

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
CAPITAL OUTLAY**



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	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	-	\$0	\$0	-
Federal	0	0	0	-	0	0	-
Local	0	0	0	-	0	0	-
Private	0	0	0	-	0	0	-
Restricted	0	0	0	-	0	0	-
GF/GP	0	1,800	1,800	100.0	0	(1,800)	(100.0)
Gross	\$0	\$1,800	\$1,800	100.0	\$0	(\$1,800)	(100.0)
FTEs	0.0	0.0	0.0	-	0.0	0.0	-

Overview

The budgetary and administrative functions which are devoted to planning and financing the acquisition, construction, renovation, and maintenance of facilities used by state agencies, public universities, and community colleges are performed through the Capital Outlay process. The statutory acts which govern the capital outlay process include the Management and Budget Act, PA 431 of 1984, and the State Building Authority Act, PA 183 of 1964. Legislative oversight of the Capital Outlay process is provided by the Joint Capital Outlay Subcommittee (JCOS).

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Capital Outlay Projects for Universities and Community Colleges

	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
Gross	\$0	\$1,800	(\$1,800)
GF/GP	\$0	\$1,800	(\$1,800)

The Executive recommends 18 university and community college capital outlay projects that were previously authorized for planning in Public Act 329 of 2010. The total cost of the projects is \$613.1 million (\$308.6 university/community college share; \$304.5 million state share). An \$1,800 GF/GP appropriation is included in one generic line item in the Department of Technology, Management, and Budget budget. This appropriation would authorize construction and the State Building Authority lease as a result of proposed changes by the Executive to the Capital Outlay process (see #3 below).

The following is a list of institutions and projects recommended by the Executive:

- Central Michigan University - Bio-Sciences Building
- Grand Valley State University - Science, Lab, Classroom and Office Building
- Michigan State University - Bio-Engineering Facility
- Northern Michigan University - Jamrich Hall Replacement
- Oakland University - Engineering Center
- University of Michigan-Ann Arbor - G.G. Brown Memorial Laboratory Renovations
- University of Michigan-Dearborn - Science and Computer Information Building Renovations
- University of Michigan-Flint - Murchie Science Laboratory Building Renovations
- Wayne State University - Multi-Disciplinary Bio-Medical Research Building
- Alpena Community College - Electrical Power Technology Education and Training Center
- Bay de Noc Community College - Nursing Lab/Lecture Hall Remodeling
- Delta College - Health and Wellness F-Wing Renovations
- Gogebic Community College - Building Renovation
- Grand Rapids Community College - Cook Academic Hall Renovation

Executive Changes

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
Jackson Community College - Bert Walker Hall Renovations Lansing Community College - Arts and Sciences Building Renovation Mid-Michigan Community College - Mt. Pleasant Campus Unification North Central - Health Education and Science Center			

2. Other Capital Outlay Items

FY 2012-13 appropriations for Capital Outlay are recommended for state agency projects in the Departments of Agriculture and Resources Development, Corrections, Military and Veterans Affairs, Natural Resources, Technology, Management, and Budget, and Transportation. The appropriations for these projects are included in the respective operating budget bills. (See individual department sections within this report for more information on capital outlay appropriations.)

3. Capital Outlay Process Reform

The Executive proposes reforming the current Capital Outlay process by consolidating three separate legislative actions (planning, construction, and State Building Authority lease) into one legislative action that authorizes construction and the SBA lease.

Universities and community colleges would be required to submit professionally-developed schematic plans as the basis for their capital outlay requests. The Executive recommends that criteria and a scoring grid be used to evaluate capital outlay requests. The Executive proposes the House Fiscal Agency, the Senate Fiscal Agency, and the State Budget Office jointly score the requests, and provide a non-binding, objective evaluation of each project. The results of the evaluation would be published on the State Budget Office website. The Executive proposes scoring criteria which would recognize the merits of projects that support statewide economic development goals, focus on core academic and critical skills programs, re-invest or adaptively re-use existing facilities, demonstrate efficient utilization of existing facilities, and support sustainable design.

The Executive recommends establishing these reforms in statute, requiring in statute that construction bids be awarded to the lowest responsive, responsible bidder, and amending existing statute to streamline the authorization, transfer, and carry forward requirements for capital outlay projects.

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

See the DTMB section of this report for major boilerplate changes related to Capital Outlay.