



FISCAL SNAPSHOT

CAPITAL OUTLAY PROJECT OVERVIEW

Date: January 2023

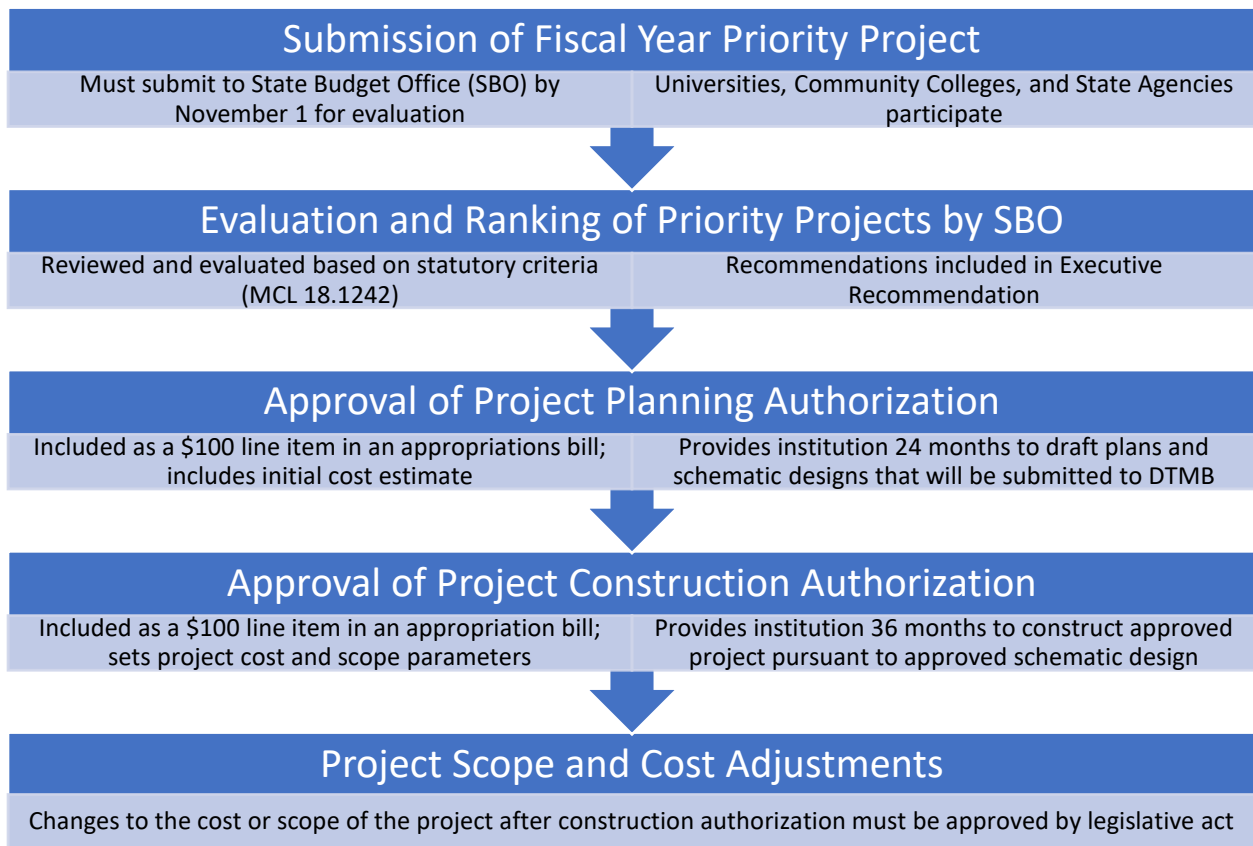
Analyst: Perry Zielak

Summary

Large state agency, community college, and public university capital projects are subject to the capital outlay process established through statute, primarily the Management and Budget Act ([1984 PA 431](#)) and the State Building Authority Act ([1964 PA 183](#)). State agency projects are financed 100% through state resources, community college projects require a 50% match requirement, while university projects have a 25% match requirement. Typically, higher education capital outlay projects have a \$30.0 million state share cap.

Background

The majority of capital outlay projects have followed the process below. A more detailed summary of the capital outlay process can be found [here](#).



Recent Activity

As part of the FY 2022-23 budget, 2022 PA 166, [\\$487.4 million](#) was appropriated for various capital outlay projects. However, these projects did not follow the traditional process outlined above and went straight to construction authorization. In addition, the projects will be paid through state and federal appropriations, instead of the traditional State Building Authority (SBA) bonding and debt service process.

The Bottom Line

Capital outlay projects will typically follow the outlined process, but do not necessarily have to follow all of the steps. The legislature can grant construction authorization to a project that was not scored by SBO. Similarly, projects that are highly scored by SBO may not be approved by the legislature. The capital outlay process does not follow a timeline, and projects can be granted planning or construction authorization at any time. However, planning and construction authorizations tend to be included in annual budget appropriations.