



June 21, 2023

Finance and Facilities Committee

2024 Capital Budget Recommendation

Second Reading

MINNESOTA STATE

Agenda

2023 Program

- Request, Outcomes, and Impacts

2024 Program:

- Guidelines, Considerations, and Recommendation

Next Steps



2023 Capital Program Request

Total program: **\$348.7 million**

Asset preservation - HEAPR:

- **\$173.7 million**
- **75 projects statewide**

Major projects:

- **\$175.0 million**
- **19 major capital projects**
- **4 Construction of previously funded design**
- **6 Design and construction**
- **9 Design for future construction**

2023 Program Request Financing:

- **State GO: \$245.3 million**
- **User: \$47.6 million**



Impacts

Asset Preservation – HEAPR

- \$44.7 million - \$26% of the requested amount
- Under funding continues:
 - Average funding \$42 million (31%) over last 5 biennium
- Backlog of maintenance now \$1.4 billion

Major Projects - \$409 million in future needs

- \$259 million to complete funded design work
- \$150 million to address unfunded projects



2024 Capital Planning Process

Event	2022				2023				2024		
	January	April	July	October	Jan	April	July	October	Jan	April	July
Board Guidelines - 2024		★ April 2022									
Project Predesign Work (campus/architect)		█									
Project Predesign Review and Scoring					★ January 2023						
Legislative Session - 2023					█						
Chancellors Recommendation						█					
Board Approval 2024 Request											
Advocacy Legislative Tours								█			
Legislative Session - 2024									█		
Board Guidelines - 2026											★ April 2024

Today

2024 Program - Board Guidelines

Approved April 2022

Context

- Enrollment and space trends
- State support, especially asset preservation (HEAPR)
- Project size
- Pandemic disruption

Themes and Priorities

- Adapt and modernize academic and support spaces critical to student success.
- Facilitate fulfilling the vision of Equity 2030.
- Advance resilience and environmental sustainability.
- No net increase in academic footprint.

Scope - Financials

- **\$450 million** - total program request, including HEAPR and projects
- Priority on projects that are quickly deliverable and focused on improving specific programmatic or student support needs.
- Limit potential future requests to **\$100 million** (Construction tails)



2024 Program - Considerations

Asset Preservation – HEAPR

- Growing asset preservation needs
- 10-year renewal needs: \$2.6 billion
 - Backlog of maintenance: \$1.4 billion
 - Next 10 years: \$1.2 billion
- Basic Stewardship responsibility
- Impacts all colleges and universities

Major Projects - \$588 million

- \$409 million to complete 2023 priorities
- \$179 million to address new project requests



2024 Program Recommendation

Total recommended program request: **\$523.2 million**

- Asset perseveration in HEAPR - **\$200 million**
- 15 Projects - **\$323.2 million**:
 - Construction of design work funded in 2023 - **\$219.3 million**
 - \$40.1 million in future construction
 - Work not funded in 2023, validated for 2024 - **\$52.5 million**
 - \$52.4 million in future construction
 - New work - **\$51.4 million**
 - \$20.2 million in future construction

Unmet requests - **\$152.4M**

- 3 projects split/reprioritized from 2023 - **\$44.9 million**
- 4 new candidate projects - **\$107.5 million**



2024 Program Recommendation

Total program: **\$523.2 million**

Asset preservation - HEAPR:

- **\$200.0 million**
- **~80 projects statewide**

Major projects:

- **\$323.2 million**
- **15 major capital projects**
 - 5 Construction of previously funded design**
 - 5 Projects not funded in 2023**
 - 5 New projects**

2024 Program financing:

- **State: \$415.5 million**
- **User: \$107.7 million**



2024 Capital Program

Recommended Priority List

Priority	Institution	Project Title	Requested Amount (\$000)
1	Systemwide	Higher Education Asset Preservation and Replacement (HEAPR)	\$200,000
2	Saint Paul College	Academic Excellence Renovation 2018, 2020 #8, 2022 #6, 2023 (\$1,671)	\$30,494
3	Minnesota State University, Mankato	Armstrong Hall Replacement 2020 #11, 2022 #10, 2023 (\$8,460)	\$72,599
4	Winona State University	Center for Interdisciplinary Collaboration, Engagement, & Learning 2020 #12, 2022 #11, 2023 (\$4,866)	\$67,277
5	Alexandria Technical and Community College	Transportation Center Construction, Student Services Renovation, and Selective Campus Demolition 2022 #14, 2023 (\$955)	\$34,440
6	Riverland Community College	Student Services Renovation - Austin Campus 2022 #15	\$17,140
7	Southwest Minnesota State University	Wellness and Human Performance Center 2022 #16	\$14,018
8	St. Cloud State University	Education and Learning Design Building (Design) 2022 #17	\$3,429

2023 Design Funded Project
2023 Not Funded Project
New Project

2024 Capital Program

Recommended Priority List

Priority	Institution	Project Title	Requested Amount (\$000)
9	Rochester Community and Technical College	Heintz Center Renovation: Reimagining Education for a Diverse Workforce 2022 #18, 2023 (\$1,347)	\$14,500
10	Minnesota West Community and Technical College	Nursing and Student Service Renovation - Granite Falls and Worthington Campuses 2022 #19	\$9,672
11	Ridgewater College	Electrician, Automation, and Nursing Renovation – Hutchinson Campus 2022 #20	\$8,268
12	Minnesota State College - Southeast	Student-Ready College and Campus Modernization - Winona Campus	\$14,575
13	South Central College	Instructional Lab Renovation - North Mankato Campus \$250K in Donor Funds	\$6,189
14	Anoka Ramsey Community College	Science Labs and Classroom Modernization – Coon Rapids Campus	\$14,504
15	Dakota County Technical College	Technical Trades and Allied Health Renovation (Design)	\$1,588
16	Normandale Community College	Library Renovation	\$14,511
Totals			\$523,204
GO			\$415,469
UF			\$107,735

2023 Design Funded Project
2023 Not Funded Project
New Project

Next Steps

2024 Program Recommendation – Second Reading

- June 21, 2023
- Board approval

Submit program request to MMB

- Capital Budget System – ASAP June 30, 2023

Advocacy Planning

- College and university leaders
- 2024 Minnesota State Bonding Book

Bonding Tours

- August through January 2024

Legislative Session

- February 12, 2024



Motion

- A.** The Board of Trustees approves the 2024 capital program recommendation as presented in Attachment B, specifically the projects and priorities for the 2024 legislative session.
- B.** The chancellor is authorized to make project cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the governor and legislature for consideration in the state's 2024 capital budget.
- C.** The chancellor shall advise the board of any subsequent changes in the approved capital program prior to the 2024 legislative session.
- D.** In addition, as funding is authorized and appropriated by the legislature and approved by the governor, the chancellor or the chancellor's designee is authorized to execute contracting actions necessary to deliver on the scope and intent of the projects.

Questions





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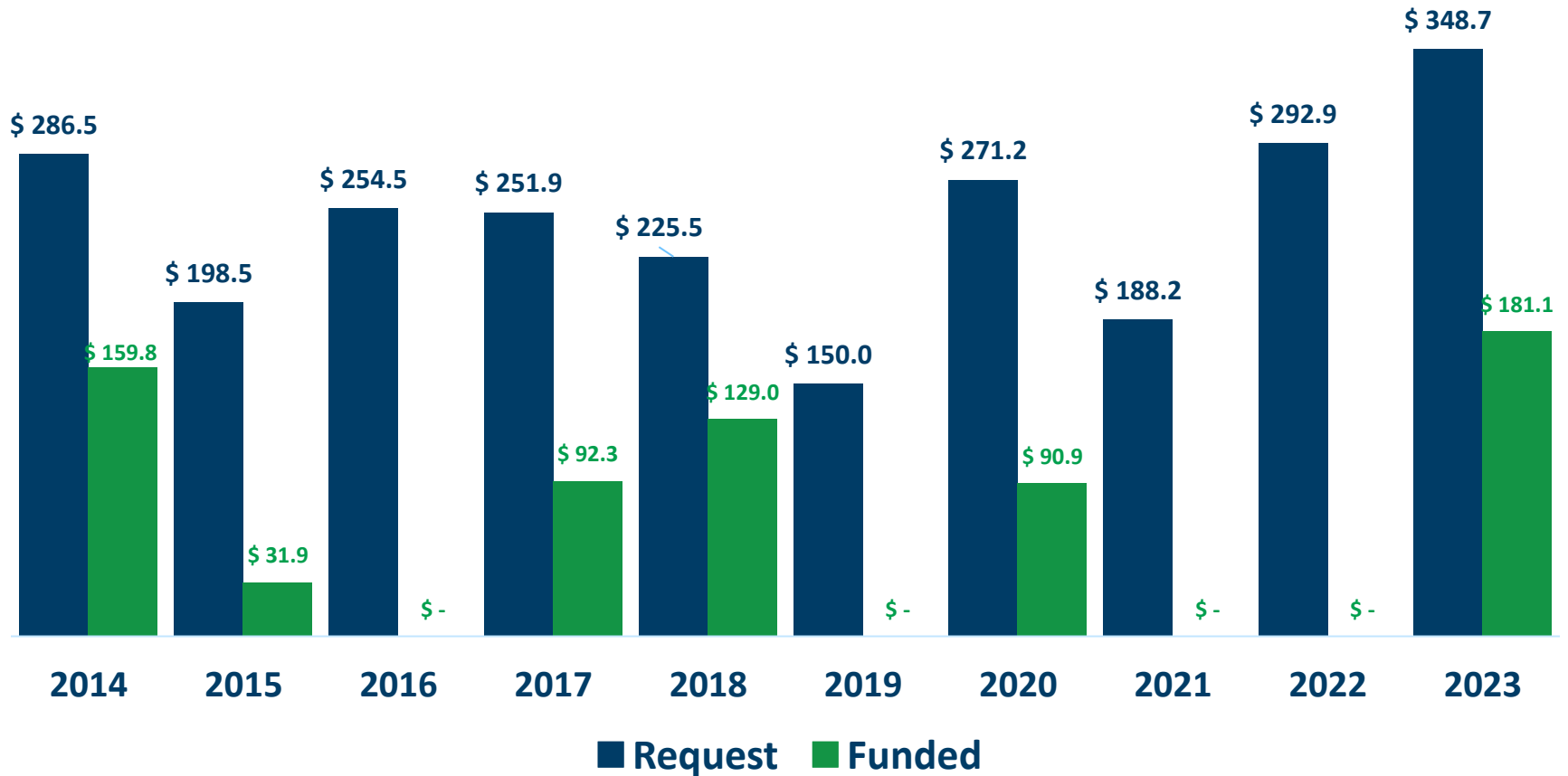
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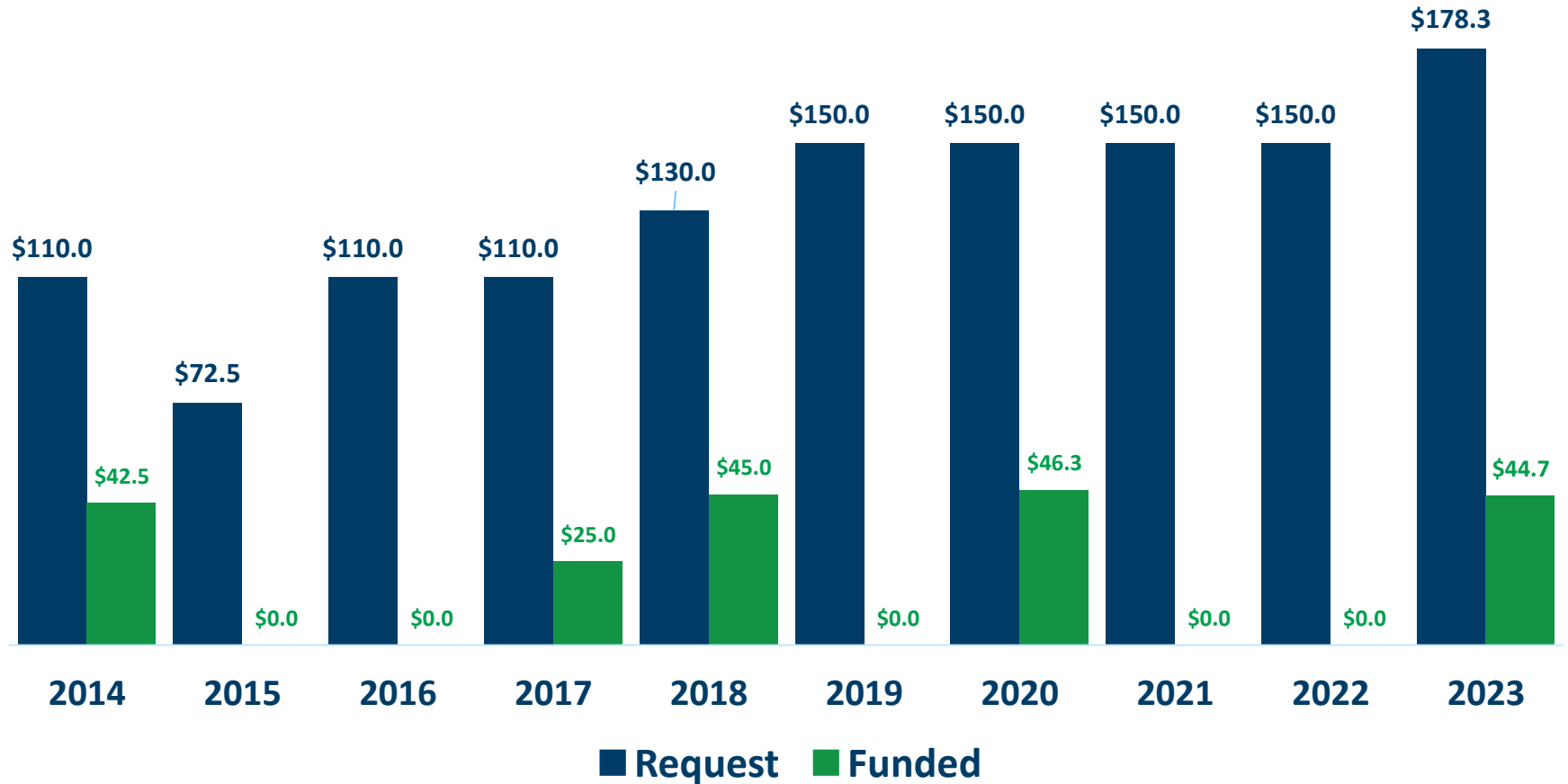
Capital budget funding history

Requested vs Funded (\$M)



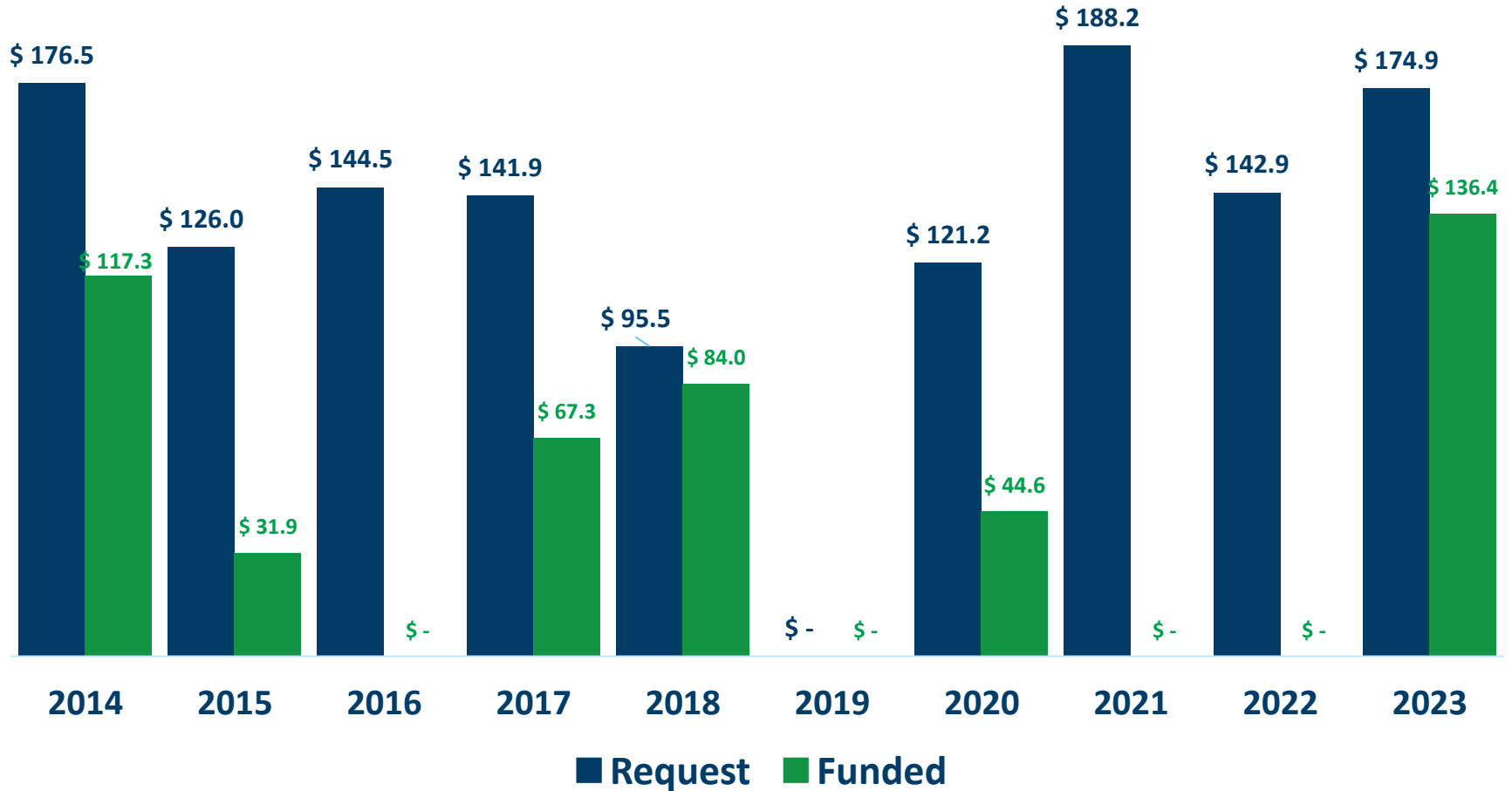
HEAPR funding history

Requested vs Funded (\$M)



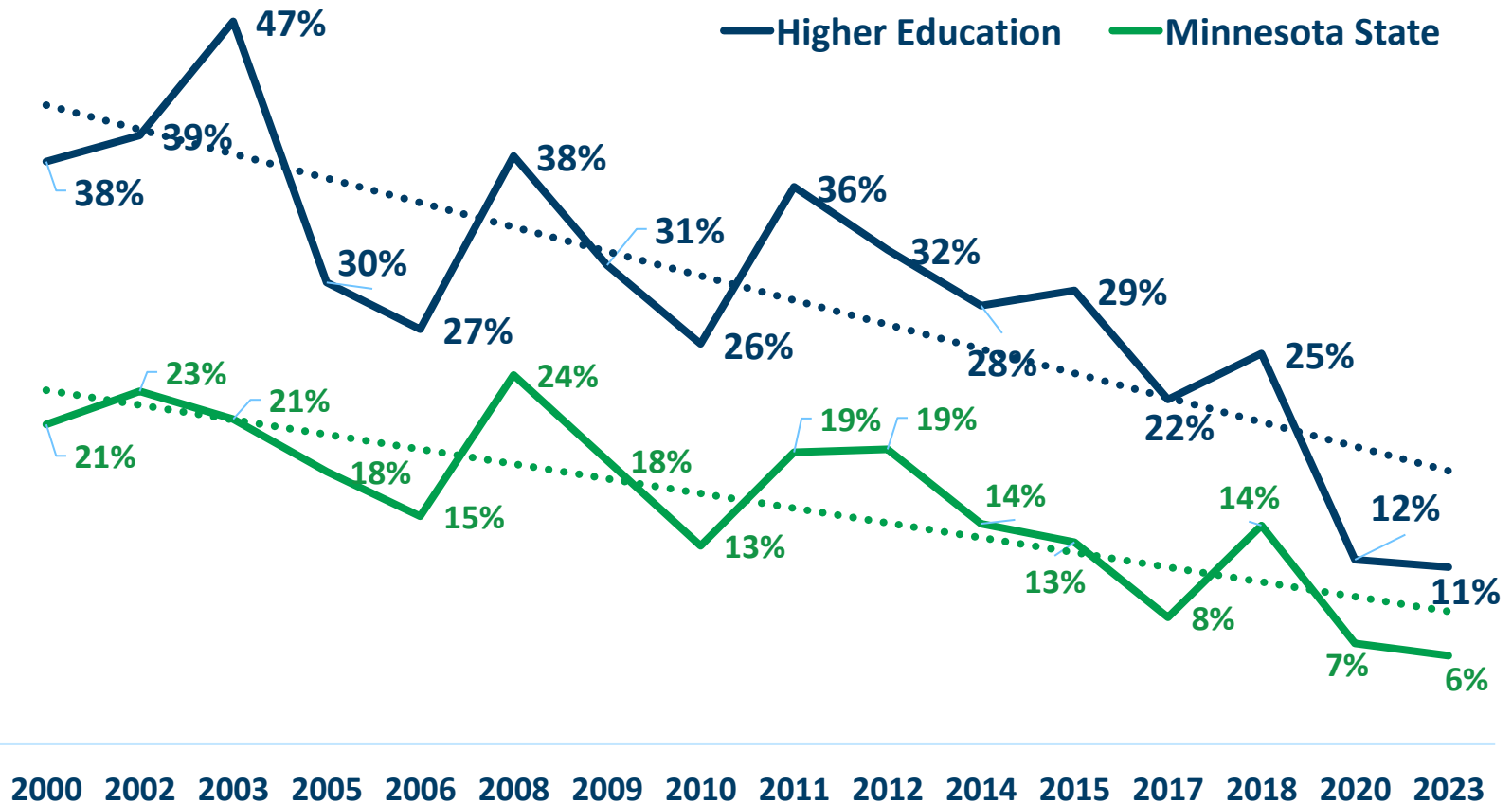
Major project funding history

Requested vs Funded (\$M)



Capital investment in higher education

Percent of total state capital investment



Space (GSF) vs. enrollment (FYE)

