

2010 Capital Budget Request – Talking Points

Size of bonding request:

- Higher education is the key to Minnesota's economic recovery. It is crucial to pulling the state out of the recession and maintaining the state's economic health for the long term. Projects to renovate and expand laboratories, classrooms, libraries and student service areas will protect the public's investment and provide up-to-date, high-quality facilities for the system's 390,000 students.
- More than \$240 million of the request is for projects that have complete or nearly complete designs and are ready to construct in 2010 and 2011. They will put the labor force to work, creating jobs in local communities throughout the state.
- Minnesota State Colleges and Universities looks to the affordability of capital project debt when putting together a bonding request to the Legislature. Like the state, we want to keep our debt-to-revenue ratio under 3 percent. Considering past debt plus the new debt associated with the 2010 proposal, our debt-to-revenue ratio remains under 3 percent.
- While the bottom line number (just under \$400 million) of the request is large, it closely tracks the construction inflation growth. The 2010 request is \$50 million higher than the 1998 request adjusted for inflation. Most of that \$50 million difference can be attributed to seven projects from 2008 and 2009 that were vetoed but are still critically needed.
- Most of our building space was built 30 to 40 years ago and is now in the need of refreshment. Re-purposing and "rightsizing" of academic space improves and maximizes space use. The majority of our capital request is for preservation, remodeling and modernization of existing facilities.
- Colleges and universities have an estimated backlog of more than \$600 million in work needed to repair and renew existing buildings. The requested funding will allow us to continue to chip away at this backlog.
- Our capital budgeting process considered more requests than the board ultimately approved. Over \$380 million in HEAPR requests were received; \$700 million in individual projects were considered. Like the Legislature, we receive more requests than we can budget. We develop a prioritized list for the Legislature to consider.
- The law requires that we submit our capital project priorities for legislative consideration (MS 2008, Ch. 135A.034). We have done so. As the Legislature wishes and is able, we ask that the priority list be used to guide which projects are approved for bonding this year.

Changing demographics:

- While there may be fewer traditional high school graduates in some parts of the state, population is increasing in the metropolitan Twin Cities area and other population centers. New space is needed to accommodate this growth and respond to requirements for quality, up-to-date teaching and learning space.
- Our capital budget responds to enrollment growth and increased demand for adult retraining, new space for biosciences and health career fields, and delivery of baccalaureate degrees in the Twin Cities metropolitan area.
- Much of the new space is necessary to support the growing need for allied health practitioners, nurses, engineers and scientists. Additionally, many new careers are emerging and existing careers are changing, resulting in the need for retraining incumbent workers.

Online v. bricks and mortar:

- Students are taking more online course work. More than 270 programs and 8,500 course sections are offered completely or predominantly online, and more than 65,000 students take online courses each year. However, a large number of these students – more than 75 percent – also take classroom-based courses on our campuses.
- Online learning does not replace on-campus learning and the need for quality learning space. Many students do not have an appropriate study environment or adequate computer hardware at home to effectively take online courses. We have seen no decline in the demand for study or computer lab space on campus as a result of the increase in online course offerings.