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Members of the Joint Committee on Finance
Wisconsin State Legislature
State Capitol
Madison, WI 53702

Dear Members of the Joint Committee on Finance:

As required under §13.48(7) of the Wisconsin Statutes, I am submitting the State Building Commission's (SBC) actions on the 2021-2023 State Building Program. The SBC reviewed Agency Requests and the Governor's Capital Budget Recommendations over three days in March 2021. Unfortunately, the SBC failed to pass a capital budget due to a repeated no vote on each of the 88 projects on the agenda by party lines. Individual motions were made for each project recommended in the Governor's budget and one by one these projects were voted down by a 4-4-0 party line vote. This is now the second, and consecutive, time in SBC records the Commission did not collaborate to develop a State Building Program. These votes can be viewed in the attached Draft 2021-23 Capital Budget SBC Meeting Minutes.

The recommendations included in the Governor's budget reflected careful consideration of agency requests totaling over \$3.02 billion, including nearly \$1.31 billion requested by the UW System Board of Regents. The Governor's budget refined agency requests down to \$2.37 billion, including \$847.34 million for Administrative Affairs agencies, \$1.00 billion for the University system, and \$525.52 million for the All Agency program. These projects focus on deferred maintenance, life safety and code compliance projects, and important facility investments in Wisconsin's higher education system, natural resources, historical society, public service members and veterans, and the criminal justice system. Over 80% of this recommended capital budget invests in maintenance, renovation, or replacement of existing facilities.

The SBC's inaction places these projects, reaching 31 counties across the state, in jeopardy. This inaction also included a simple vote providing the procedural go ahead for a technical language fix for a previously approved grant to the Incurage Community Foundation to redevelop the former Daily Tribune building in Wisconsin Rapids. The Incurage Community Foundation has been ready to proceed, however, this project has already been delayed two years because of this technical error. We ask that you please address this.

The Legislature's consideration for all the projects included in the Governor's Recommendations will help address the state's growing deferred maintenance issues and provide suitable and safe facilities to support institutions of higher education and other important agency programs. Not addressing our deferred maintenance increases risks to life safety and running our building systems to failure. Deferral also drives up the costs of completing these projects due to inflation on construction costs. According to data published by the Engineering News Record, an industry expert on cost of construction, project costs in Wisconsin increase at a rate of approximately 2-4% each year. Given the lower end of the range, this capital budget deferral would add over \$50 million per year to the cost of the projects in the Governor's nearly \$2.4 billion recommendations.

While making critical infrastructure investments, the Capital Budget also represents an important economic development tool for the State of Wisconsin. Investments through the Capital Budget will help grow the economy by providing family-supporting jobs and supporting Wisconsin businesses. According to statistics published by the Associated General Contractors of Wisconsin in October 2020, for every \$1 in construction spending there is \$1.81 of economic activity in

Wisconsin; and for every \$1 million of construction spend, 12 jobs are supported in the state's economy. Therefore, the Governor's proposed \$2.38 billion Capital Budget will help grow the economy by providing family-supporting jobs and supporting businesses throughout the state and create \$4.3 billion of economic activity and approximately 29,000 jobs.

Pursuant to Wis. Stat. 13.48(7), "The building commission shall prepare and formally adopt recommendations for the long-range state building program on a biennial basis ... the building commission shall, no later than the first Tuesday in April of each odd-numbered year ... transmit the commission's recommendations for the succeeding fiscal biennium that require legislative approval to the joint committee on finance in the form of proposed legislation prepared in proper form". As a result of the Commission's failure to pass any recommendations, the SBC has no long-range State Building Program to transmit to the Joint Committee on Finance; and therefore, the Legislature will need to develop the 2021-23 State Building Program without the usual SBC input. In the absence of an SBC recommendation, please find the attached 2021-23 Capital Budget Agency Requests and Governor's Recommendations document as a starting point to assist the Legislature in their work to develop the 2021-23 Capital Budget.

We look forward to the Legislature's review of these projects and are available to assist you in this process.

Sincerely,



Naomi De Mers
Secretary, State of Wisconsin Building Commission

Attachments: Draft 2021-2023 Capital Budget SBC Meeting Minutes
 2021-2023 Capital Budget Agency Requests and Governor's Recommendations