

University of Alaska

Shaping  
Alaska's  
Future

# FY15 Capital Budget Overview

Senate Finance Committee  
February 18, 2014



UNIVERSITY  
*of* ALASKA  

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*Many Traditions One Alaska*

# FY15 BOR Capital Request

- **Deferred Maintenance**
  - No. 1 overall priority
  - Governor's \$37.5M (last year of 5)
  - UAF Heat and Power Plant Upgrade
    - No. 1 deferred maintenance project
- **Engineering Buildings Completion**
  - No. 1 academic demand project
- **Research for Alaska**
  - UAF's Alaska Earthquake Center
  - Arctic Oil Spill Response
  - Statewide Digital Mapping Initiative



# FY15 Governor's Capital Request

- **Deferred Maintenance**
  - No. 1 overall priority
- **UAF Heat and Power Plant Upgrade . . . None**
- **Engineering Buildings Completion . . . Partial Funding**
- **Research for Alaska . . . None**
- **Equipment . . . None**



# University of Alaska FY15 Governor's Proposed Capital Budget

(in thousands of \$)

Gov.'s Proposed Budget			
	State Approp.	Receipt Auth.	Total
<b>Deferred Maintenance (DM) / Renewal &amp; Repurposing (R&amp;R)</b>	<b>37,500.0</b>		<b>37,500.0</b>
<b>New Starts/Continuation</b>			
UA Engineering Building Completion (UAA and UAF)	10,000.0	10,000.0	20,000.0
UAF Heat & Power Plant Major Upgrade Project			
<b>Research for Alaska</b>			
<b>University Receipt Authority for Capital Projects</b>		<b>20,000.0</b>	<b>20,000.0</b>
<b>Total FY15 Capital Budget</b>	<b>47,500.0</b>	<b>30,000.0</b>	<b>77,500.0</b>



# FY15 Capital Reality

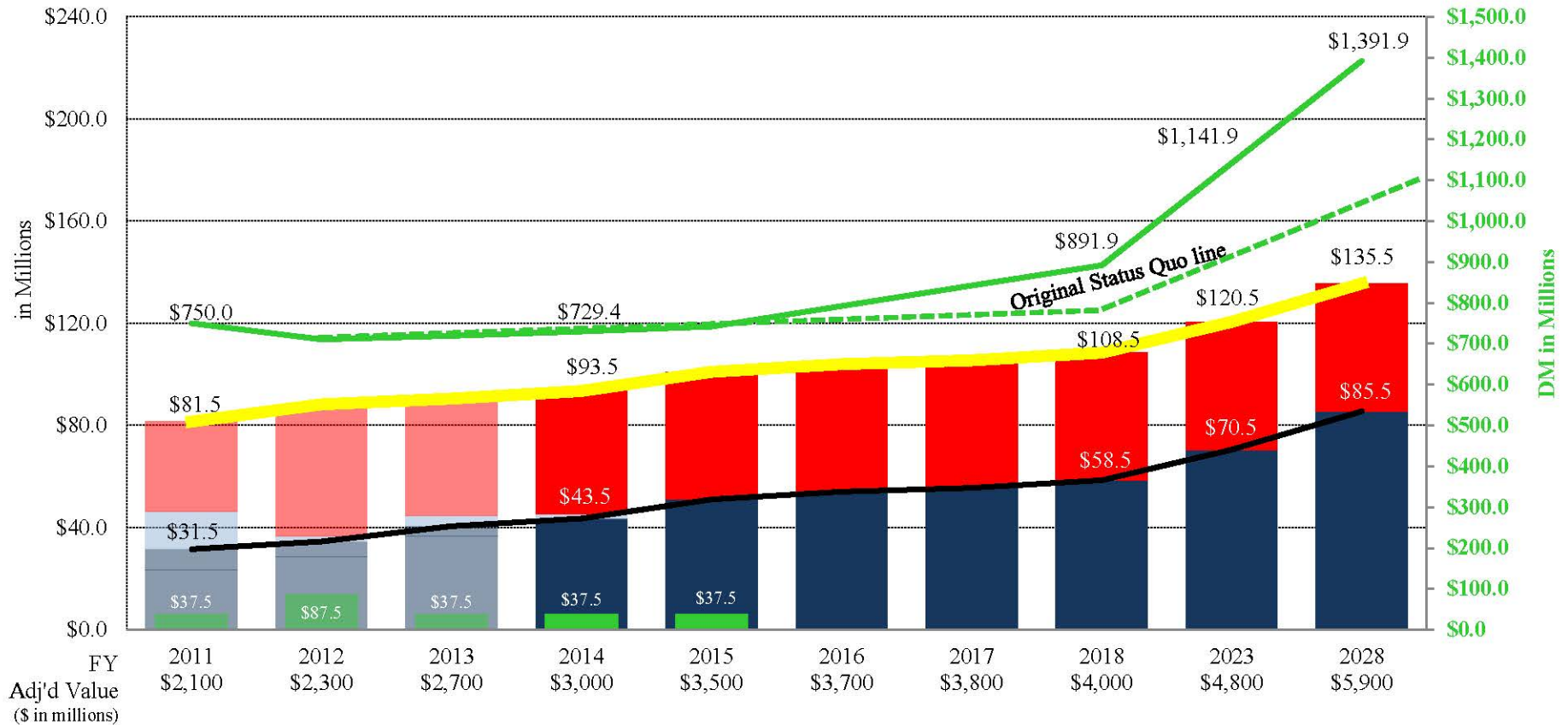
- DM \$37.5
- Engineering vs. Heat and Power Plant Upgrade



# Alaska Sovereign Education Fund

- **Alaska's Land-Grant University Equivalency**
- **Fraction of State Earning in Oil/Gas/Mining**
  - Legislative-controlled account
  - Appropriated annually only to:
    - University Building Fund (UBF)
    - System-wide capital, capital maintenance, equipment
  - Initial Seed Money for UBF
    - Applied to UBF upon being signed into law
- **Apportionment Limits (Annual)**
  - Higher education receives first \$50M
  - Legislature determines appropriation or savings of excess
- **Long Term Goal**
  - Modernize university technology, equipment
  - Materially reduce facilities falling into DM status

# FY14 Sustainment Funding Plan for UA Facilities With No Additional DM and R&R Funding



## Annual Sustainment Funding

- M&R Annual Expenditures (Operating Budget)
- M&R Annual Maintenance Target 1.5% of Adj'd Value (Budget Intent)
- R&R Annual Capital Expenditures (Target is \$50.0M a year)
- M&R/R&R Annual Investment Target
- Annual Investment Target Shortfall (adds to DM backlog)

## Deferred Maintenance Reduction

- Deferred Maintenance Reduction Expenditures (\$37.5M for 5yrs)
- Deferred Maintenance Backlog with no additional M&R/R&R funding (Increases to over \$1.1B by 2023)
- Deferred Maintenance Backlog without adequate R&R funding (Grows to over \$960M by FY23)