



IMPACT DETAIL OF THE ASSEMBLY'S PROPOSED 2007-09 BUDGET ON THE UW SYSTEM CAPITAL BUDGET

BONDING LEVELS AND ECONOMIC IMPACT

- The GFSB in the Building Commission recommendations and Senate's budget is approximately \$460 million. This is a modest increase over recent capital budgets.¹
- \$460M is about \$98 million less than construction inflation since 2001-03. (*Engineering News Record [ENR] Index: \$445M 7/1/01 adjusted for inflation: \$543M 1/1/07*)
- The estimated economic impact of the \$592 million in reductions is \$1.3 billion, using the industry's economic multiplier of 2.2.
- The industry estimates that 30 full-time-equivalent jobs are created per \$1 million spent (\$2.2 million of economic impact). This reduction would prevent over 17,000 jobs.
- The state has kept general fund debt service at 3.5% to 4.0% of annual GPR. If all authorized borrowing occurs, debt service is projected to peak at 3.93%.

The Building Commission, Joint Finance Committee, and the Senate adopted a capital budget that would enumerate five projects including academic buildings on four campuses. These four campus projects would be funded together with bonding authorization spread over two biennia.

UW SYSEYEM REQUEST

Inst	Project Name	GFSB	PRSB	Gifts	BTF	Total
LAC	Academic Building	\$37.0	\$0.7	\$6.0	\$0.4	\$44.1
OSH	Academic Building	\$40.0		\$8.0		\$48.0
OSH	Facilities Maintenance Relocation	\$5.9	\$0.4			\$6.3
PKS	Communication Arts	\$32.1		\$2.1		\$34.2
SUP	Academic Building	\$24.1		\$7.0	\$1.2	\$32.3
	Total	\$139.1	\$1.1	\$23.1	\$1.6	\$164.9

Building Commission, Joint Finance, and Senate:

Enumerate the projects at four campuses by authorizing GFSB in two biennia for concurrent planning/construction over four years.

Biennium	GFSB	PRSB	Gifts	BTF	Total
2007-09	\$70.0	\$1.1	\$23.1	\$1.6	\$95.8
2009-11	\$69.1				\$69.1
Total	\$139.1				\$164.9

Assembly: Enumerate three projects that include only two of the four academic building projects in 2007-09 and none in 2009-11.

Inst	Project Name	GFSB	PRSB	Gifts	BTF	Total
LAC	Academic Building	\$37.0	\$0.7	\$6.0	\$0.4	\$44.1
OSH	Academic Building	\$40.0		\$8.0		\$48.0
OSH	Facilities Maintenance Relocation	\$5.9	\$0.4			\$6.3
	Two Campus Totals 2007-09	\$82.9	\$1.1	\$14.0	\$0.4	\$98.4

- The academic buildings at all four campus were requested in 2003-05 or earlier and were authorized for advance planning in 2005-07 for enumeration in 2007-09.
- In order to maintain the schedule of each project, but reduce the amount of General Fund Bonding requested, the funding was spread over two biennia.
- Each project will be completely designed for bid in 2007-09, but no single project will use its full budget in the 2007-09 biennium.
- Proceeding with enumeration will enable each institution to continue raising the private donations pledged to each project. Lack of enumeration will endanger those fund raising efforts.

¹ GFSB authorized: \$445 million in 2001-03; \$430 million in 2003-05; \$400 million in 2005-07.

OTHER ACADEMIC BUILDING PROJECTS

Building Commission, Joint Finance, and Senate: Enumerate the projects as specified.

Assembly: Repeal the 2005 Sterling Hall enumeration and do not enumerate the Human Ecology Building.

Inst	Project Name	GFSB	PRSB	Gifts	Total
MSN	Sterling Hall (2005 enumeration)	\$17.5			\$17.5
MSN	Human Ecology (GFSB in 20011-13)	\$22.5	\$3.0	\$22.5	\$48.0
	Total	\$40.0	\$3.0	\$22.5	\$65.5

STATEWIDE ALL AGENCY FUNDS

(maintenance, repair, and renovation)

Building Commission, Joint Finance, and Senate: Enumerate \$165,000,000 in new GFSB in 2007-09.

Assembly: Enumerate \$100,000,000 in new GFSB in 2007-09.

- The reduction of \$65 million from the state's maintenance program will worsen the growing backlog of serious repairs needed to facilities at every state agency. Within the UW System only 39% of the critical maintenance needs were able to met in 2005-07.

PROGRAM REVENUE AND GIFT FUNDED PROJECTS

Building Commission and Senate: Enumerate the projects in 2007-09 as specified.

Joint Finance and Assembly: Do not enumerate the projects.

Inst	Project Name	GFSB	PRSB	Gifts	Total
EAU	Davies Center Redevelopment **		\$48.8		\$48.8
MSN	Lakeshore Residence Hall		\$67.3		\$67.3
MSN	South Union/Memorial Union		\$126.2	\$13.5	\$139.7
OSH	Residence Hall		\$34.0		\$34.0
PKS	Residence Hall		\$17.0		\$17.0
RVF	Field South Fork Suites Addition		\$14.7		\$14.7
STP	Residence Hall		\$36.2		\$36.2
WTW	Residence Hall		\$35.7		\$35.7
	Total	\$0.0	\$379.9	\$13.5	\$393.4

** Includes \$17.4 M existing program revenue cash/borrowing

- Most UW residence halls were designed for student needs 40 years ago. Upper division students who prefer to live on campus require groups of small individual bedrooms around a small shared living space with kitchenettes. The UW System has limited the design of new residence halls to basic amenities available at other universities.
- The debt service and operational costs for residence halls are funded through housing fees paid by the student who choose to live on campus. The services must be responsive to the student-customers.
- Unless a student is able to commute from home, he or she will have to pay rent somewhere. Residence halls are generally less expensive and more convenient than off campus alternatives. Currently, most campuses do not provide housing for upper division students, forcing students into off-campus housing.
- Private sector housing is an important part of every university community, but many students request on-campus housing as their first priority. Students prefer to pay a single price for all-inclusive services, and to have a lease that matches the academic calendar. On-campus housing provides living-learning experiences that promote academic success and student retention.
- Two projects, the UW-Eau Claire and UW-Madison student unions, are funded with increases in student segregated fees paid by all students. Student governments have responsibility for segregated fee approval, and, at a minimum, student government associations vote on fees to support student facilities. Students are involved throughout the process from the need assessment to the design and cost estimates. Some institutions hold a campus-wide referendum or survey prior to project and fee approval, though such a vote is not mandatory.