

BOARD OF REGENTS MEETINGLong-Term Capital Plan UpdateINFORMATION

This item is being presented for information and discussion.

BACKGROUND

Each year, the Board reviews and approves the University's annual operating budget and its Five-Year Capital Budget. These documents direct the efforts of a broad team within the University to deliver individual initiatives and projects. In recent years, they have been presented for information in May and for action in June, compressing review of the high-level strategy that drives the University's capital planning process. The annual capital plan and operating budget are informed by explicit consideration of the University's capital strategy over the next fifteen years, within parameters of mission and resources.

Several years ago, at the Board's request, the administration comprehensively examined capital spending and recommended a series of strategies captured in the Long-Term Capital Plan (LTCP) that guide the more discrete level of planning that occurs at the five-year capital plan level.

Throughout the past year, and in light of the COVID pandemic, these strategies have been reviewed to ensure they are still valid. This analysis concluded that the administration's primary LTCP strategies of (1) making capital investments in existing buildings equal to the deterioration rate, (2) increasing UW Medicine's access to debt, (3) limiting physical growth to 0.5 percent and (4) continuing to leverage partnerships will remain constant, with the few subtle changes noted below:

- Debt capacity was updated to reflect Fiscal Year (FY) 2021 performance and new projections;
- Strategic demand was reduced to reflect the longer term historical funding average, understanding that this approach will require thoughtful decision-making, involving disciplined prioritization of potential strategic initiatives; and,
- Philanthropic support was updated based on the alignment of Advancement activities in support of institutional priorities such as investment in existing facilities.

BOARD OF REGENTS MEETING

Long-Term Capital Plan Update (continued p. 2)

These updated recommendations are the product of the collaboration of UW Facilities, UW Medicine, Treasury, the Office of Planning & Budgeting, Advancement and senior leaders across the institution. They look forward to robust discussion.

Attachment

15-Year Long-Term Capital Plan