

UNIVERSITY OF ALASKA

FY14 CAPITAL BUDGET DEVELOPMENT GUIDELINES

INTRODUCTION

Guidance from the Governor for the FY14 Capital Budget is expected to place emphasis on deferred maintenance. With this in mind, the FY14 capital budget requests will incorporate much of the analysis and planning work accomplished during the FY13 budget development process as well as review and reconsider elements not incorporated in the project list for the last two budget years.

UA's longrange Capital Improvement Plan will be consistent with the 10-year fiscal plan submitted to the State of Alaska. The plan provides the Board of Regents, President, executive staff, and university community a clear picture of the desired capital projects and the annual operating costs associated with those projects. The long range Capital Improvement Plan aims to balance program needs across UA campuses with realistic expectations.

deferred maintenance and renewal backlog. Although new facilities are important to the University, annual deferred maintenance as well as facility renewal and repurposing, code corrections, and some upgrades for University equipment has been and will continue to be a top capital budget priority.

- x Over the past 10 years (FY04-13), UA has requested an average of \$95.9 million in state funding for DM and R&R, but only received an average of \$23.9 million. The vast gap between the funding required and the funding received, in current dollars, has elevated UA's deferred maintenance and renewal and repurposing backlog from \$200 million in 2000 to over \$1.0 billion as of September 2011. Extending the life of existing facilities is absolutely essential. The longer UA goes without consistent adequate facilities funding, the faster the deferred maintenance backlog threatens UA with areas of mission failure. That, in turn, impacts annual O&M dollars that become unprogrammatically diverted to other problems.
- x Through its operating budget, the University dedicates funding (approximately 1.5% of adjusted facility value) every year to routine and preventive maintenance and repair (M&R). Common industry standards prescribe 2-4% of current replacement value as the most appropriate annual investment for M&R. The specific percentage is determined based on various factors such as the age of the buildings, previous renovations, the level of building use, and the

FY14 BUDGET TIMELINE

Below are key dates in the FY14 budget development process. BOR identifies dates for which the Board of Regents will be involved.

June

- x BOR - FY13 Operating and Capital Budget Acceptance
- x BOR - FY13 Operating and Capital Budget Distribution Plans Approval

July

- x Initial discussions with the Governor's Office of Management and Budget (OMB) and Legislative Finance Division on FY14 program themes, fixed costs and capital budget needs
- x FY14 MAU Capital Budget Requests submitted to Statewide Budget Office

August

- x FY14 MAU deferred maintenance list to Statewide