

**Minnesota State Colleges and Universities
FY2007 Capital Budget Request**

In June 2005, the Board of Trustees approved the FY2006-2011 Capital Budget, including projects for FY2006 valued at \$280.4 million. The Legislature authorized and the Governor enacted a bonding bill valued at \$191.4 million. \$50.3 million was to be financed by the colleges, universities and the Office of the Chancellor via the operating budget. The net amount financed by the state was therefore \$141.1 million.

The final outcome is noteworthy in that the Legislature funded each one of the Board's projects, albeit some at a reduced level. Of concern is the relatively low level of funding at \$40 million received for major repair projects in the Higher Education Asset Preservation and Replacement (HEAPR) category versus the System's request for \$110 million. In addition, the request for adjacent property acquisition was funded only for St. Cloud Technical College at \$3.4 million versus the System's request for \$9.27 million.

HEAPR - The HEAPR program, defined in Minnesota Statutes Chapter 135A.046, focuses on major facilities maintenance and repair work that extends the life of a building and its systems. Stewardship of state buildings has consistently placed HEAPR as the Board's number one capital priority. HEAPR includes funding for roof replacements; preservation of building exteriors; replacement of exterior windows and doors; renewal of building interiors; replacement of heating, ventilation and air conditioning (HVAC), plumbing and mechanical systems; hazardous material abatement; accessibility (ADA) improvements; indoor air quality improvements; and compliance with life safety codes. Since 2000, the HEAPR program has focused on reduction of the system-wide backlog of maintenance and repair, estimated in 1999 to be \$500 million. A 2005 study now estimates the backlog at \$635 million. Backlog is defined as work not accomplished due to lack of funding resources.

In February 2005, campuses presented over 394 projects estimated at \$240 million for 2006 HEAPR funding, which lead to the final \$110 million budget request. With only \$40 million funded by the 2006 legislature, the proposed request for 2007 at \$30 million focuses on the unfunded work such as replacement of roofs that are currently leaking and are beyond their life expectancy; correction of surface storm water drainage that causes flooding; replacement of aged and failing HVAC systems and components; replacement of fire protection systems; asbestos abatement; and exterior building envelope repairs.

Property Acquisition – Two property acquisition projects approved by the Board for 2006 and not funded include Fond du Lac Tribal & Community College, \$1.5 million for adjacent residential property (now \$1.8 million with addition of another parcel); and Bemidji State University (BSU), \$2,000,000 for acquisition of the adjacent, former high school property. These acquisitions, addressed in campus master plans, will provide buffers to protect college growth, particularly in light of a construction project scheduled to begin in early 2007 at Fond du Lac. BSU is land-locked, and this additional property will provide space for student parking and potential growth. This BSU project has been included in the capital budget for several biennia. Negotiations for both acquisitions have progressed to the point where signed agreements are anticipated before the 2007 legislative session begins. Total is \$3.8 million.