

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
Capital Planning and Budget Committee Minutes
Thursday, August 22, 2024

The August 22, 2024 meeting of the Capital Planning and Budget Committee, which was held in Room 1820 of Van Hise Hall on the UW-Madison campus and via Zoom Videoconferencing, was called to order at 10:00 a.m. by Committee Vice Chair Regent Jim Kreuser.

A. Calling of the Roll

Present: Regents Jim Kreuser, Tim Nixon, Cris Peterson, Joan Prince, Ashok Rai, Mark Tyler and Karen Walsh

Absent: Regent Edmund Manydeeds

B. Declaration of Conflicts

Before considering any items on the agenda, Committee Vice Chair Regent Kreuser asked if any Board members wished to declare any conflicts of interest as per Regent Policy Document 2-4, "Ethics and Conflict of Interest Policy for the UW System Board of Regents." No conflicts of interest were declared.

C. Approval of the Minutes of the June 6, 2024, Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the June 6, 2024, meeting of the Capital Planning and Budget Committee were approved as presented.

D. UW System: Consideration of the 2025-27 UW System Biennial Capital Budget Request

Senior Associate Vice President, Alex Roe and Capital Planning & Budget Director, Tom Bittner presented the 2025-27 Capital Budget Request.

The 2025-27 Capital Budget request is \$1,760,804,000 billion. It is comprised of \$1,171,462,000 of General Fund Supported Borrowing, \$444,502,000 of Program Revenue Supported Borrowing, \$35,601,000 of UW Cash, and of \$109,239,000 Non-UW Cash.

There are three categorical enumerations for the Instructional Space Program, the Minor Facilities Renewal Projects Program Groups 1 and 2.

Twelve individual project enumerations and six planning and design funding projects complete the request.

The 6-year Capital Plan encompasses 155 programs and projects for a total cost of \$4,899,975,000 billion.

This capital budget recommendation is based upon strategic priorities that align with the 2023-28 Universities of Wisconsin strategic plan and emphasize the continued

modernization, replacement, and repair of our existing infrastructure, while focusing on STEM and Health Sciences and the removal of obsolete structures.

The majority of the work included in this recommendation is for STEM, Health Sciences, and other academic programs, followed by the Minor Facilities Renewal and Instructional Space programs.

The 2025-27 budget will renovate nearly 11 million square feet, demolish almost 659 thousand gross square feet and construct about 1.3 million new square feet. This request will only modify or affect about 11% of the Universities existing 65 million square feet.

The Department of Administration's budget instructions focused on stewardship. At a minimum, the request proposes in the first 3 programs to spend \$313 million. This does not include major projects that will also comprehensively renovate existing facilities.

The Universities projects have been negatively impacted by inflation over the course of the last few years. Labor costs are high, specialized materials are in short supply due to global conflicts and supply chain challenges still abound, although they are lessening. There has not been a depreciable reduction in the cost of either labor or materials as inflation declines causing projects to continue to have high costs despite the lessening in inflation.

There is one segregated fee funded project – at UW-Stout, the Recreation Complex Renovation and Addition project. The Board of Regents has already approved a \$128.40 fee that provides funding for design and over the course of upcoming years, the fee will rise to \$338.70 to cover the cost of the proposed project. Students approved the increase in 2019 and reaffirmed it in 2022.

Regent Walsh asked if the BOR evaluation criteria is in priority order. SAVP Roe explained that there are two buckets of criteria. Campuses need to pass all the pre-requisite criteria in the first bucket in order to proceed to the second.

Regent Rai expressed his appreciation for the dashboard. With the amount of information and data put into the capital budget, the dashboard makes it easier to comprehend the rationale for the ranking.

Regent Nixon inquired about how the Universities determine to spend on “concrete” if the trend is moving towards hybrid working and learning environments especially if the perception is that the Universities don't have enough money to pay faculty, etc. SAVP Roe explained that currently the campuses provide utilization studies for centrally controlled classrooms and labs. A few campuses are preparing to create long-range plans and these studies are a big endeavor to determine if and what space is needed. They are honing in on large lecture classrooms because they cost a lot to heat and upkeep. However, some are still necessary for special events, guest speakers and large study groups. She expressed that they also need to partner with Academic Affairs to determine what is needed for scheduled and

unscheduled instruction including much needed flexible spaces. Now that they are a few years out from the pandemic, the campuses have more information to strategically plan for the future.

SAVP Roe stated that moving forward, campuses are looking more critically at their operating budget and building condition assessments. It is costly to maintain buildings with failed systems and demolishing them is an incentive to reduce their operating costs. There is a 6-year plan to demolish several buildings, but a few chancellors have requested to move those schedules up in order to manage their operating budget.

Regent Nixon inquired about the net new square footage in the proposed capital budget, and particularly UW-Madison's new residence hall. Cindy Torstveit, Associate Vice Chancellor for Facilities, Planning, and Management at UW-Madison, joined the table to explain the rationale for the new residence hall. She explained that 25% of student residents are housed in converted dorm rooms such as lounges to meet the need for housing. In the past 15 years, the resident population has increased as enrollment has increased. They went from an average of 104% occupancy to 112% in 4 years. Regent Nixon asked if first year students are required to live on campus and if they are choosing to pay for room and board. AVC Torstveit answered that freshman are not required to live on campus but are choosing to and UW-Madison is responding to that need.

Regent Rai asked that during the next phase of the capital budget proposal, the advocacy phase, the Regents are given very specific ROI data points. He gave the example of UW-Madison's Engineering building and how that project will elevate the number of students graduating with those degrees. He expressed that Regents need to be able to speak of these needs beyond the Board community. SAVP Roe added that some projects are enrollment driven and some are just to renovate outdated or failed systems. She agreed that it will be very important that they are explicit in the messaging and will provide short elevator speeches for each of the major projects.

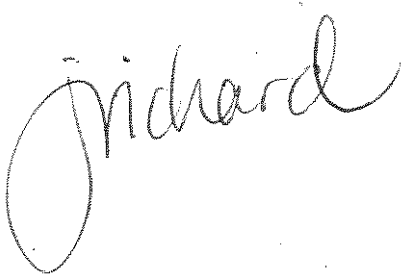
Regent Walsh expressed her concern about the safety of employees and students after viewing numerous videos of deteriorating buildings. She agrees that demolishing buildings that are no longer useful is necessary. She inquired about the two library projects included in the capital budget. She asked about keeping and maintaining physical collections of books and other library materials. Chancellor Leavitt at UW Oshkosh joined the table to explain the Polk Learning Commons Addition & Renovation. Chancellor confirmed that some collections are remaining. They will be reducing the size of the building from 230,000 SF to 160,000 SF. He explained that libraries are still the heart and soul of a campus environment, and hundreds of students still go there to find space to study and collaborate. Both Regent Walsh and Chancellor Leavitt acknowledged that library spaces are being reimagined to include more than books. Student services like tutoring and student organizations are moving into library buildings. SAVP Roe elaborated the library updates taking place on several campuses, including Parkside, Platteville, Stevens Point, Milwaukee and Green Bay.

Regent Nixon stated that even someone who doesn't have a higher education degree would still need to understand that if they have a health issue like pain, they need an educated, licensed therapist to treat that pain. Campuses like Stevens Point provide graduates in PT/OT to address the State of Wisconsin's health services shortages. He stated that our tax dollars are being used to pay for the capital budget so we can provide updated and state of the art facilities to educate future healthcare providers. Regent Rai agreed. As the President and CEO of Prevea Health, Regent Rai can attest that there is a severe shortage of healthcare providers in Wisconsin. That shortage is evident when someone must wait 2-4 weeks for an appointment to address acute pain.

Resolution D. was moved by Regent Nixon, seconded by Regent Walsh, and adopted unanimously on a voice vote.

The Capital Planning and Budget Committee adjourned at 10:56 am.

Respectfully submitted,

A handwritten signature in cursive script that reads "Janis Richard". The signature is written in black ink and is positioned above the typed name and title.

Janis Richard
Committee Clerk