

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

*Adjusted by Bureau of Labor Statistics, Producer Price Index Industry Data, Maintenance and Repair Construction

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

SUMMARY

- 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