The Maintenance and Repair process assumes that MAUs:
- have a base budget available for M&R expenditures
- have annually budgeted at least the minimum requirement at each campus
- have increased the base M&R budgets by the amount of general funds added by the legislature each year
- have increased the base M&R budgets, for general and non-general funds, as indicated in the operating distribution plan approved by the Board of Regents in June

**Base M&R Budget**
Formula: Base M&R Budget = Lesser of FY10 Minimum M&R Requirement (1.5% of adjusted facility value) or FY10 Actual M&R Expenditures + on-going increments

M&R base budgets were initially created using the lesser of the FY10 calculated minimum M&R requirement and the FY10 Actual M&R Expenditures reported by the MAUs. The FY10 calculated minimum M&R requirement is 1.5% of the adjusted value from the 2008 Facilities Inventory publication. All campuses reported spending (via specific orgs) at least 1.5% of their adjusted facility value except PWSCC, Bristol Bay, Kuskokwim, Juneau, and SW.

On-going general and non-general funds appropriated by the legislature are added to the initial base M&R budgets. One time increments (i.e. staff benefit savings in FY12) were used to calculate the minimum requirement for that fiscal year only. One-time increments were not included in the on-going base budget amount when calculating the increment for the next fiscal year.

**M&R Increment Request**
Formula: M&R Increment Budget Request = Minimum M&R Requirement - Base M&R Budget

The M&R increment is the difference between the calculated minimum M&R requirement and the base M&R budget. The minimum M&R requirement is 1.5% of adjusted facility value from the most recent facilities inventory (fall of the previous year). Prior to FY14, all infrastructure amounts were added at the main campus. Now infrastructure is included with the appropriate campus. Campuses that have a base M&R budget above their minimum requirement should ask for nothing for that campus; do not ask for a reduction.

**Communications**
MAUs/BOR: Annual M&R requirements will be communicated as part of the distribution plan in June.

BOR: Actual M&R expenditures for the most recently closed fiscal year will be communicated as part of the 1st review of the operating and capital budget requests in September.
Board of Regents’ Policies
P05.12.010. Introduction and Purpose
A. A comprehensive program of facilities planning, capital budgeting and project development, and facilities operations and maintenance is essential for the university to effectively serve present and future faculty, students and staff.

P05.12.020. Definitions
In this chapter
F. “maintenance and repair” or “M&R” means recurrent day-to-day work required to preserve or immediately restore a facility or fixed equipment to such a condition that it can effectively be used for its designated purpose; maintenance may take the form of routine or preventive activities or emergency work or service contracts; maintenance and repair costs may not be capitalized; maintenance and repair excludes new construction unless specifically authorized by the university’s chief finance officer;

I. “operating cost impact” means the annual cost of facilities operation and maintenance and the estimated renewal and replacement requirements; the estimated renewal and replacement requirement shall be calculated for year seven of the facility’s useful life;

P05.12.070. Operations and Maintenance
A. The annual need for maintenance and repair shall be fully funded in the annual operating budget of the university unless otherwise directed or approved by the board. In addition, the funding for facility renewal and replacement as well as elimination of accumulated deferred renewal continues to be a university priority. At a minimum, an amount equal to the annual M&R need shall be expended on routine maintenance and repair, major repairs, R&R, whether current or deferred, alterations, remodeling, mandated improvements, and capital planning.

B. On an annual basis, the chief finance officer will report for each MAU the:
1. prior fiscal year actual operating and capital expenditures for M&R and R&R support;
2. current fiscal year’s budgeted operating and capital commitment for M&R and R&R;
3. current annual calculated need for M&R and R&R;
4. current estimate of accumulated deferred renewal; and
5. the status of ongoing deferred renewal projects.

C. The annual R&R funding will be determined based on type of use and occupancy of a facility. For facilities that are used for general university occupancy or operations, annual expenditures for R&R will be based upon the level of need and the level of resources available for such projects as determined through the budget process. For facilities that are leased to, or substantially utilized by, university auxiliaries or non-university entities, annual R&R requirements will be fully funded in the operating or capital budget unless otherwise approved by the chief finance officer.

Statewide Finance Accounting Manual
3MAINT Maintenance, Repair and Alterations - Expenditures in this sub account group represent the cost of services rendered for repairs of items for the university, where both labor and materials furnished together in the performance of the repair of the work, with both being
charged to this sub account group. Charges for services might include the cost of routine maintenance contracts, janitorial or security service contracts. Includes the cost of postage, parcel post charges on freight where applicable.

Account Codes:

- 3771 Repairs and Alteration Services (Physical Plant) - Physical Plant labor and materials for in-house repairs and alterations.
- 3775 Equipment Maintenance - Expenditures for those repair or maintenance costs which are not on an annual contract, including typewriters, copiers, elevators, etc.
- 3781 Facilities Repair/Maintenance - Expenditures by other than Physical Plant for maintenance or repair work to buildings or other facilities not of a capitalizable value.
- 3799 Maintenance/Security-Other - For other services rendered in the repair, upkeep, maintenance and protection of university property not specifically covered in the 37XX series.

Resources


http://www.ifma.org/tools/research/32.cfm