The APLU Board on Agriculture Assembly (BAA) commissioned a study on deferred maintenance challenges for public agricultural colleges in the United States by Sightlines, LLC, from Guilford, Connecticut. That study, completed in 2015, documented the capital infrastructure and deferred maintenance at 91 public institutions. It showed that the deferred maintenance backlog at these facilities totaled $8.4 billion, and that the total replacement value of those facilities is $29 billion. The greatest level of deferred maintenance was in buildings dedicated to scientific research, with buildings for classrooms and teaching ranked second.

Following the release of the Sightlines report, a task force was commissioned by the BAA to develop a strategy with recommendations on how to address the challenges documented in the report. The Sightlines and Strategy Task Force reports are attached to this message.

The two key recommendations from the strategy report are to:

1. Adopt best management practices of maintaining the facilities that exist at public agricultural colleges. As in many organizations, university administrators have a tendency to skimp on maintenance, which leads to increasing costs associated with deferred maintenance. The Sightlines study estimated that the Net Asset Value of the facilities in the survey have been diminished approximately 30% by the lack of adequate maintenance. It will be essential for university administrators to adopt practices that help to extend the usefulness of expensive capital investments rather than letting them be diminished by failing to maintain them properly. One step recommended in the report is to call for funding full Facility & Administrative Costs (Indirect Costs) on competitive grants from USDA and from industry grants and contracts.

2. Replace the decaying facilities with new facilities (and require adoption of good stewardship plans for the facilities) with public-private investments. The report recommended that federal funds could be made through NIFA (beyond the current funding for research and Extension) that would require a state, local and/or private funding match. Authorizing language has already been adopted by Congress (Research Facilities Act, 1963). The Sightlines report estimated that 61% of the facilities in the survey were built before 1991, an era in which they describe the quality of construction as being inadequate. Approximately $18 billion would be needed to replace this infrastructure. With a 50% cost-share for federal funds, $9 billion in federal funding would be required to achieve that goal. The strategy task force suggested a 10 year funding plan to achieve that level of facility replacement.

The Trump Administration has put forward suggestions that they will develop an infrastructure plan to address deteriorating infrastructure in public facilities and that it will involve a public-private partnership, such that private equity would be one of, if not the dominant source of funding for the initiative. At this time, there has been little information shared beyond these basic parameters.

Given the potential of a federal investment in infrastructure, it seems prudent for administrators of public agricultural colleges to be prepared for opportunities that may come with little advanced notice. The American Recovery and Restoration Act of 2009 was adopted and implemented relatively quickly, and it is worth considering that another round of infrastructure investments might emerge on a similar timeline. One term that was used frequently in the early implementation of ARRA was that it was meant to support projects that were “shovel-ready”, and similar language is already circulating in Washington.

As it is unlikely that the infrastructure program will allow for multi-year planning procedures before funds are made available for construction, administrators who have plans for facility improvements or replacements and have prioritized these along dimensions of both maintenance condition (facility age and level of deferred maintenance) and institutional programmatic priority will have a greater likelihood of benefiting from a federal initiative.

Several other factors may emerge that are different from the ARRA process. In particular, it is likely that matching funds may be required to receive federal funds. In the Research Facilities Act language, matching funds are anticipated, but not required, and are set at 50% match if the Secretary of Agriculture requires a match.

It is a bit more difficult to anticipate what requirements might be added to accommodate the fact that the Trump Administration is interested in attracting private investment to infrastructure projects. One model for public-private partnerships involves a private entity that actually builds and owns the facility (perhaps on land owned by a public institution), and the private entity then leases the facility to the public institution for an annual lease payment that becomes the source of return on the private investment. In some cases, the private entity maintains management responsibility for the facility, which may give a greater assurance that building maintenance will be adequately funded. Typically in these models, the private investor requires strong assurance such as a reliable revenue stream from tuition or bonds or some form of commerce in order to leverage their risk.

There are likely other parameters that we have not anticipated at this point for a federal infrastructure investment program. As the administration communicates more about this plan, it will be important to track those details. And prior to the release of a plan, it will be important for Members of Congress to hear from leaders in public agricultural colleges who request that research, teaching and Extension facilities at public universities be included in the public infrastructure projects eligible for the federal program. It will be important for the private industries we serve to reach out to leaders as well to affirm the need for and value of public agricultural college facilities being included in this infrastructure initiative.

To summarize/outline action steps:

- Administrators should review their current facility projects and identify those that may be classified as 'shovel ready'. If possible, explore a plan for identifying matching funds for any such facilities. It may be important to generate such a list for the system on a very short time line should the Trump Administration move an infrastructure bill forward.
- The BAA will work with Cornerstone to explore any infrastructure funding opportunities that emerge through infrastructure bills put forward by the Trump Administration.
- The BAA will work with Cornerstone to explore opportunities to pursue an infrastructure funding program in the 2018 Farm Bill discussions.
- The BAA will prepare a 1 page informational piece which summarizes the Sightlines infrastructure study, and that can be used to present the system's infrastructure needs when advocating for infrastructure funding.

Should you have further comments, ideas, or questions, please contact Ian Maw (imaw@aplu.org) and/or Tom Coon (thomas.coon@okstate.edu).