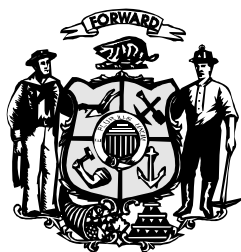


TONY EVERS
Governor



State of Wisconsin Building Commission

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April 4, 2023

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 2023-2025 State Building Program. The SBC reviewed Agency Requests and the Governor's Capital Budget Recommendations over three days in March 2023. Unfortunately, the SBC failed to pass a capital budget due to a repeated no vote by party lines for each of the State Agencies' groups of projects, including the University of Wisconsin System, from the Governor's Recommendation. Individual motions were made for each agency recommended in the Governor's budget and these projects were voted down by a 4-4-0 party line vote. This is now the third, and consecutive, time in SBC records the Commission did not collaborate as required by §13.48(7) of the Wisconsin Statutes to develop a State Building Program. These votes can be viewed in the attached Draft 2023-25 Capital Budget SBC Meeting Minutes.

The recommendations included in the Governor's budget reflected careful consideration of agency requests totaling over \$5.5 billion, including nearly \$2.4 billion requested by the UW System Board of Regents. The Governor's budget refined agency requests down to \$3.8 billion, including \$1.38 billion for Administrative Affairs agencies, \$1.76 billion for the University system, and \$616 million for the All Agency maintenance and repair program. These projects focus on deferred maintenance, life safety, emergency management, and code compliance projects. In addition, these projects include important facility maintenance and investments in Wisconsin's higher education system, state office buildings including the State Capitol, natural resources, health services, correctional facilities, historical society, veterans, and the juvenile justice system. The SBC's inaction places these projects, reaching 28 counties across the state, in jeopardy.

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, recent project costs in Wisconsin increased at a rate of approximately 16% last year. This capital budget deferral would add even more costs to the projects in the Governor's nearly \$3.8 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 2022, for every \$1 in construction spending there is \$1.84 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 \$3.8 billion Capital Budget will help grow the economy by providing family-supporting jobs and supporting businesses throughout the state and create \$6.9 billion of economic activity and approximately 45,000 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 2023-25 State Building Program without the usual SBC input. In the absence of an SBC recommendation, please find the attached 2023-25 Capital Budget Agency Requests and Governor's Recommendations document as a starting point to assist the Legislature in their work to develop the 2023-25 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 2023-2025 Capital Budget SBC Meeting Minutes
 2023-2025 Capital Budget Agency Requests and Governor's Recommendations