

Capital Outlay and Asset Preservation

State Investment in Campus Facilities is Essential to World-Class Instruction and Applied Research

High-quality academic and research facilities are vital to ensuring that Michigan's public universities remain competitive by continuing to deliver world-class education and incubating the knowledge and talent that will power tomorrow's companies. Constructing technologically- and environmentally-sophisticated campus facilities requires a financing partnership between the state and its public universities. Capital outlay investments, unfortunately, tend lately to be in a feast-or-famine cycle. Although only two university projects were authorized between 2010 and 2015, the state then began authorizing projects at the end of the prior administration. Since then, project advancement has been slowed again, partially due to pandemic-related financial concerns. It is important to return to a dependable cycle of a few projects annually to minimize uncertainty and to avoid extended delays in asset maintenance, or the sudden tightening of construction-related labor markets due to multiple institutions planning at once.

Also important is the need for state investment in *existing* infrastructure on public university campuses in order to maximize the lifespan of these important state assets. The state has not provided infrastructure, technology, equipment, and maintenance (ITEM) grants since 2000, shifting one more cost burden from the state to the universities. Ultimately, a portion of students' tuition dollars end up paying for critical campus asset preservation needs; monies that would be better utilized for direct instruction. From both a statewide and institutional planning perspective, the state capital outlay process should be conducted annually, be predictable and consistent, and include significant public investment in campus facilities on a regular basis. Transparency and clarity on the process by which prospective campus projects are assessed by state officials and recommended for funding approval is also integral to a sound state capital outlay program.

Policy Actions:

- Support a state capital outlay process that is conducted annually, is consistent and predictable, and provides the public investment needed to ensure continued world-class academics and applied research at Michigan's public universities.
- Reinstigate state payments for infrastructure, technology, equipment, and maintenance for university facilities and infrastructure, helping these institutions lengthen the lifespan and functional utility of the state's previous investments in campus assets for many more years.