



WISCONSIN POLICY FORUM

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The State of Wisconsin's Capital Concern

New Study Looks at Why State is Spending More on Building Projects

MADISON – The state's latest surge in spending on building projects – more than \$1.9 billion over the two-year budget – follows four years in which funding was curtailed for the state's vast portfolio of facilities, a new report by the independent, nonpartisan Wisconsin Policy Forum finds.

Democratic Gov. Tony Evers and GOP lawmakers have drawn attention for nearly doubling spending on state facilities in the 2019-'21 capital budget and for more than doubling borrowing in this area. However, the spending increase was driven in part by the \$3.5 billion in project requests made by state agencies last year under former Gov. Scott Walker – the highest amount in at least the past decade.

The latest issue of *The Wisconsin Taxpayer*, "A Capital Concern," notes Evers and legislators approved just over half the total dollar amount of capital projects requested – a larger share than recent years but still below the average since 2007.

Even after adjusting for inflation, the current capital budget represents the largest since 2001 (when more than \$2.2 billion in 2019 dollars was approved) and is roughly twice as large as those approved in 2015 and 2017. The largest sum went to the University of Wisconsin System, which has the most state facilities and which received a less than average share of its requests in the two previous state budgets.

Despite the hard decisions that were made, the report cautions that the state could still have more ahead, particularly within the state prison system.

"The budget leaves at least some questions about how to shut down Lincoln Hills juvenile prison and does little to address overcrowded and aging facilities within the adult (corrections) system," the report reads. "In other agencies, the state also faces a substantial number of older facilities."

The WPF review found:

- The 2019-21 capital budget makes up about the same share of the state's overall budget (2.3%) as it did a decade ago.
- Putting off a capital project can come with a cost. A review finds estimated costs rose more quickly than inflation for several project requests that were deferred in previous budgets and made again in the latest one.

- The Department of Administration reported in 2017 that 70% of state facilities were then more than 30 years old, the age at which most buildings require either substantial renovations or replacement. UW System officials separately have stated that 30% of their facilities were at least 50 years old.
- The state's adult prison system is projected to add inmates over the next two years despite federal statistics showing that at the end of 2017 state prisons had hit 102% of their operating capacity, the seventh-highest rate in the country.

As the largest employer in Wisconsin, the state must build or lease properties in locations around the state: agency offices, homes for elderly veterans or for the disabled, fish hatcheries for trout and walleye, historic sites for tourists, National Guard armories, and sophisticated research labs. In all, the state is responsible for more than 6,000 buildings totaling more than 84 million square feet, according to the Legislative Fiscal Bureau.

In examining the state's capital budget, WPF seeks to build on our research examining local government [infrastructure challenges](#) in the Milwaukee area. The latest report stresses the "difficult balance" that state leaders must strike with capital spending.

"Though overspending could lead to unsustainable debt or crowd out other needs, under-investment also carries risks," the report states. "After all, these building projects will affect the state's ability to educate UW students, care for infirm veterans, and safely confine inmates for decades to come."

A copy of "A Capital Concern: Why State Spending on Capital Projects is on the Rise" can be downloaded [here](#).