Florida Board of Governors

CAFA Presentation on PECO Funding
PECO FUNDING REMAINS A HIGH PRIORITY FOR THE SUS

- Increased access to qualified students
- Reduced plant operations and maintenance (POM) funding
- Increased deferred maintenance issues
- Reduced economic life of facilities (functional utility)
INCREASED ACCESS TO QUALIFIED STUDENTS

• Since 2007-2008
  • The SUS has provided access to approximately 30,000 additional students
  • Enrollment growth funding for new students has not been appropriated
  • Base state appropriations have declined $738 million, or 29.4 percent
• Continuing base operating funds have been redirected to our key mission of educating students, resulting in less funding for facilities and infrastructure
REDUCED PLANT OPERATIONS AND MAINTENANCE FUNDING

• Historical POM funding (janitorial/custodial services, utilities, preventative maintenance, minor repairs) did not anticipate the increases in costs associated with technology revolution and expanded building uses.

• Only since 1999 did POM reflect differences in building usage and costs, but this is a very small percentage of total funding.

• Over the past 10 years, maintenance and repair costs have increased over 50 percent (4.2 percent/year)*

• Reduced “real funding” means many routine maintenance items are foregone.

INCREASED DEFERRED MAINTENANCE

- Deferred maintenance falls outside normal POM budgets.
- Reduced POM funding has resulted in postponed repairs and ignored preventative maintenance, producing critical deferred maintenance problems in buildings and utility infrastructure.
- Changes in facility utilization rates have exacerbated the deferred maintenance issue.
- A “Best Practice” building recovery/reinvestment rate of 2 to 3 percent per year would produce a need of $280 to $420 million based upon SUS physical plant replacement cost of $14 billion, beyond the existing backlog of deferred maintenance.
REDUCED ECONOMIC LIFE OF FACILITIES

• Economic Life, the period where improvements contribute to value, is much shorter than physical life

• Changing needs of students and faculty, especially in terms of how universities deliver education, must be addressed
  • Improvements in pedagogy
  • Social learning environments
  • Smart technology
  • Social responsibility/sustainability

• Renovation/replacement funding is essential to provide facilities that meet 21st century educational needs
• Continued PECO funding is critical for universities to continue meeting their teaching, research, economic development and community engagement initiatives

• Annual PECO appropriations averaged approximately $400 million* from 2001-02 and 2010-11

• PECO appropriation in 2011-12 was $43 million including $35 million for USF Polytechnic Campus

*Adjusted by Bureau of Labor statistics, Producer Price Index Industry Data, New Construction