



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #235

Building Program Overview (Building Program)

[LFB Building Program Summary Memorandum (April 17, 2023): Page 1, #1 thru #4]

CURRENT LAW

Each state agency that requested projects for the 2023-25 state building program submitted a capital budget request to the Secretary of the Building Commission in 2022. Staff of the Department of Administration (DOA) analyzed the requests and provided recommendations for the 2023-25 building program to the Building Commission for its consideration. On March 23, 2023, a series of motions before the Commission to recommend the Governor's proposed building program for consideration by the Joint Finance Committee resulted in 4-4 tie votes.

The attached information related to bonding and building program authorizations may assist the Committee as it considers which projects to include in the building program for the 2023-25 biennium. Tables 1 through 4 provide information on GPR debt service and general fund supported borrowing (GFSB) amounts, while Tables 5 through 9 provide information on prior building programs and proposed 2023-25 enumerated projects. For more information on proposed projects, see the Legislative Fiscal Bureau's "Summary of the Governor's 2023-25 Building Program," published April 17, 2023.

DISCUSSION POINTS

1. Table 1 shows outstanding GFSB principal in December of each year from 2013 through 2022. As shown in Table 1, outstanding GFSB has declined from \$5.21 billion in 2013 to \$3.51 billion in 2022, as the state has paid off more GFSB than it has issued during that time period.

TABLE 1

**Outstanding GPR Supported General Obligation
Bonding as of December of Each Year
(in Millions)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2013	\$5,208.5	2018	\$4,209.9
2014	4,885.8	2019	4,015.3
2015	4,826.6	2020	3,892.2
2016	4,780.9	2021	3,670.9
2017	4,433.4	2022	3,512.7

2. Table 2 presents GPR debt service as a percentage of total GPR expenditures from 2012-13 to 2024-25. The debt service numbers for 2022-23 through 2024-25 reflect the most recent estimates of current law debt service, while the GPR expenditures for 2023-24 and 2024-25 are the adjusted base with Committee actions to date.

TABLE 2

**Annual GPR Debt Service
(\$ in Millions)**

<u>Fiscal Year</u>	<u>GPR Expenditures</u>	<u>GPR Debt Service</u>	<u>Debt Services as % of Expenditures</u>
2012-13	\$14,332.9	\$616.7	4.30%
2013-14	14,673.9	717.1	4.89
2014-15	15,503.5	509.7*	3.29
2015-16	15,378.9	507.2*	3.30
2016-17	15,897.0	566.8	3.57
2017-18	16,504.6	543.6	3.29
2018-19	17,515.1	600.6	3.43
2019-20	17,476.5	489.7*	2.80
2020-21	19,287.7	509.7	2.64
2021-22	18,785.2	498.5	2.65
2022-23	19,122.1	474.6	2.48
2023-24**	20,526.0	458.5	2.23
2024-25**	20,606.0	527.9	2.56

*Excludes principal payments that were not paid in those years as a result of debt restructuring.

**Adjusted base Committee actions to date and certain cost-to-continue items.

3. GPR debt service as a percentage of GPR expenditures can represent a policy goal when

considering the amount of GFSB to be authorized in a budget. With general fund expenditures totaling around \$20 billion, each percentage point is \$200 million, and a goal of keeping debt service below 3.5% of GPR expenditures would mean that annual debt service should not exceed \$700 million. However, Joint Finance Committee actions through the rest of budget deliberations will likely increase the amount of GPR expenditures in 2023-24 and 2024-25, which would decrease the current GPR debt service as a percentage of GPR expenditures.

4. Each biennial budget includes the state building program for that biennium by enumerating projects and authorizing the related bonding. Given the timing needed to plan, bid, and construct many of the projects included in the 2023-25 building program, any bonding authorized for it will have little effect on debt service in the 2023-25 biennium. Once the bonds are issued, debt service will be paid over the 20-year life of the bonds. Table 3 shows estimated annual debt service amounts (principal and interest) associated with the issuance of varying amounts of GFSB at assumed interest rates of 3% or 3.5%, once the full authorization amount has been issued. However, AB 43/SB 70 would provide cash to finance the 2023-25 building program rather than issuing new, general fund supported general obligation bonds. To the extent that cash is utilized rather than bonding to fund the building program, the amounts in Table 3 represent annual debt service savings that would be realized by the state.

TABLE 3
Examples of Debt Service Once All Bonds Are Issued
(in Millions)

<u>Bonding Amount</u>	<u>Estimated Debt Service</u>	
	<u>3%</u>	<u>3.5%</u>
\$500	\$33.6	\$35.2
1,000	67.2	70.4
1,500	100.8	105.5
2,000	134.4	140.7

5. Table 4 shows an illustration of the general fund's potential capacity for additional GPR debt service. Several assumptions are incorporated into Table 4, including: (a) a growth rate of 2% in annual GPR expenditures; (b) a goal of debt service not exceeding 3.5% of GPR expenditures; and (c) estimated debt service on all currently authorized bonds prepared by capital finance staff based on issuance assumptions for pending capital finance needs. The final column in Table 4 subtracts estimated debt service on all currently authorized bonds from the 3.5% goal and shows the capacity for additional debt service. As shown in Table 4, as current debt is paid down and the general fund grows at an assumed 2% rate, the general fund's capacity to support GPR debt service increases. Based on the example in Table 4, GFSB authorizations in the amounts shown in Table 3 would be compatible with a goal to maintain GPR debt below a 3.5% level.

TABLE 4

**Example of Calculation of Debt Service Capacity
Assuming 2% Growth of GPR Spending and 3.5% Goal for Debt Service
(in Millions)**

	<u>Net GPR 2% Growth</u>	<u>3.5% of Net GPR</u>	<u>Debt Service on Current Authorizations</u>	<u>Capacity for Additional Debt Service</u>
2023-24	\$20,526	\$718	\$459	\$260
2024-25	20,606	721	528	193
2025-26	21,018	736	452	283
2026-27	21,438	750	467	284
2027-28	21,867	765	481	285
2028-29	22,305	781	505	276
2029-30	22,751	796	503	294
2030-31	23,206	812	460	352
2031-32	23,670	828	443	386
2032-33	24,143	845	419	426

6. Table 5 shows general obligation borrowing amounts for each of the last five biennial building programs. Amounts include enumerated projects and all agency projects by fund source.

TABLE 5**Building Program General Obligation Borrowing Levels
(\$ in millions)**

	<u>General Obligation Borrowing</u>			
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
2013-15				
Enumerated Projects	\$324.3	\$522.0	\$15.5	\$861.8
All Agency Program	<u>186.5</u>	<u>79.1</u>	<u>5.2</u>	<u>270.8</u>
Total	\$510.8	\$601.1	\$20.7	\$1,132.6
2015-17				
Enumerated Projects	\$101.2	\$0.0	\$0.0	\$101.2
All Agency Program	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	\$101.2	\$0.0	\$0.0	\$101.2
2017-19				
Enumerated Projects	\$329.0	\$134.5	\$4.8	\$468.3
All Agency Program	<u>181.7</u>	<u>22.0</u>	<u>1.0</u>	<u>204.7</u>
Total	\$510.7	\$156.5	\$5.8	\$673.0
2019-21				
Enumerated Projects	\$668.7	\$396.5	\$14.0	\$1,079.2
All Agency Program	<u>275.0</u>	<u>97.2</u>	<u>1.8</u>	<u>374.0</u>
Total	\$943.7	\$493.7	\$15.8	\$1,453.2
2021-23				
Enumerated Projects	\$717.4	\$41.6	\$20.5	\$779.5
All Agency Program	<u>233.0</u>	<u>99.1</u>	<u>13.1</u>	<u>345.2</u>
Total	\$950.4	\$140.7	\$33.6	\$1,124.7

7. Table 6 shows historical building programs recommended by the Governor/Building Commission during the biennial budget process, as well as the final building program budget enumerated for that legislative session, since the 2001-03 biennium. Prior to 2019-21, a building program recommended by the Commission had been submitted to the Joint Committee on Finance for its consideration. However, the programs recommended by the Governor in 2019-21, 2021-23, and 2023-25 received 4 to 4 tie votes by the Commission and were forwarded without its recommendation. Adjustments to prior building program projects are not shown in Table 6.

TABLE 6

**New Building Program Funding
(In Millions)**

<u>Biennium</u>	<u>Building Commission's Recommendation</u>	<u>Total Building Program for Biennium</u>
2001-03	\$1,640.8	\$1,595.8
2003-05	533.9	709.5
2005-07	1,443.5	1,171.6
2007-09	1,318.1	1,183.0
2009-11	1,414.2	1,700.9
2011-13	1,017.7	971.9
2013-15	1,449.8	1,538.0
2015-17	655.9	848.7
2017-19	759.1	1,009.2

<u>Biennium</u>	<u>Governor's Recommendation</u>	<u>Total Building Program for Biennium</u>
2019-21	\$2,317.5	\$1,735.4
2021-23	2,229.4	1,409.6
2023-25	3,327.4	TBD

8. Table 7 shows the all funds project enumeration amounts by agency since 2013-15. All funds includes new and existing general obligation bonds, existing revenue bonds, agency operating funds, gifts and other funds, and federal funding. At times, the building program includes grants for private projects, which may be shown as specified projects or under the Building Commission in the attachment. Adjustments to prior building program projects are not shown in Table 7.

TABLE 7**Building Program Project Enumerated Amounts (All Funding Sources)
(in Millions)**

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	<u>2021-23</u>
Administration	\$178.84	\$4.75	\$79.00	\$5.69	-
Building Commission	61.24	78.13	87.27	40.00	\$149.00
Corrections	34.47	17.42	50.85	23.73	23.70
Educational Communications Bd.	-	-	-	-	-
Health Services	6.71	4.87	38.70	34.85	55.53
Justice	-	-	-	-	-
Medical College of Wisconsin	14.77	-	-	18.50	-
Marquette University	-	4.00	-	-	-
Military Affairs	69.93	8.77	30.66	8.11	47.00
Natural Resources	32.00	49.19	10.25	17.92	36.06
Children's Hospital of Wisconsin	21.25	-	-	-	-
Public Instruction	-	-	-	7.39	-
State Fair Park	-	-	7.92	3.00	-
State Historical Society	-	-	1.65	100.00	14.32
Transportation	-	12.42	-	-	-
UW System	703.76	451.93	323.70	1,025.62	628.65
Veterans Affairs	5.91	84.82	17.94	18.51	16.87
All Agency	<u>329.13</u>	<u>132.42</u>	<u>361.29</u>	<u>432.04</u>	<u>438.42</u>
	\$1,458.01	\$848.72	\$1,009.23	\$1,735.36	\$1,409.55

9. The major agency projects enumerated as part of the 2023-25 state building program, as recommended by the Governor, are listed in Table 8 for each agency. Table 8 does not include adjustments to prior building program projects. In AB 43/SB 70 "segregated revenue" would be defined as the moneys transferred from the general fund to the capital improvement fund under the provisions of AB 43/SB 70 to be used to fund building projects authorized in the 2023-25 state building program. The segregated funding and total enumeration amounts are shown for each project.

TABLE 8

**State Agency 2023-25 Enumerated Major Projects
Segregated Revenue and Total Project Authority**

	<u>Segregated Revenue</u>	<u>Total Enumeration</u>
State Industry and Labor Building (GEF 1) - Building Renovation and Parking Garage Repairs		\$141,407,000
Wisconsin Air Services - New Airplane Hangar		4,675,000
State Capitol - Sidewalk & Storm Water Piping Replacement	\$6,400,000	6,400,000
Hill Farms Building D - State Lab of Hygiene - New Lab		4,203,000
State Capitol - Fiber and Cable Upgrades	<u>41,375,000</u>	<u>41,375,000</u>
Total	\$47,775,000	\$198,060,000
Building Commission		
Bronzeville Center For The Arts - African American Art Center - Milwaukee County	\$5,000,000	\$54,900,000
Children's Wisconsin - Dental Clinic Expansion - Milwaukee County	4,789,000	9,578,000
Woodman's Sports And Convention Center - Janesville	15,000,000	50,500,000
Green Bay National Railroad Museum Expansion	7,000,000	15,000,000
Marquette University - School Of Dentistry Upgrades - Milwaukee	10,750,000	28,000,000
Milwaukee Iron District - New Soccer Stadium	9,300,000	45,000,000
Door County Peninsula Players Theatre – Dormitory Upgrade	1,000,000	4,213,000
Versiti Blood Research Institute Addition - Milwaukee County	<u>10,000,000</u>	<u>63,500,000</u>
Total	\$62,839,000	\$270,691,000
Corrections		
Type 1 Juvenile Correctional Facility - Statewide	\$83,000,000	\$83,000,000
Type 1 Juvenile Correctional Facility - Statewide - Planning Only	4,000,000	4,000,000
Green Bay Correctional Institution - New Health Services Unit	25,057,000	25,057,000
Statewide - Minor Facilities Renewal Program - Roof and ADA Compliance	4,099,000	4,099,000
Dodge Correctional Institution - Health Services Unit Replacement	28,851,000	28,851,000
Statewide - Minor Facilities Renewal Program - Asphalt Pavement Improvements	13,629,000	13,629,000
Lincoln Hills School/Copper Lake School – School Building HVAC Improvements	5,723,000	5,723,000
Grow Academy - 16 Bed Replacement Facility	24,904,000	24,904,000
Fox Lake Correctional Institution - Housing Units 1-6 Bathroom Remodel	21,393,000	21,393,000
Fox Lake Correctional Institution - Vocational Building Elevated Walkway Replacement	<u>11,967,000</u>	<u>11,967,000</u>
Total	\$222,623,000	\$222,623,000
Health Services		
Central Wisconsin Center - Food Service Building Renovation	\$56,002,000	\$56,002,000
Winnebago Mental Health Institute - Utility And Service Tunnel Improvements	31,955,000	31,955,000
Statewide – Minor Facilities Renewal Program - HVAC Improvements	8,330,000	8,330,000
Systemwide – Minor Facilities Renewal Program - Envelope Repairs	<u>20,111,000</u>	<u>20,111,000</u>
Total	\$116,398,000	\$116,398,000
Military Affairs		
Madison AASF 2 - Fire Suppression System	\$932,000	\$3,906,000
Black River Falls – New Readiness Center	11,455,000	45,819,000
Statewide - Tower Updates, Phase II	13,656,000	13,656,000
Fort Mccoy - WING Challenge Academy Design	700,000	700,000
Madison AASF 2 – Remodel Hangar Pod Doors 5 And 6	<u>1,112,000</u>	<u>4,446,000</u>
Total	\$27,855,000	\$68,527,000

	Segregated <u>Revenue</u>	Total <u>Enumeration</u>
Natural Resources		
Pattison State Park - Dam Reconstruction	\$7,848,000	\$7,848,000
Statewide – Trail Accessibility Improvements	3,957,000	3,957,000
Badger State Trail - Stewart Tunnel Repair	6,606,000	6,606,000
Friendship Ranger Station - Fire Reponse Ranger Station Replacement		7,649,000
Crandon Ranger Station - Fire Reponse Ranger Station Replacement		4,512,000
Potawatomi State Park - Observation Tower Revitalization	6,060,000	6,060,000
Lemay Forestry Center – New Fire Response Equipment Facility		3,023,000
Lemay Forestry Center – New Fire Equipment Fabrication Storage Facility		<u>3,930,000</u>
Total	<u>\$24,471,000</u>	\$43,585,000
Department Of Transportation		
Spooner – Multi-Divisional Replacement Facility		\$11,490,000
University of Wisconsin System		
Systemwide - Instructional Space Projects Program	\$46,604,000	\$46,604,000
Systemwide - Minor Facilities Renewal Program	64,827,000	89,939,000
Systemwide - Central Plants & Utility Distribution Renovation	105,048,000	149,269,000
Madison - Engineering Replacement Building/Computer Aided Engineering Facility Demolition	197,336,000	347,336,000
La Crosse - Prairie Springs Science Center Completion/Cowley Hall Demolition	182,506,000	182,506,000
Milwaukee - Health Sciences Renovation (planning)	1,000,000	1,000,000
Whitewater - Winther Hall/Heide Hall Entry Additions & Renovations (planning)	500,000	500,000
Madison - Humanities Art Department Relocation & Consolidation	140,322,000	169,072,000
Madison - Music Hall Restoration & Exterior Envelope Renovation	9,741,000	39,741,000
Stout - Heritage Hall Addition & Renovation (planning)	500,000	500,000
Oshkosh - Gruenhagen Conference Center Plumbing Riser Replacement		20,462,000
Stevens Point - Champions Hall Addition & Renovation/Two Building Demolition		32,906,000
Madison - Kronshage-Jorns-Humphrey Residence Halls Additions & Renovations		79,211,000
Oshkosh - Donner-Webster Residence Halls Additions & Renovations		57,671,000
La Crosse - Center for the Arts Parking Ramp/University Police Building Addition		27,642,000
Eau Claire - Science/Health Science Building Completion/Phillips Hall Demolition	226,757,000	231,326,000
Madison - Camp Randall Sports Center Replacement		<u>285,163,000</u>
Total	<u>\$975,141,000</u>	\$1,760,848,000
Veterans Affairs		
King - Power Plant Chillers Repair, Phase II	\$3,464,000	\$9,895,000
Wisconsin Veterans Museum - Museum Upgrade And Expansion – Acquisition Only	<u>9,000,000</u>	<u>9,000,000</u>
Total	<u>\$12,464,000</u>	\$18,895,000
All Agency		
Facility Maintenance and Repair	\$195,000,000	\$341,756,600
Utility Repair and Renovation	70,000,000	127,343,200
Health, Safety and Environmental Protection	20,000,000	30,702,600
Preventive Maintenance Program		870,000
Programmatic Remodeling and Renovation	5,000,000	42,985,800
Capital Equipment Acquisition	5,000,000	5,000,000
Land and Property Acquisition		10,615,500
Energy Conservation	<u>5,000,000</u>	<u>57,010,200</u>
Total	<u>\$300,000,000</u>	\$616,283,900
Grand Total	1,789,566,000	3,327,400,900

10. Table 9 shows the recommended adjustments to previous building programs. The segregated revenue and total enumeration amounts are shown for each project.

TABLE 9

**Modifications to Previous Building Programs
New Segregated Revenue and Total Project Authority**

	<u>Segregated Revenue</u>	<u>Revised Total Enumeration</u>
2015-17 Building Program		
<i>Military Affairs</i>		
West Bend AASF 1 - Hangar Addition and Fire Suppression	\$2,726,000	\$12,671,000
2017-19 Building Program		
<i>Corrections</i>		
Type 1 Juvenile Correctional Facility - Statewide	32,609,000	78,400,000
<i>State Fair park</i>		
Cream Puff Pavilion Renovation		12,500,000
<i>Veterans Affairs</i>		
King - Central Kitchen Replacement	13,537,700	41,498,800
2019-21 Building Program		
<i>Natural Resources</i>		
Wausau Service Center - Service Center Addition	3,432,500	4,707,000
<i>Historical Society</i>		
Wisconsin History Museum	42,341,000	160,487,000
<i>Veterans Affairs</i>		
Southern WI Veterans Memorial Cemetery - Administration Building Expansion and Fire Protection	1,083,000	3,708,000
2021-23 Building Program		
<i>Health Services</i>		
Winnebago Mental Health Institute - Patient Admissions Area	17,716,000	34,511,000
Mendota Mental Health Institute - Utility Improvements	41,080,000	56,000,000
Sand Ridge Secure Treatment Center - Skilled Care Unit Expansion	5,563,000	18,175,000
<i>Military Affairs</i>		
Clintonville Readiness Center - New Motor Vehicle Storage Building	<u>63,100</u>	<u>2,786,000</u>
Totals	\$160,151,300	\$425,443,800

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