Building Expansion	Feb-25	\$24,749,000	\$0	\$20,000	\$24,769,000	\$27,347,000	DFCM	\$597,400	\$0
2022	Davis Technical College	Campus Renovations & Program Expansion	Jun-25	\$20,366,000	\$0	\$20,366,000	\$20,366,000	\$0	N/A	\$117,500	\$0
2022	Utah Tech University	General Classroom Building ²	Apr-25	\$61,085,000	\$2,914,800	\$63,999,800	\$68,499,000	-\$4,499,200	DFCM	\$868,600	\$0
2022	Southern Utah University	Music Center Renovations ³	Mar-26	\$39,500,000	\$3,800,000	\$43,300,000	\$43,300,000	\$0	N/A	\$164,000	\$0
2022	Utah State University	Veterinary Medicine Building ⁴	Jul-26	\$75,500,000	\$0	\$75,500,000	\$75,500,000	\$0	N/A	\$0	\$1,179,100
2022	University of Utah	School of Medicine Building	Apr-26	\$110,000,000	\$105,000,000	\$215,000,000	\$215,000,000	\$0	N/A	\$473,400	\$0
2021	University of Utah	Applied Sciences Building	Feb-25	\$60,000,000	\$23,513,000	\$83,513,000	\$97,538,000	-\$14,025,000	DFCM & Institution	\$646,500	\$0

¹An additional \$11.4 million in funding was added to the original state appropriations and other project financing related to changes in project scope not inflation.

²An additional \$5 million in funding was added to the original state appropriations related to changes in project scope not inflation.

³An additional \$23.8 million in funding was added to the original state appropriations and other project financing related to changes in project scope not inflation.

⁴O&M needed identified by the Institution.