

# UNIVERSITY OF ALASKA

## FY13 CAPITAL BUDGET DEVELOPMENT GUIDELINES

### INTRODUCTION

Guidance from the Governor for the FY13 Capital Budget is expected to place continued emphasis on deferred maintenance. With this in mind, the expectation is that the FY13 capital budget requests will incorporate much of the planning work performed during the FY12 budget development process.

Capital Improvement Plan will be congruent with the 10-year fiscal plan submitted to the State of Alaska. The plan provides the BOR, President, executive staff, and university

Over the past 10 years (FY02-FY11), UA has requested an average of \$76.5 million in state funding for DM and R&R, but received an average of \$18.4 million. The vast gap between funding required and funding received, in real dollars, has elevated deferred maintenance backlog from \$200 million in 2000 to over \$750 million as of September 2011. Extending the life of viable existing facilities is essential and the longer UA goes without adequate funding for facilities DM and R&R, the steeper the deferred maintenance curve climbs, and the of risk mission failure increases as well as the operating and maintenance unprogrammed expenses.

Through its operating budget the University dedicates funding every year to routine and preventive maintenance and repair (M&R), and in FY10 dedicated over \$32 million (approximately 1.5% of adjusted facility value) of its operating budget to this category some common industry standards prescribe 2-4 percent of current replacement value as the appropriate annual investment for M&R. Factors such as the age of the buildings, previous renovations, level of building use, and climate will determine the specific percentage.

### FY13 BUDGET TIMELINE

Below are key dates in the FY13 budget development process. BOR indentifies dates for which the Board of Regents will be involved.

#### June

BOR - FY12 Operating and Capital Budget Acceptance

BOR - FY12 Operating and Capital Budget Distribution Plans Approval

#### July

Legislative Finance Division to discuss FY13 program themes, fixed costs and capital budget needs

#### August

FY13 MAU Capital Budget Requests submitted to Statewide Budget Office including: capital budget requests and deferred maintenance lists

List of expected leased properties and any projects needing potential debt financing

FY13 budget meeting of the University of Alaska leadership to present and review MAU budget request priorities (to include a presentation by each Chancellor on the expected outcomes in FY12 and a general discussion of their 3-5 year planning horizon)

#### September

BOR - First Review of FY13 Operating, Capital Budget, and Capital Improvement Plan

#### November

BOR - FY13 Operating and Capital Budget Request Approval

BOR - FY13 Capital Improvement Plan Approval

Budget (OMB)