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# **2023 Capital Investment Request**

**House Higher Education Finance and Policy**

# 2023 Capital Investment Request



Total program: **\$348.7 million**

Asset preservation - HEAPR:

- **\$173.7 million**

Major projects:

- **\$175.0 million**

- **19 major capital projects**

- 4 Construction of previously funded design**

- 7 Design and construction**

- 8 Design for future construction**

Program financing:

- State (GO): **\$290.4 million**

- User (UF): **\$58.3 million**

# User Financing (UF)

## Minnesota Statute 16A.662 *Infrastructure Development Bonds.*

*Subd 5. ...the commissioner of management and budget shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to those bonds sold to finance capital improvement projects at institutions under the control of the system...*

### General application:

- Applicable to individual college and university projects
- Does NOT apply to asset preservation (HEAPR) funding



# User Financing (UF)

## Minnesota State application:

- One-half of the UF amount is paid by the system (state appropriations)
- One-half of the UF amount is paid by the gaining institution from their general operating funds (state appropriations and tuition revenues)

## Example: Total project funding = \$9.0 million

- State financing (GO) = \$6.0 million
- User Financing (UF) = \$3.0 million
  - \$1.5 million serviced by Minnesota State system
  - \$1.5 million serviced by the gaining college or university

# User Financing (UF)

## Current Minnesota State position:

- \$171.8 million in outstanding UF debt from previously funded projects
- \$27.0 million debt service paid in FY2022

## Impacts:

- Total annual debt service represents roughly 1.9% of college and university state appropriation and tuition revenues.
- Ranges:
  - Colleges: 0.7% - 3.2%
  - Universities: 1.0% - 2.7%

## 2023 Capital Investment Request

- Total User Financing (UF) = \$58.3 million
- Estimated annual debt service = \$1.4 million

# 2022→2023 Program Development

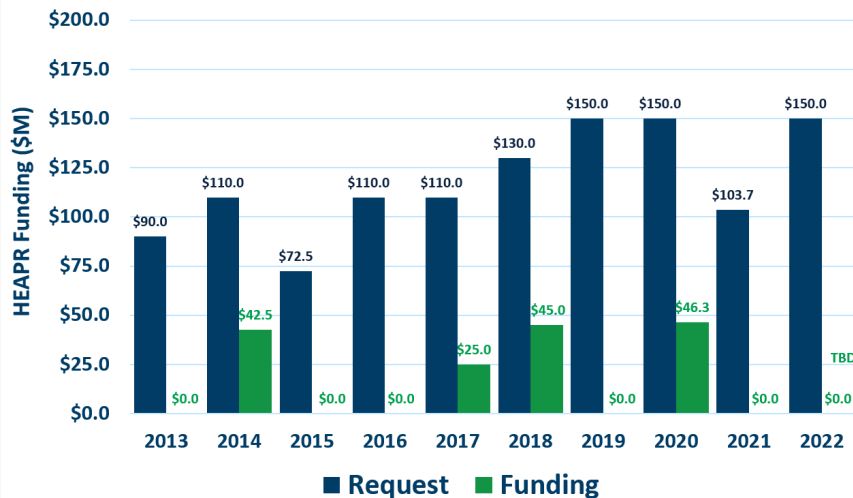
|   |  |                           |   |
|---|--|---------------------------|---|
| <b>College and university facilities planning</b><br><br><b>Comprehensive Facilities Plans (CFPs)</b> | Board Guidelines   | March 2020                | ✓ |
|   | Candidate project predesign development and review                                   | April – Dec 2020          | ✓ |
|   | Candidate project scoring  | March 2021                | ✓ |
|   | Chancellor's review and recommendation development                                   | March – April 2021        | ✓ |
|   | Board review and approval  | May – June 2021           | ✓ |
|   | <ul style="list-style-type: none"> <li>• Advocacy</li> <li>• Campus tours</li> </ul> | September – December 2021 | ✓ |
|   | 2022 Legislative Session   | January – May 2022        | ✓ |
|   | Program review and affirmation   | July – October 2022       | ✓ |
|   | Board review and approval  | November 2022             | ✓ |
|   | 2023 Legislative Session   | January- May 2023         | ← |

# Program priorities

| Priority | Institution | Title   | 2023 Request (\$000) |
|----------|-------------|---|----------------------|
| 1        | Systemwide  | Higher Education Asset Preservation and Replacement (HEAPR) | \$173,680            |

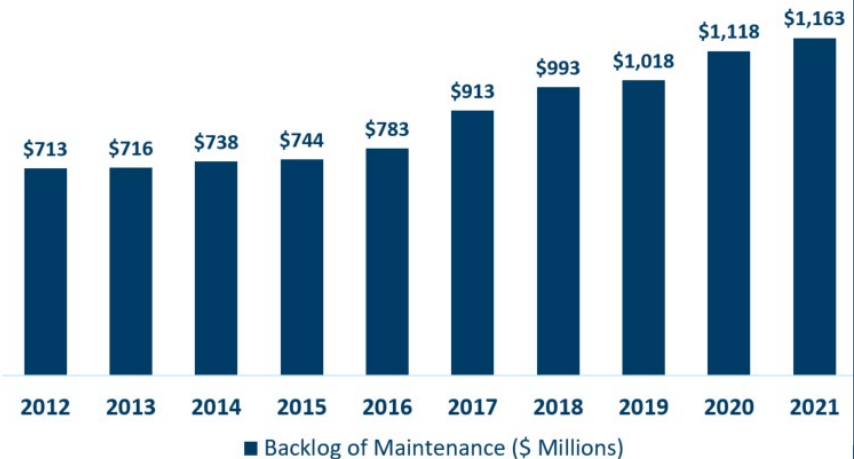
## HEAPR – Asset preservation

2013-2022: Asset preservation requests funded at 24%



## Backlog of maintenance

2012-2021: Deferred maintenance has grown by 63%



# Program priorities

| Priority | Institution                          | Title   | 2023 Request (\$000) |
|----------|--------------------------------------|---|----------------------|
| 1        | Systemwide                           | Higher Education Asset Preservation and Replacement (HEAPR) | \$173,680            |
| 2        | Minnesota State University Moorhead  | Weld Hall Renovation and Accessibility Additions            | \$23,099             |
| 3        | Inver Hills Community College        | Technology and Business Center Renovation                   | \$22,025             |
| 4        | Minneapolis College                  | Management Education Center                                 | \$20,457             |
| 5        | Pine Technical and Community College | Technical/Trades Lab Addition and Renovation                | \$21,468             |





# Program priorities

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|----------|---|---|----------------------|
| 1        | Systemwide                                | Higher Education Asset Preservation and Replacement (HEAPR)                 | \$173,680            |
| 2        | Minnesota State University Moorhead       | Weld Hall Renovation and Accessibility Additions                            | \$23,099             |
| 3        | Inver Hills Community College             | Technology and Business Center Renovation                                   | \$22,025             |
| 4        | Minneapolis College                       | Management Education Center   | \$20,457             |
| 5        | Pine Technical and Community College      | Technical/Trades Lab Addition and Renovation                                | \$21,468             |
| 6        | Saint Paul College                        | Academic Excellence Renovation – Design                                     | \$1,671              |
| 7        | Vermilion Community College               | Classroom Building Renovation   | \$3,633              |
| 8        | Central Lakes College                     | Brainerd Student Services Renovation  | \$11,591             |
| 9        | Northland Community and Technical College | Effective Teaching and Learning Labs  | \$3,281              |
| 10       | Minnesota State University, Mankato       | Armstrong Hall Replacement – Design   | \$8,460              |
| 11       | Winona State University                   | Center for Interdisciplinary Collaboration, Engagement, & Learning - Design | \$4,866              |
| 12       | Lake Superior College                     | Integrated Manufacturing Workforce Labs                                     | \$8,316              |
| 13       | Metropolitan State University             | Cyber Security Lab  | \$5,197              |



# Program priorities

| Priority | Institution                               | Title   | 2023 Request (\$000) |
|----------|---|---|----------------------|
| 14       | Alexandria TCC                            | Transportation Center Construction, Student Services Renovation, and Selective Campus Demolition – Design | \$955                |
| 15       | Riverland Community College               | Student Services Renovation   | \$12,084             |
| 16       | Southwest Minnesota State University      | Wellness and Human Performance Center – Design  | \$1,327              |
| 17       | St. Cloud State University                | Education and Learning Design Complex Design  | \$5,450              |
| 18       | Rochester Community and Technical College | Heintz Center Renovation: Reimagining Education for a Diverse Workforce – Design                          | \$1,546              |
| 19       | Minnesota West CTC                        | Nursing, Law Enforcement, and Student Service Renovation  | \$2,253              |
| 20       | Ridgewater College                        | Healthcare, Construction, Student Services, and Classroom Renovation                                      | \$17,367             |
| Totals   |   |   | \$348,725            |
| GO       |   |   | \$290,377            |
| UF       |   |   | \$58,348             |
| Projects |   |   | \$175,045            |



# Thank you - 2020 Capital Funding

Total program: **\$90.9 million**

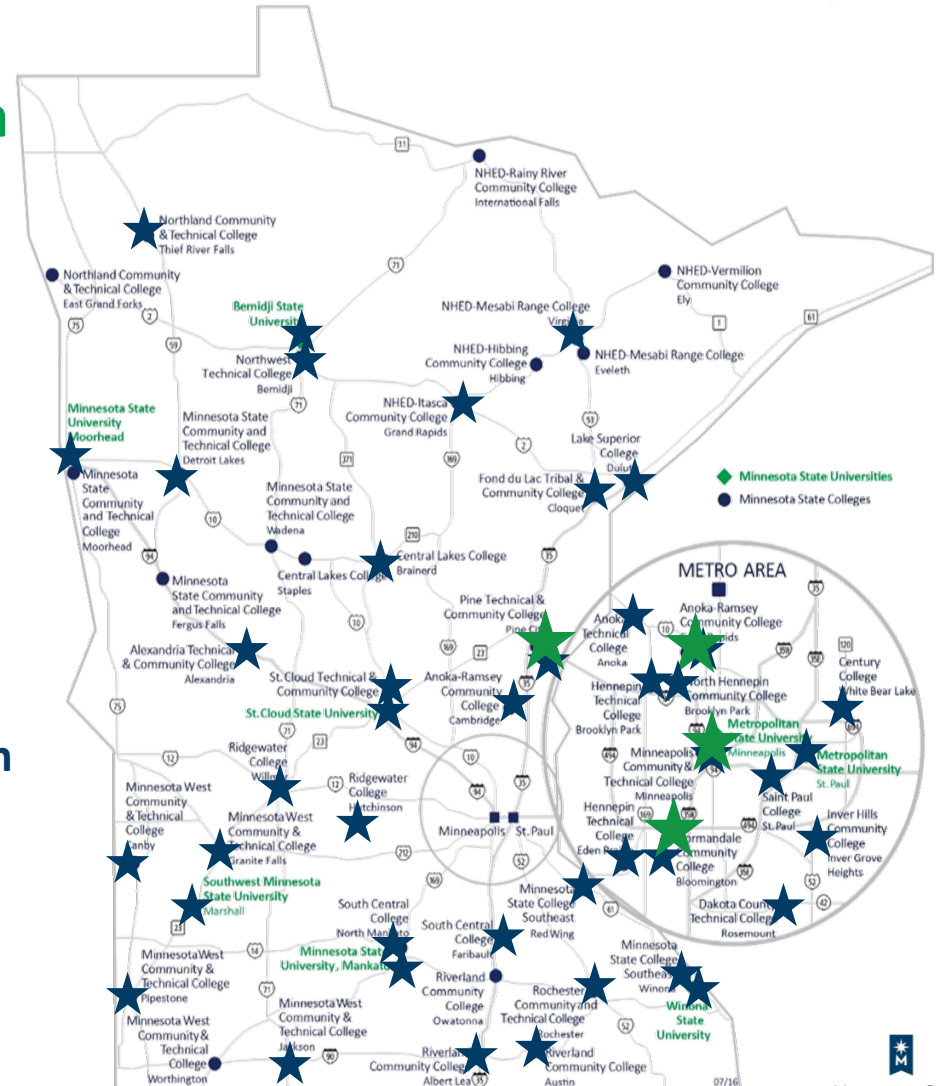
Asset preservation - HEAPR:

- **\$46.4 million**
- **56 projects statewide**

Major projects:

- **\$44.5 million**
- 2 Construction of previously funded design**
- 2 Design for future construction**

- ★ Major Capital Project
- ★ HEAPR Project



# Thank you

