Capital Planning and Budget

UW System Capital Facilities:

- 63% of state holdings

- 2,319 Structures (1,270 actual buildings on 13 campuses)

- 60 million square feet of space

- Replacement value $7.3 billion
(excluding furnishings & equipment)

Capital Budget Funding Sources

Two Categories of Bonding for Capital Projects

- **GFSB** - General Fund Supported Borrowing
    State-issued bonds repaid with state tax GPR

- PRSB - Program Revenue Supported Borrowing
    State-issued bonds repaid with UW-PR, including Seg. fees

Two Categories of Projects

- **Major Projects** – require specific statutory enumeration; over $500,000

- All Agency Funds – A facilities maintenance fund for all state agencies.
    The UW receives about 60% of the total.

Capital Budget Process Timeline

2006 February	UW institutions submit requests to UWSA as part of their six-year plans.
March	Summary of requests presented to the PPF Committee
June	Regent direction for final budget content and amount
August	Regent action on budget recommendations
September	Regent request submitted to DOA
2007 February	Governor's budget sent to legislature
March	State Building Commission action on Governor's budget
May/June	Joint Finance Committee action on budget

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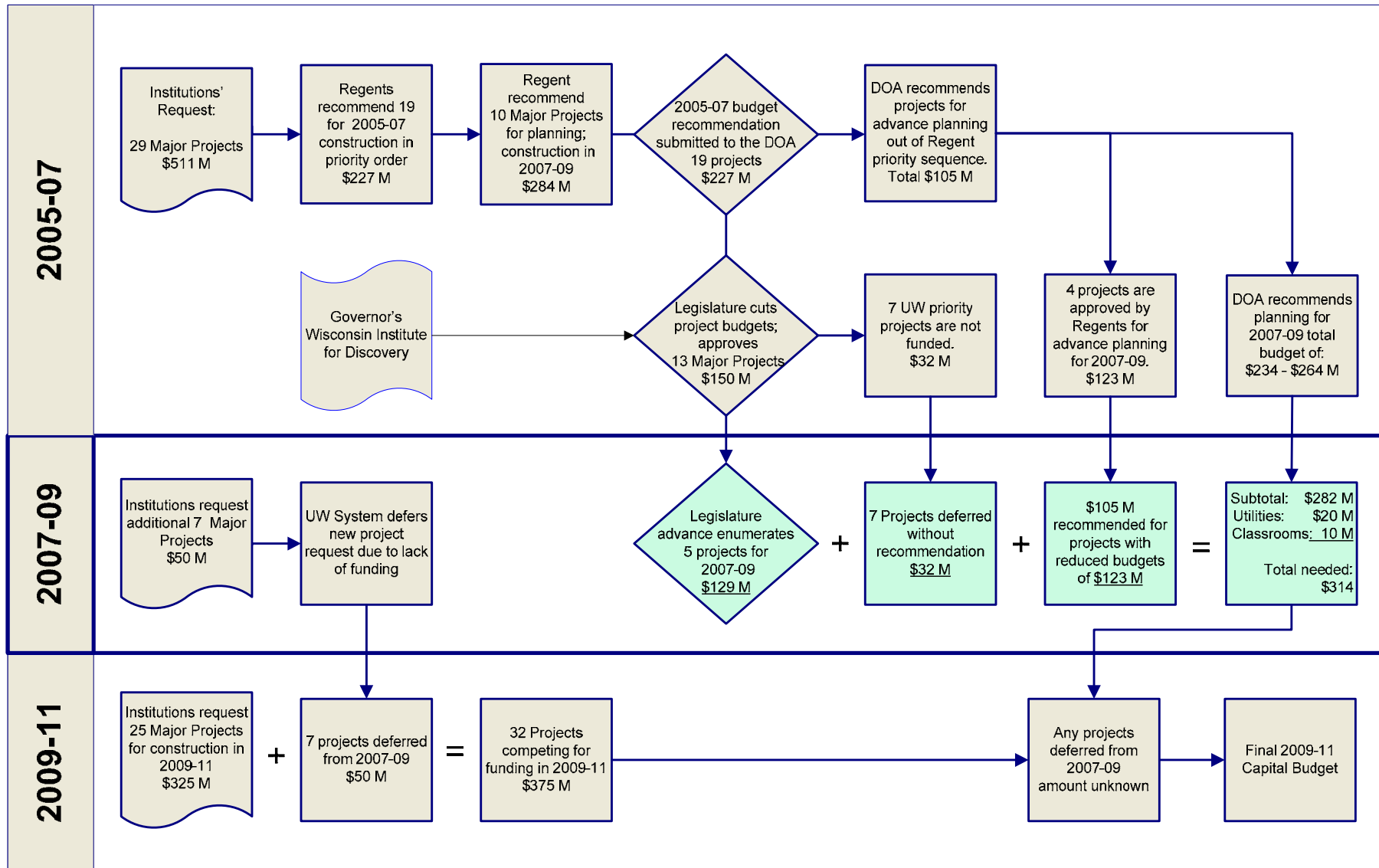
Purpose of Today's Discussion

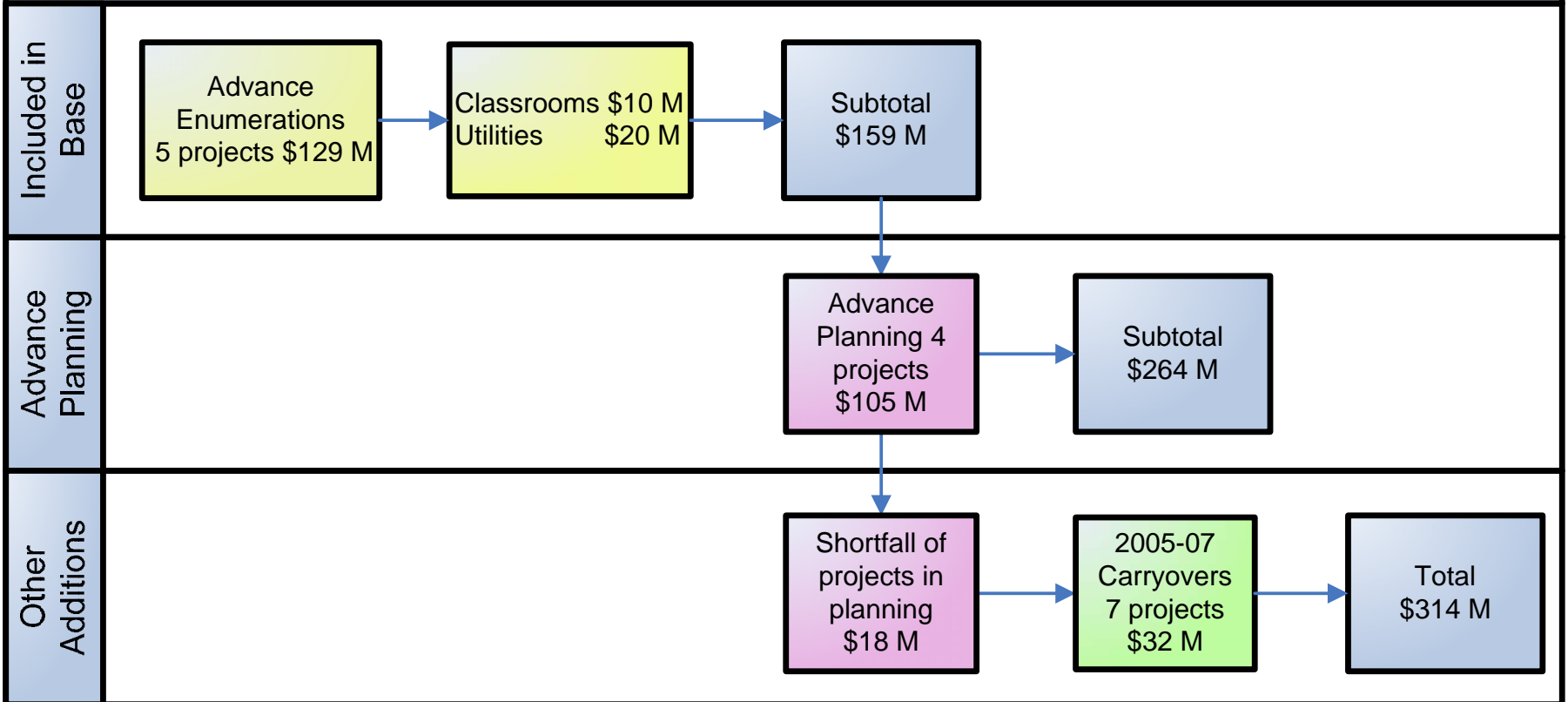Seek Regent direction on planning the final capital budget request for August.

Critical questions:

1. What should be the total GFSB request?
2. What are the consequences of each alternative?
3. Should carryovers maintain past priority?
4. Should All Agency funds be used for Major Projects?
5. Should we have a multi-biennial approach?

Biennial Capital Budget Processes: General Fund Supported "Major Projects" Only

2005-07

Institutions' Request:
29 Major Projects
$511 M

→ **Regents recommend 19 for 2005-07 construction in priority order** $227 M

→ **Regent recommend 10 Major Projects for planning; construction in 2007-09** $284 M

→ **2005-07 budget recommendation submitted to the DOA** 19 projects $227 M

→ **DOA recommends projects for advance planning out of Regent priority sequence. Total $105 M**

Governor's Wisconsin Institute for Discovery

→ **Legislature cuts project budgets; approves 13 Major Projects** $150 M

→ **7 UW priority projects are not funded.** $32 M

4 projects are approved by Regents for advance planning for 2007-09. $123 M

DOA recommends planning for 2007-09 total budget of: $234 – $264 M

2007-09

Institutions request additional 7 Major Projects $50 M

→ **UW System defers new project request due to lack of funding**

Legislature advance enumerates 5 projects for 2007-09 $129 M

+ **7 Projects deferred without recommendation** $32 M

+ **$105 M recommended for projects with reduced budgets of $123 M**

= **Subtotal: $282 M**
Utilities: $20 M
Classrooms: 10 M
Total needed: $314

2009-11

Institutions request 25 Major Projects for construction in 2009-11 $325 M

+ **7 projects deferred from 2007-09** $50 M

= **32 Projects competing for funding in 2009-11** $375 M

→ **Any projects deferred from 2007-09 amount unknown**

→ **Final 2009-11 Capital Budget**

2007-09 Capital Budget Building Blocks

Included in Base

Advance Enumerations
5 projects $129 M → Classrooms $10 M
Utilities $20 M → Subtotal $159 M

Advance Planning

Advance Planning 4 projects $105 M → Subtotal $264 M

Other Additions

Shortfall of projects in planning $18 M → 2005-07 Carryovers 7 projects $32 M → Total $314 M

2007-09 Capital Budget Detail

Advance Enumeration	GFSB
Madison – University Square ($40M), Sterling Hall ($20M), WID($31M)	$91.0
Milwaukee – Columbia/St. Mary's	$28.0
Platteville – TriState Engineering	$10.0
Projects Approved for Advance Planning	
La Crosse, Oshkosh, Parkside, Superior (alpha order)	$105.0
Utilities	$20.0
Classrooms	$10.0
Subtotal	**$264.0**
Not Included in DOA Budget Target	
2005-07 Carryover priorities (7) at: OSH(2), GBY, STO, STP(2), MIL	$32.0
Shortfall on Projects in Advance Planning	
LAC, OSH, PKS, SUP: Original Total $142.9 M, reduced to $123.3	$18.0
Total	**$314.0**

Advance Enumerations

Madison Univ. Square

Classroom Renovations

Whitewater

Advance Planning

La Crosse New Academic Bldg.

Utilities

Madison West Campus
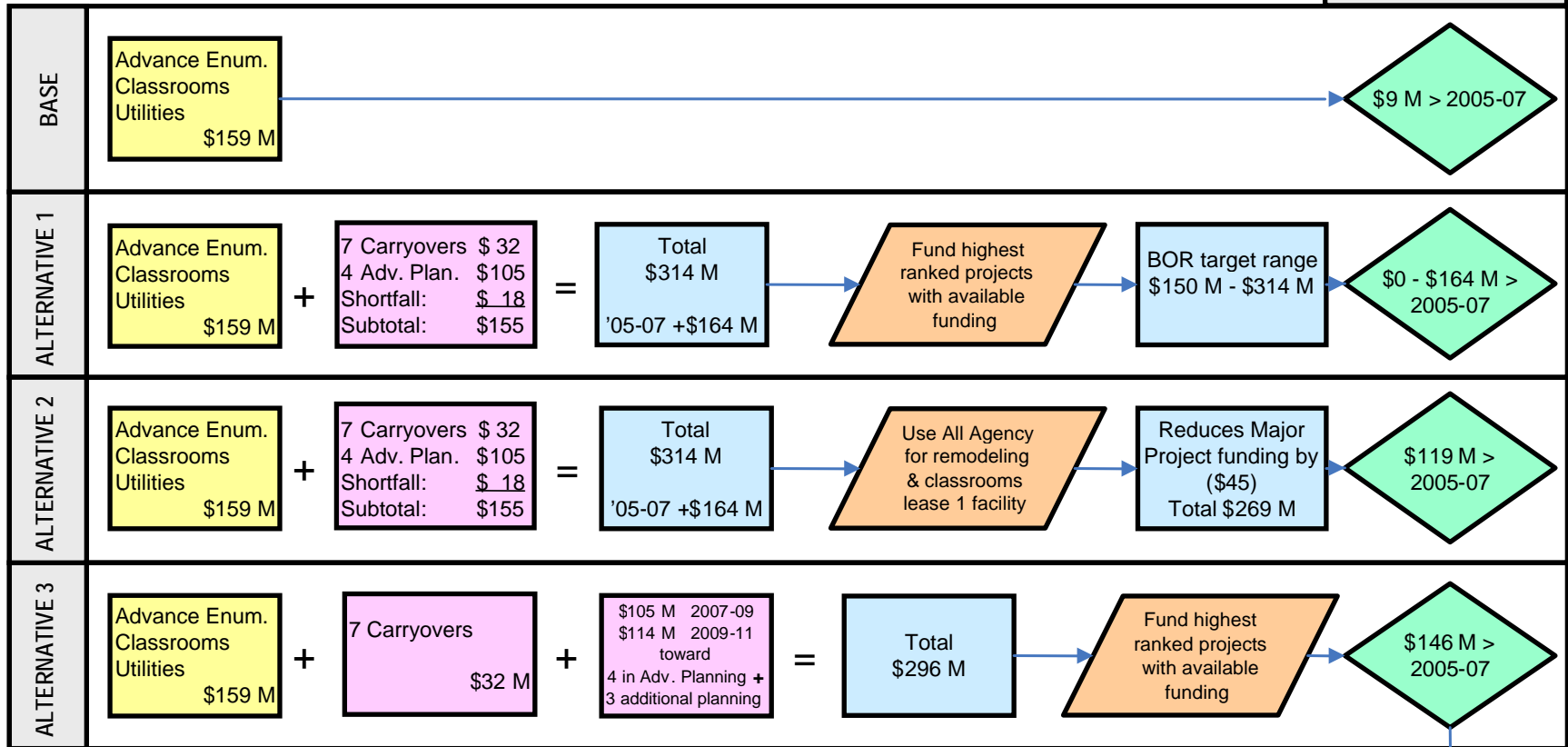
Prior Capital Budget Action
General Fund Supported Borrowing – All State Agencies

In millions

2005-07 Governor's budget $460.0

The SBC reduced the Gov.'s budget by $30 M $430.0

The JFC reduced the SBC budget by $30 M $400.0

Previous biennia total new GFSB (2003-05) $430.0

Comparison of 2005-07 to 2007-09	2005-07 Actual	2007-09 Potential
Approximate Figures		
UW Total new GFSB for Major Projects - UW	$150.0	$314.0
Non-UW GFSB Major Projects	$50.0	$50.0
GFSB for All Agency Maintenance UW & Non-UW	$200.0	$200.0
Total GFSB UW & Non-UW	**$400.0**	**$564.0**
Likely DOA GFSB target UW & Non-UW	$460.0	$430.0
Variance from DOA GFSB target UW & Non-UW	**-$60.0**	**+$134.0**

2007- 09 Capital Budget Decisions

2005 -07 = $150 M

BASE

Advance Enum.
Classrooms
Utilities
$159 M

$9 M > 2005-07

ALTERNATIVE 1

Advance Enum.
Classrooms
Utilities
$159 M

+

7 Carryovers $ 32
4 Adv. Plan. $105
Shortfall: $ 18
Subtotal: $155

=

Total
$314 M

'05-07 +$164 M

Fund highest
ranked projects
with available
funding

BOR target range
$150 M - $314 M

$0 - $164 M >
2005-07

ALTERNATIVE 2

Advance Enum.
Classrooms
Utilities
$159 M

+

7 Carryovers $ 32
4 Adv. Plan. $105
Shortfall: $ 18
Subtotal: $155

=

Total
$314 M

'05-07 +$164 M

Use All Agency
for remodeling
& classrooms
lease 1 facility

Reduces Major
Project funding by
($45)
Total $269 M

$119 M >
2005-07

ALTERNATIVE 3

Advance Enum.
Classrooms
Utilities
$159 M

+

7 Carryovers
$32 M

+

$105 M   2007-09
$114 M   2009-11
toward
4 in Adv. Planning +
3 additional planning

=

Total
$296 M

Fund highest
ranked projects
with available
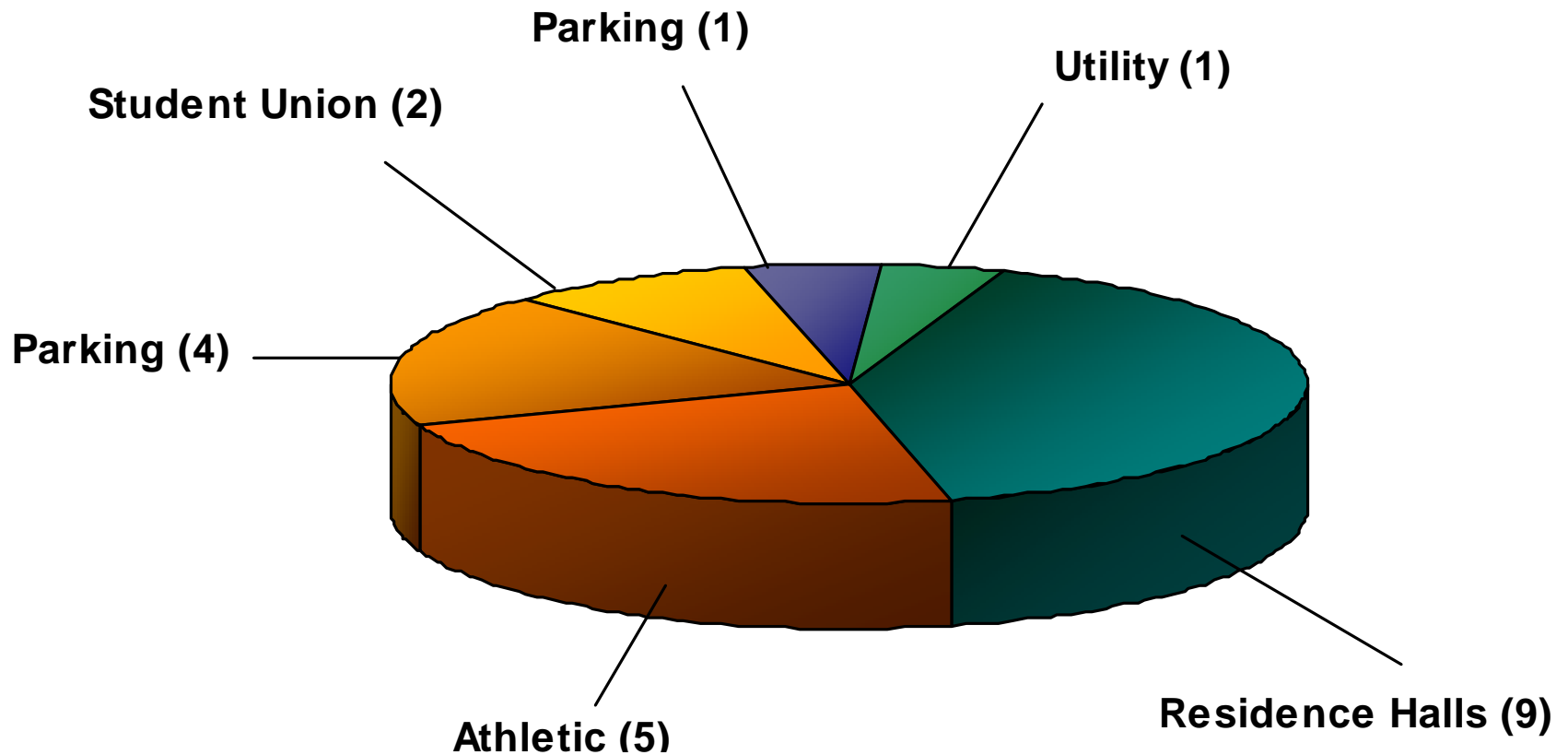funding

$146 M >
2005-07

Commits
$142 M for
2009-11

Carryovers : 7 projects at Green Bay , Milwaukee, Oshkosh (2), Steven Point (2), Stout
Advance Planning : La Crosse, Oshkosh , Parkside , Superior
Additional Planning : Eau Claire , Madison, River Falls

2007-09 Program Revenue Major Project Requests

22 PR Projects Totaling $418 M

Maintaining Our Investment: Meeting New Demands

Classroom

HVAC

- $7.3 billion asset value.

- Approximately 60% of space 40 years or older.

- Backlog maintenance exceeding $700 M.

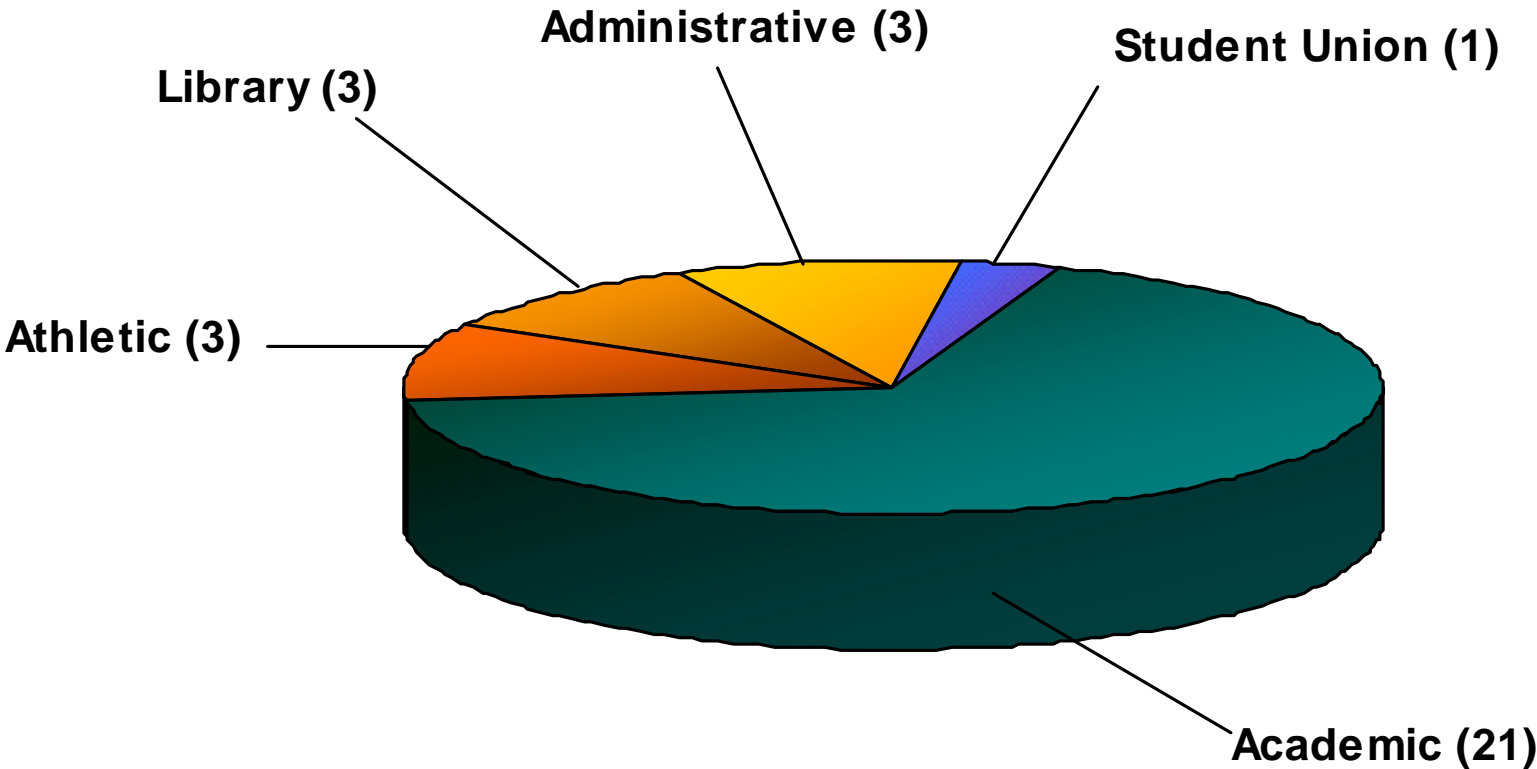- Increasing demand for renovated and replacement space.

General Fund Borrowing Major Project Requests through 2009-11

31 GFSB Major Projects Totaling $505 M
($448 M GFSB / $57 M PR/Gifts)

Library (3)

Administrative (3)

Student Union (1)

Athletic (3)

Academic (21)

Summary

The final Capital Budget will be developed for consideration at the August Regent meeting.

Critical Questions:
1. What should be the total GFSB request?
2. What are the consequences of each alternative?
3. Should carryovers maintain past priority?
4. Should All Agency funds be used for Major Projects?
5. Should we have a multi-biennial approach?

Other information you may request for the final budget.