

Alaska State Legislature

Senator Pete Kelly



Senate District B

Sponsor Statement for SB 74

The University of Alaska maintains over 400 buildings worth more than \$2.5 billion. These facilities comprise almost 40% of the square footage owned by the State of Alaska, and preserving the state's substantial investment in these structures is imperative. More than half of these buildings are over 30 years old, and inadequate appropriations for the scheduled replacement of worn-out building components such as roofs, electrical equipment, and heating and ventilation systems have left many of them with substantial deferred maintenance.

Senate Bill 74 creates the University Building Fund (UBF) as a special account in the general fund. It is modeled after the Alaska Public Building Fund, which has been operated successfully by the Department of Administration since 2000.

In addition to legislative appropriations, the UBF may contain funds deposited by a campus on behalf of its facilities as well as funds from donors; capital balances when new facilities are completed; and money collected as rent from the departments or programs that occupy space in university buildings.

The University Building Fund will accomplish the objective of making University departments cost-conscious about the space they occupy, because they have to pay for it in their individual budgets. It also allows the university to seek private funds for maintenance and operations of their buildings.

Collecting rent from tenants is an important feature of the UBF. By charging rent to the occupants, the university will incentivize better space management and utilization practices. Charging for space will:

- encourage improved space utilization
- empower departments to manage space for the highest and best use
- encourage a cultural change from entitlement thinking to maximizing use of every square foot
- encourage energy efficiency
- encourage managers to relinquish poorly utilized space

Experience at other universities indicates that charging for space improves internal discipline, leading to improvements in space utilization and efficiencies in operation.