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CAPITAL BUDGETING IN THE STATES

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Founded in 1945, NASBO is the instrument through which the states collectively advance stage budget practices. The major functions of the organization consist of research, policy development, education, training, and technical assistance. These are achieved primarily through NASBO's publications, membership meetings, and training sessions. Association membership is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees-Health and Human Services; Financial Management and Reporting; Education; and a Critical Issue Committee. NASBO is an independent professional and education association.

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NASBO Capital Budgeting Advisory Board

Chad Clapsaddle, Maryland
Dick Hall-Sizemore, Virginia
Maud Naroll, Nevada
Zach Scarchilli, New York
Leslie Sgro, Illinois
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Participating NASBO Members

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Doryan Carlton, Alabama
David Clark, District of Columbia
Michael Cohen, California
Allan Cooper, Mississippi
Donna Cox, North Carolina
Kristen Cox, Utah
Kyle Deen, Arkansas
Jason Dilges, South Dakota
John Guyer, Pennsylvania
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Linda Hart, New York
Brian Hayes, Wisconsin
Margaret Kelly, Minnesota
Shelby Kerns, Idaho
Michael Maul, Virginia
Mike Morrissey, Texas
Michael Moss, Illinois
Tom Mullaney, Rhode Island
Maud Naroll, Nevada
George Naughton, Oregon
Ron Nawrocki, Georgia
John Nixon, Michigan
Matthew Quinata, Guam
Leah Raider, Indiana
Abigail Reyes, Guam
John Rios, Guam
Matt Riven, Vermont
Greg Rogers, California
Leslie Sgro, Illinois
Brandon Sharp, Arkansas
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Leslie Sgro, Illinois

Leah Raider, Indiana

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Elaine Frisbie, Kansas

Carla Wright, Kentucky

Ternisa Hutchinson, Louisiana

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Shelia Peterson, North Dakota

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Jill Geiger, Oklahoma

Brian Deforest, Oregon

Jack Kenny, Oregon

Debbie Yutko, Pennsylvania

Wayne Hannon, Rhode Island

Carol Routh, South Carolina

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Wanda Minoli, Vermont

Dick Hall-Sizemore, Virginia

Sandi Triggs, Washington

Mike McKown, West Virginia

Scott Thornton, Wisconsin

Folbert Ware, Jr., Wyoming

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PREFACE

Capital Budgeting in the States provides comparative analysis on capital budgeting practices by the states. The findings are based on the results from a field survey conducted by the National Association of State Budget Officers (NASBO) in the fall of 2013. The surveys were completed by executive state budget officers in all 50 states. This report also includes data reported by the District of Columbia; however, their data is not included in the 50 state totals. The data are self-reported by the states.

NASBO's research efforts in the recent past typically have focused more on states' operating budgets. This report provides much needed detail on budgeting processes that impact the long-term fiscal health of states and the nation's public infrastructure.

CAPITAL BUDGETING IN THE STATES

Overview

This report delivers state-by-state comparative information on a range of capital budgeting concepts, practices, processes, and policies. In general, the topics presented in this report are dissimilar from those used to analyze operating budgets because capital expenditure items possess different qualities. Building a bridge that connects two highways is vastly different from providing health care services. Capital infrastructure projects, such as a bridge, involve significant resource commitments, often over long time periods. Infrastructure projects also require extensive planning, substantial upfront financing, technical knowledge and political cooperation across jurisdictions and levels of government. The additional considerations inherent to capital goods require different policies and guidelines from operating expenses to limit budgetary risks and ensure spending plans reflect priorities.

Substantial variation in state-level capital budgeting practices exists in part because there are differences in definitions of basic terms, concepts, measures and policies. For instance, there is no uniform definition of capital expenditures across states or a single guideline regarding the optimum financing strategy for capital projects. Most states consider land and construction as part of the capital budget, but variation exists regarding other items such as information technology or long-term property leases. Despite such disparities, a considerable degree of consistency does exist regarding key aspects of the capital budgeting process, such as capital improvement planning, characteristics of capital expenditures, the coordination of capital and operating budgets, and the prioritization of capital projects in the selection process.

This report will highlight both these similarities as well as differences and identify good practices that have been recognized by budget officers as effective and efficient tools that can improve the allocation of resources for capital and operating purposes. The text and tables of the report have been grouped into five chapters:

1. Definitions of Capital and Maintenance Expenditures;
2. Organization of the Capital Budget and Planning Process;
3. Capital Budget Development and Execution;
4. Debt Management and Capital Financing and;
5. Capital Asset Management.

Each chapter contains a range of terms, concepts, practices and policies that are essential in the capital budgeting and financing process.

Chapter 1, Definitions of Capital and Maintenance Expenditures, covers basic definitions, thresholds, and other criteria that determine what types of expenditures may or may not be included in the capital budget. This chapter also examines the treatment of maintenance funding as well as mechanisms for funding maintenance. Chapter 2, Organization of the Capital Budget and Planning Process, provides information on state capital improvement plans, development of the capital budget, the capital budget document, and explanations on the coordination of capital and operating budgets. Chapter 3, Capital Budget Development and Execution, covers the project selection process, cost-estimation, and contingency funding and cost-overruns. Chapter 4, Debt Management and Capital Financing, looks at state debt issuance, debt limit and debt service policies, capital financing methods, and capital financing instruments used by states. Chapter 5, Capital Asset Management, includes information on capital asset valuation methods, database management and capital inventories.

Background and Introduction

The health of the nation's public infrastructure has far-reaching implications for economic growth, public safety, the environment, innovation and citizens' overall quality of life. Businesses and households alike receive direct and tangential benefits from public investments in infrastructure. For example, transportation networks directly impact the movement of goods and services in the modern economy. School buildings are the foundation for child development, and university facilities enhance educational opportunities for the next generation's workforce. The benefits of public infrastructure also pervade the most basic aspects of life through facilities that purify our water or dispose waste. Despite the omnipresence of public infrastructure, decisions to increase investments often do not come easy, in part because infrastructure requires significant resource commitments, carries greater risk than other forms of government spending, and entails complex organizational and financial planning. As states continue to face budgetary constraints, funding capital investments will remain essential to meet infrastructure needs.

State and local governments play a central role in building and maintaining the nation's public infrastructure with a combined responsibility for 85.0 percent or the vast majority of public infrastructure investment.[1] Local governments and special districts in particular preside over water and wastewater systems, solid waste facilities, schools, fire and police facilities, and more. The federal government provides essential resources to state and local governments, notably through capital grant programs dedicated to transportation. In decades past, the federal government has made more significant public infrastructure investments, for example, during President Franklin Roosevelt's New Deal program or the post-World War II baby boom era. More recently the federal government temporarily increased grants to states for infrastructure with the passage of the *American Recovery and Reinvestment Act of 2009 (ARRA)*. ARRA also included bond provisions, such as the Build America Bonds and Recovery Zone Economic Development Bonds that provided additional federal subsidies, effectively decreasing borrowing costs for state and local governments. Despite ARRA's temporary boost to spending for capital purposes, infrastructure spending as a share of gross domestic product has declined from 3.5 percent in the 1960's to less than 2.5 percent by 2010.[2]

And while few public officials may be against additional capital infrastructure spending, immediate budgetary pressures can and often do take precedence over investments in projects that carry long-term benefits.

The current condition of public infrastructure[3] and investment declines relative to peak periods have prompted concerns that capital spending levels are not sufficient to keep America competitive in the global economy. Although estimates of necessary capital spending may differ, according to the McKinsey Global Institute, the U.S. would need to spend an additional $150 billion a year through 2020 to meet infrastructure demand.[4] To put this in perspective, estimated total state expenditures for capital purposes reached $117.7 billion in calendar year 2012.[5] And while few public officials may be against additional capital infrastructure spending, immediate budgetary pressures can and often do take precedence over investments in projects that carry long-term benefits. The result is a greater reliance on past capital investments or pre-existing infrastructure. Yet, as assets are kept in operation longer, added efforts must be taken to keep those assets working after their recommended useful lives have expired. And for budget officers, capital budgeting increasingly entails balancing the acquisition of new assets with the rising maintenance costs necessary to maintain old ones. Continued prioritization of capital needs will be critical given that resources are expected to remain limited.

Federal Efforts to Address Infrastructure Investment

Recent developments by some Congressional lawmakers and the President convey a recognition that more could be done at the federal level to improve the nation's infrastructure. Bipartisan legislation has been introduced in both the House and Senate to establish a national infrastructure fund, providing $50 billion in loans or loan guarantees to states, municipalities and public-private partnerships to finance qualified state-sponsored infrastructure projects.[6] Similarly, President Obama has proposed a "fix-it-first" policy to address the backlog of deferred maintenance on the nation's highways, bridges, transit system and airports, as well as the creation of a national infrastructure bank. The President has also taken action through Executive Order 13604 to cut red tape and modernize the federal review and permitting process for infrastructure projects.

While these and other federal developments remain promising, there are recurring revenue problems that undermine the surface transportation programs that help fund the nation's roads and highways. The current financing system is not fiscally sustainable in part because federal fuel tax rates have not been increased or adjusted for inflation since 1993. Furthermore, fuel economy standards for newer vehicles have improved, reducing the amount of taxes paid per mile traveled since fuel is taxed on a cents per gallon basis.[7] Over the long-term, this means that the federal trust funds that provide grants to state and local governments for transportation purposes will likely continue to face

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1 The Brookings Institution. 2011. *"Innovations in U.S. Infrastructure Financing: An Evaluation."* pg. 2.

2 The Brookings Institution. 2011. *"Innovations in U.S. Infrastructure Financing: An Evaluation."* pg. 3. The Congressional Budget Office estimates that federal capital investment, which includes physical capital, research and development, and education and training, equates to 15.0 percent of annual federal spending and 3.0 percent of gross domestic product. See Congressional Budget Office. 2010. *"Federal Investment."*

3 See The American Society for Civil Engineers. 2013. *"2013 Report Card for America's Infrastructure."*

4 The McKinsey Global Institute. 2013. *"Game Changers: Five Opportunities for US Growth and Renewal."*

5 United States Census Bureau. January 2014. *"State Government Finances Summary Report: 2012."* pg. 4.

6 *H.R. 2084,* 113th Congress (2013) and S. 1957, 113th Congress (2014).

revenue problems as long as these programs are supported by taxes that no longer reflect road usage and/or fail to keep pace with inflation. According to the Congressional Research Service (CRS), "The era of automatic trust fund growth may be over, because annual vehicle miles traveled (VMT) are no longer increasing at the 2% average rate experienced from 1960s until 2008."[8]

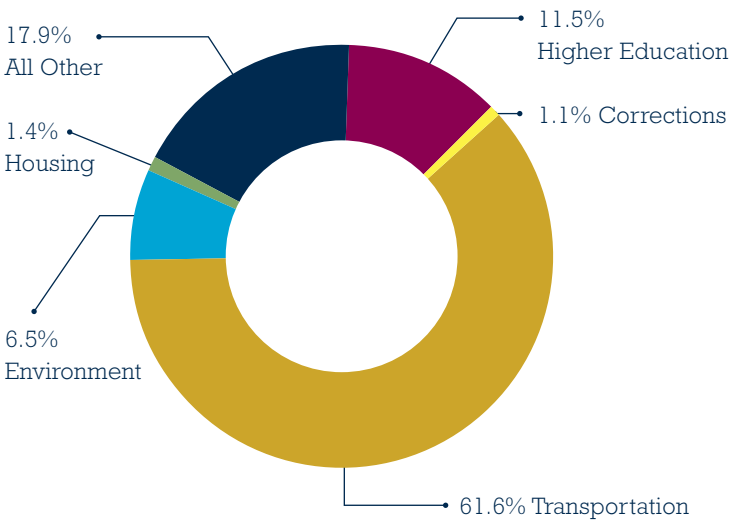
The President and members of Congress have proposed medium-term solutions to the nation's transportation funding needs that entail potential increases to fuel tax rates, additional revenue from corporate tax reform, and continued support from the general fund. Congress has solved revenue shortfalls in the past by transferring funds from the general fund to the Highway Trust Fund, which provides grants to states to help support the construction and maintenance of the nation's interstate highway system. However, this solution will continue to pose problems as long as revenues do not meet obligations, and long-term sustainability issues of the trust fund financing system itself remain unaddressed. The Congressional Budget Office (CBO) has proposed that Congress could address persistent annual shortfalls by cutting spending for surface transportation programs, by increasing revenues through motor fuel tax increases, or by adopting some combination of the two.[9] Without new sources of revenue, surface transportation programs may begin to change in scope over time, creating a greater need for state support as well as increased user fees through tolls. A number of states passed legislation in 2013 to change their transportation finances including Maryland, Massachusetts, Pennsylvania, Vermont, Virginia, and Wyoming. According to the National Conference of State Legislatures (NCSL), with the exception of Wyoming, all of these states moved to link the gas tax with the rate to inflation or the price of fuel.[10] Notably, Virginia eliminated the state's 17.5 cents-per-gallon gas tax, enacted a new wholesale gas tax, and dedicated a portion of the increased general sales tax to road funding.

Congress has solved Highway Trust Fund shortfalls in the past by transferring funds from the general fund; however, this solution will continue to pose problems as long as revenues do not meet obligations.

Budgeting for Infrastructure and the States

Similar to the federal government, rising budgetary pressures at the state level have posed challenges for infrastructure investments. The contraction of the economy during the Great Recession amplified capital spending constraints for states by increasing the demand for services and by causing revenues to rapidly decline. At times, increased demands for available resources led to capital project delays or even the scrapping of planned projects altogether. As a result, states continue to face tough capital spending decisions that too often only consider the most urgent needs, needs that extend beyond just roads and bridges. For instance, many states have noted that adequate resources for deferred maintenance projects, schools and water infrastructure remain elusive.[11] However, time and again, the public discourse regarding infrastructure is reduced to discussions about transportation, even though a sizeable amount of states' capital budget dollars flow to other program areas that often lack dedicated funding streams.

State Capital Expenditures by Program Area, Fiscal 2013



Source: NASBO State Expenditure Report, Fiscal Year 2012.

Note: Capital Spending for K-12 education is not included in this data set.

A greater understanding of the capital budgeting process can improve decisions involving immediate budgetary pressures as well as choices regarding investments in future government operations. For instance, capital budgeting can assist with decisions to invest in new facilities or maintain old ones. Budgetary decision-making in this context is not simplistic, and requires officials to consider costs and benefits in the present and future. The complexities inherent to such budgetary trade-offs can generally be better addressed by distinguishing infrastructure spending from spending on day-to-day operations. The delineation of capital and operating expenses helps strike a balance between immediate spending pressures and the need to invest in assets that produce a stream of benefits over longer time periods. Capital budgeting can also help link the broader goals of government, the economy, and society with statewide efforts to improve public services in areas like education or public safety. States have developed a variety of capital budgeting processes to achieve overall fiscal discipline in this context, but there is growing evidence that more needs to be done to secure investments in capital infrastructure.

[7] Congressional Research Service. April 2014. *"Funding and Financing Highways and Public Transportation."* Pg. 2.

[8] Congressional Research Service. April 2014. *"Funding and Financing Highways and Public Transportation."* Pg. 2.

[9] Congressional Budget Office. 2013. *"Statement for the Record on the Status of the Highway Trust Fund."*

[10] National Conference of State Legislatures. December 2013. *"Transport Report."* Vol. 4: Issue 9.

[11] The National Governors Association. January 2013. *"The Governors Speak, 2013."* pg. 2.

CHAPTER 1:
DEFINITIONS OF CAPITAL AND MAINTENANCE EXPENDITURES

State definitions of capital expenditures are generally broad in scope and may include a range of items such as land acquisition, construction, equipment, major renovations, and grants to local governments for capital purposes. Because there is a great diversity of items that may be considered as capital, states often use additional criteria such as minimum expenditure thresholds, minimum useful life (in years), non-recurring nature or other requirements. For the majority of states, definitions of capital expenditures are defined in statute, although state constitutions, executive budget instructions, administrative manuals, regulations and code can also serve as the basis for determining capital expenditures. (See Tables 1-3)

States also use different definitions of capital expenditures depending on the expenditure item or financing strategy. For example, minimum expenditure thresholds for capital *equipment* are different than those for capital *construction*. Furthermore, if debt is issued to finance a project, the asset may be required to have a useful life equivalent to the term of the bond. Additional criteria for different types of capital goods ensure that operating expenses are not included in the capital budget. (See Table 4) The composition of a state's capital budget can also be driven by program area. Capital expenditures for transportation infrastructure, for instance, are not included in the capital budget in 19 states. (See Table 5) This is because revenues for transportation are primarily collected from earmarked sources such as motor fuel taxes or federal grants. In fiscal 2013, approximately 53.0 percent of states' transportation expenditures were funded from earmarked revenues, and federal funds accounted for 33.3 percent.

Capital expenditures for transportation infrastructure, for instance, are not included in the capital budget in 19 states.

Almost all states include higher education capital expenditures in the capital budget, although revenues for university capital needs are collected from a variety of sources. In addition to state capital budgets, higher education institutions are often able to implement their own capital projects without the need for state approval by using non-appropriated funds such as philanthropic donations, student fees or athletic funds. University systems also access debt markets and retain the right to issue long-term bonds backed by tuition dollars. (See Table 6) Other program areas can also have capital funding mechanisms that are not part of the state's capital budget. For a number of states, capital projects for certain program areas can be funded through direct appropriation, bond proceeds, or other means, rather than through the capital budget process. (See Table 7)

Almost all states include higher education capital expenditures in the capital budget, although revenues for university capital needs are collected from a variety of sources.

The preservation of facilities over the long-term requires funding for both routine and major maintenance. The treatment of maintenance expenditures in the capital budget varies across states, although routine maintenance is generally considered to be an operating expense and deferred or major maintenance projects as a capital expense. Routine maintenance is often built into agencies' operating budget requests although some states fund ongoing maintenance differently. For example, Kentucky appropriates a pool of maintenance funds to each agency with a physical plant; Michigan recently passed legislation for a lump sum appropriation for enterprise-wide maintenance needs, and Vermont has a separate line item for different types of maintenance included in the capital appropriations bill. Conversely, states such as Delaware and California include major maintenance projects in the operating budget. (See Table 8)

In order to protect resources for maintenance needs, a majority of states have developed formalized processes for funding maintenance projects included in the capital budget. States such as Utah, Vermont, and North Carolina have an estimated replacement cost formula that is used to budget for maintenance on an annual (or biennial) basis. Nebraska and New Mexico help fund maintenance needs by charging agencies a user fee or rent. And a number of states, including Maryland, Massachusetts, Louisiana and Mississippi, maintain dedicated accounts for capital facilities renewal that are funded as part of the capital budget process. (See Table 9) States have also developed formalized processes for funding maintenance that is not considered part of the capital budget. While maintenance costs are generally built into agency operating budgets, some states have taken additional steps to fund routine maintenance by creating dedicated accounts, holding emergency maintenance funds, or by charging agencies for building usage or depreciation. (See Table 10)

In order to protect resources for maintenance needs, a majority of states have developed formalized processes for funding maintenance projects included in the capital budget.

GOOD PRACTICES
FOR IDENTIFYING CAPITAL AND MAINTENANCE EXPENDITURES

- **Definitions of capital expenditures should be specific and clear.** A classification system that distinguishes capital expenditure items from non-capital items should be used in conjunction with specific definitions. Additional criteria such as minimum expenditure thresholds, minimum useful life (in years), non-recurring nature or other requirements should be applied to expenditure items as necessary.
- **Distinguish capital projects that are included in the capital budget from those that are not.** Officials can make better resource allocation decisions by knowing the composition of the capital budget and how that relates to the state's overall capital portfolio.
- **Define maintenance expenditures and develop maintenance funding mechanisms by formula or statute.** By developing formalized maintenance funding processes, states can elevate the importance of preserving existing facilities and relieve some degree of competition between maintenance needs and new capital projects.
- **Develop a formal system to rate and track major maintenance projects.** A formal system that provides an inventory of deferred maintenance needs across agencies and prioritizes those requests can help decision-makers better develop priorities.

Table 1: Source of Definition of Capital Expenditures

State	Constitution	Regulations	State Code	Statute	Other
Alabama*				X	X
Alaska				X	
Arizona				X	
Arkansas	X	X	X	X	
California*					X
Colorado				X	
Connecticut*				X	X
Delaware		X	X		
Florida				X	
Georgia	X			X	
Hawaii*				X	X
Idaho				X	
Illinois				X	
Indiana			X	X	
Iowa			X		
Kansas*				X	X
Kentucky				X	
Louisiana			X	X	
Maine			X		
Maryland			X	X	
Massachusetts*				X	X
Michigan				X	
Minnesota*	X				X
Mississippi		X			
Missouri*		X			X
Montana			X		
Nebraska		X			
Nevada*		X		X	X
New Hampshire		X			
New Jersey*					X
New Mexico		X		X	
New York				X	
North Carolina			X	X	X
North Dakota					X
Ohio				X	
Oklahoma				X	
Oregon*		X	X		X
Pennsylvania*	X	X	X	X	X
Rhode Island	X	X		X	
South Carolina*			X	X	X
South Dakota				X	
Tennessee		X		X	
Texas				X	
Utah			X	X	
Vermont				X	
Virginia*			X		X
Washington*		X		X	X
West Virginia*					X
Wisconsin*	X			X	X
Wyoming		X			
District of Columbia*		X	X	X	X
Total	**6**	**14**	**14**	**34**	**19**

NOTE: The District of Columbia is not included in state totals throughout the report. *See Notes to Table 1 on page 27.

Table 2: Definitions of Capital Expenditures

State	Definitions
Alabama	Renovations, repairs, major maintenance, new construction, land purchases and equipment with an anticipated life exceeding one year.
Alaska	An allocation or appropriation items for an asset with an anticipated life exceeding one year and cost exceeding $25,000 and includes land acquisition, construction, structural improvement, engineering and design for the project and equipment and repair costs.
Arizona	An expenditure for a long-lived asset such as land, rights of way, easements, infrastructure assets, buildings, building improvements, vehicles, and other transportation equipment, machinery, equipment, furniture, fixtures, betterments, tangible, or intangible resources that have an initial useful lives beyond a single reporting period.
Arkansas	Personal or intangible property that has a value equal to or greater than the capitalization threshold (detailed below) and has an estimated life of greater than one year. Minimum value for most asset classes is $5,000.
California	The acquisition or development of state-owned real property.
Colorado*	A project qualifies for capital construction if it meets the criteria in 24-30-1301, C.R.S., as listed below. Also below are definitions of capital renewal and controlled maintenance. • Purchase of land, regardless of value. • Purchase, construction, or demolition of buildings or other physical facilities, including utilities, or remodeling or renovation of existing buildings or other physical facilities to make physical changes necessitated by changes in the program. Changes in the program may also incorporate the need to meet standards required by applicable codes; to improve energy conservation; to save costs for facility staffing, operations, or maintenance; or to improve appearance. • Site improvements or development (landscaping, upgraded utilities, signage etc.) • Purchase or installation of the fixed and moveable equipment necessary for the operation of new, remodeled, or renovated buildings and other physical facilities and for the conduct of programs initially housed therein upon completion of the new construction, renovation or remodeling. • Purchase of services from architects, engineers and other consultants to prepare plans, program documents, life-cycle cost studies, energy analyses and other studies associated with any capital construction project and to supervise construction or execution of such capital construction projects. • Any item of instructional or scientific equipment if the cost exceeds $50,000. • Information technology if the cost exceeds $500,000. • Preliminary planning including initial review of proposed projects for a) conformity with long-range development plans; b) technical and economic feasibility of the project; c) preparation of outline plans and specifications; or d) preparation of preliminary cost estimates.
Connecticut	Connecticut's Capital Budget includes capital projects and financial assistance programs. Capital projects include new state-owned facilities and equipment, and improvements, repairs and additions to existing state-owned facilities, including equipment. Financial assistance programs are administered by state agencies and provide funds to municipal and non-government entities through grants and/or loans.
Delaware	State public works, major capital improvement projects, economic development initiatives and various minor capital improvements and equipment purchases. Major capital projects are those that are in excess of $.5M and have a life of 20 years or more; minor capital projects are less than $.5M and have a life of 10 years or more.
Florida	"Fixed capital outlay" means the appropriation category used to fund real property (land, buildings, including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs and renovations to real property which materially improve or change its functional use and including furniture and equipment necessary to furnish and operate a new or improved facility, when appropriated by the Legislature in the fixed capital outlay appropriation category.
Georgia	For purposes of this NASBO survey, Capital Budget and Capital Expenditures refer to the budgeting of the State's General Obligation Bonds and the expenditure of the bond proceeds for capital projects.
Hawaii	Acquisition and development of land, the design and construction of new facilities, and the making of renovations or additions to existing facilities
Idaho	Construction, remodeling, and maintenance of buildings and other structures.
Illinois	Expenses from all aspects of the capital budget, including asset development, financial and physical planning, land acquisition, architecture and engineering, construction and durable equipment purchases. Also included are grants to other entities for capital purposes.
Indiana	Indiana's Capital Budgeting Instructions provides for the following to be included as capital expenditures: Capital Lease Rentals, Repair and Rehabilitation, New Construction and Preventative Maintenance.
Iowa	Ia Code 8.3A.1.a—"Capital project" does not include highway and right-of-way projects or airport capital projects undertaken by the state department of transportation and financed from dedicated funds or capital projects funded by non-state grants, gifts, or contracts obtained at or through state universities, if the projects do not require a commitment of additional state resources for maintenance, operations, or staffing.
Kansas	According to the Division of Budget glossary of budget terms: "Projects involving new construction, acquisition, remodeling, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense. The interest portion is an operating expense."
Kentucky	A capital construction item or information technology system with an estimated cost of $600,000 or more; a piece of equipment with an estimated cost of $200,000 or more; or a real property lease with an annual cost of $200,000 or more

NOTE: *See Notes to Table 2 on page 27.

Table 2: Definitions of Capital Expenditures

State	Definitions
Louisiana	Expenditures for acquiring lands, buildings, equipment or other permanent properties, or for their preservation, development or permanent improvement.
Maine	Land, improvements to land, easements, buildings, leasehold improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in State operations and that have initial useful lives extending beyond one year, and original acquisition values above specified thresholds.
Maryland	Acquisitions, design, construction and equipment with a 15 year life, excluding vehicles and supplies and projects under $100,000.
Massachusetts	Expenditures related to the construction, substantial improvement, or acquisition of capital assets.
Michigan	Capital outlay is a project or facility financed in whole or part with state funds, including lease purchase agreements, to demolish, construct, renovate, or equip a building or facility for which total project costs exceed $1,000,000. These projects may be on state owned property, property owned by an institution of higher education, property owned by community colleges, or property under the control of the state building authority. (MCL 18.1113)
Minnesota	Acquisition, predesign, design, construction, demolition, original furnishing & equipment, major renovation, major asset preservation.
Mississippi	Includes planning, design, land/building acquisition, demolition, new construction, furnishings, and equipment.
Missouri	A construction, renovation, or maintenance/repair project that replaces, expands, adds to the value of, or prolongs the life of property, facilities, or equipment, and exceeds $25,000 in cost.
Montana	17-7-201. Definitions. In this part, the following definitions apply: (1) (a) “Building” includes a: (i) building, facility, or structure constructed or purchased wholly or in part with state money; (ii) building, facility, or structure at a state institution;(iii) building, facility, or structure owned or to be owned by a state agency, including the department of transportation. (b) The term does not include a:(i) building, facility, or structure owned or to be owned by a county, city, town, school district, or special improvement district; (ii) facility or structure used as a component part of a highway or water conservation project. (2) “Construction” includes construction, repair, alteration, and equipping and furnishing during construction, repair, or alteration.
Nebraska	Capital Construction is new projects and changes or renovations to existing facilities which transcend routine maintenance. For Equipment, Furniture, etc., amounts over $5,000; For Buildings, additions, new construction, etc. amounts over $100,000
Nevada	Includes non-carpet, non-drapery, non-painting, structural, and statewide type projects and other projects equal to or greater than $100,000. Statewide projects are re-roofing, compliance with ADA accessibility requirements, life safety, advance planning, paving, underground storage tank removal, mold abatement, and indoor air quality type projects. Structural projects involve modifications to existing buildings to repair, upgrade, or retrofit the structural system or elements to correct structural deficiencies, and enhance the load-bearing features of the building. http://www.spwb.state.nv.us/2011CIP_DB/Capital_Improvement_Projects11.pdf
New Hampshire	Capital Expenses are defined as follows: 1)New construction with at least a twenty year life and costs in excess of $50,000 2) An addition to an existing facility with a least a twenty year life and costs in excess of $50,000 3) An improvement or repair to a facility which exceeds routing maintenance, has at least a twenty year life and costs in excess of $50,000 4) Equipment not related to a specific construction project with an expected life of at least 15 years and costs in excess of $25,000. High cost equipment with a low life expectancy may be requested provided the amortization period is consistent with the life expectancy.
New Jersey	A capital expenditure is defined to include the acquisition of land, new structures and equipment, and other projects whose cost of land, planning, furnishing and equipment is estimated over $50,000.
New Mexico	Assets with a useful life of 10 years. Includes plan, design, construct, renovate, repair, land acquisition, water acquisition and distribution, vehicles and equipment.
New York	Any project involving: (i) the acquisition, construction, demolition or replacement of a fixed asset or assets; (ii) the major repair or renovation of a fixed asset, or assets which materially extends its useful life or materially improves or increases its capacity; or (iii) the planning or design of the acquisition, construction, demolition, replacement, major repair or renovation of a fixed asset or assets. Definition of “Capital Project” pursuant to §2 of NYS State Finance Law (SFL).
North Carolina	Real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations.
North Dakota	Capital projects, extraordinary repairs, equipment over $5,000, software over $5,000, and other capital payments such as bond payments.
Ohio	Capital expenditures in Ohio are defined as any item with a useful life of longer than five years and a cost of at least $500.
Oklahoma	An item with a value or cost of $25,000 or more and a useful life of at least five years. It will further mean a group of like items, purchased together or components of one another, with a cost or value of $25,000 or more and a useful life of at least five years. Equipment being leased with the intent to own at the end of the lease terms with the cost or value of $25,000 or more and useful life of at least five years will also be considered capital in nature.
Oregon	Capital Outlay relates to payment for capital assets. Capital assets are defined as follows: Tangible or intangible property used in agency operations having an initial estimated useful life of more than one year and an initial cost (including ancillary charges) of $5,000 or more. This definition does not include assets held primarily for resale. A Major Construction or Acquisition project must meet the following criteria: • Costs will be capitalized as required by the Oregon Accounting Manual of the DAS State Controller's Division • The complete project cost will be $1 million or more. Major projects normally follow a two-phase process. Phase one is planning and design; phase two is construction. This criterion applies to the combined total estimated costs of all phases of a project. • It must build, acquire, adapt, replace, or change the use or function of an information technology-related system(s), a facility or group of related facilities.

NOTE: *See Notes to Table 2 on page 27.

Table 2: Definitions of Capital Expenditures	
State	**Definitions**
Pennsylvania	Construction, renovation, improvements, equipment, furnishing and land aquisitions. Estimated life of 10 years or more depending on the category and a cost of $100,000 or more.
Rhode Island	Capital expenditures include land and buildings which are capitalized regardless of the value and useful life. Capital expenditures also include infrastructure and building improvements which are capitalized at a cost of $1 million or more with a useful life of one year or more and equipment which is capitalized at a cost of $5,000 or more.
South Carolina	For State Agencies—construction, renovation, maintenance, alteration or demolition of buildings and equipment that becomes a permanent building fixtures if the total cost exceeds $100,000 and land acquisitions and A&E design services that result in a project, regardless of the cost. For Higher Education Institutions—construction of buildings if the total cost exceeds $500,000; renovation, maintenance, alteration or demolition of buildings and equipment that becomes a permanent building fixture, if the total cost exceeds $1 million, and any land acquisitions and A&E services that result in a project, regardless of the cost.
South Dakota	Construction projects done through a special appropriation. Our M&R budget is part of our normal operating budget.
Tennessee	Capital Outlay consists of non-routine repairs and replacements unrelated to new construction having a minimum value of $100,000; and new construction, infrastructure and site development, equipment, projects that extend the useful life or change the functional use are of a facility, land acquisition, etc.
Texas	"Capital expenditure" means an expenditure that is not an operation or a maintenance expense under generally accepted accounting principles.
Utah	Acquisition, construction, and improvement of fixed public assets
Vermont	"Capital expenditure"—that which is authorized, and expended, pursuant to capital construction act. Capital construction, land acquisition, major maintenance and repairs above $250,000, renewable energy sources and conservation.
Virginia	Acquisition of property and new construction and improvements related to state-owned property, plant or equipment (including plans therefor). The definition includes any improvement to property leased for use by a state agency, when such improvements are financed by public funds. The definition explicitly excludes highway and other transportation projects.
Washington	A capital project is a project to construct either new facilities or make significant, long-term renewal improvements to existing facilities. A capital project using general obligation bonds usually has a useful life of at least 13 years and typically requires the involvement of an architect and/or engineer. Grants made by the state to fund capital projects for other entities are also included in the capital budget. Capital projects are usually funded by sources specifically set aside for capital purposes, such as proceeds of bond sales, long-term financing contracts, and other dedicated revenues.
West Virginia	Any major construction, land acquisition, or renovation activity that adds value to a physical asset or significantly increases the useful life (minimum cost of $100,000 for capital project, $50,000 for equipment purchases.
Wisconsin	The development, construction, repair and maintenance of a state physical asset. We also rely on Generally Accepted Accounting Principles.
Wyoming	Capital assets are tangible and intangible assets acquired for use in operations that will benefit more than a single fiscal period.
District of Columbia	The finance, acquisition, development, and implementation of permanent improvement projects for the District's fixed assets. Such assets generally have a useful life of more than 5 years and cost more than $250,000.

NOTE: *See Notes to Table 2 on page 27.

Table 3: Expenditure Items Included in the Capital Budget

State	Capital Construction	Equipment	Information Technology	Asset Must Be of a Physical Nature	Expenditure Must Be Non-recurring	Minimum Useful Life Must Be for a Defined Period	Funds or Grants to Local Governments for Capital Purposes	Land/Site Acquisition	Other
Alabama*	X	X	X			X	X	X	
Alaska*	X	X	X				X	X	X
Arizona	X							X	
Arkansas	X	X	X		X	X	X	X	
California	X	X		X	X			X	
Colorado	X	X	X	X				X	
Connecticut	X	X	X	X	X	X	X	X	
Delaware	X	X	X			X		X	
Florida*	X						X	X	X
Georgia	X	X	X		X	X	X	X	
Hawaii	X	X	X	X	X	X	X	X	
Idaho	X			X				X	
Illinois	X	X	X	X	X		X	X	
Indiana	X	X		X				X	
Iowa	X	X			X				
Kansas*	X			X					X
Kentucky	X	X	X					X	
Louisiana	X	X	X	X	X	X	X	X	
Maine	X	X	X			X		X	
Maryland	X	X	X	X		X		X	
Massachusetts	X	X	X			X	X	X	
Michigan	X	X		X				X	
Minnesota*	X			X	X	X	X	X	
Mississippi	X	X	X	X		X		X	
Missouri	X	X	X	X	X		X	X	
Montana	X							X	
Nebraska	X	X		X		X		X	
Nevada*	X	X		X				X	X
New Hampshire	X	X	X		X	X	X	X	
New Jersey	X	X	X	X	X	X		X	
New Mexico*	X	X	X		X	X	X	X	X
New York	X	X	X	X		X	X	X	
North Carolina	X	X						X	
North Dakota	X	X	X		X			X	
Ohio	X	X			X	X	X	X	
Oklahoma	X	X	X	X	X	X		X	
Oregon*	X				X	X		X	
Pennsylvania	X	X		X	X	X	X	X	
Rhode Island	X	X	X	X	X	X		X	
South Carolina	X	X		X				X	
South Dakota*	X	X	X		X		X	X	X
Tennessee	X	X		X	X	X	X	X	
Texas	X	X	X			X		X	
Utah	X								
Vermont*	X						X	X	X
Virginia*	X	X		X	X		X	X	X
Washington*	X	X	X		X	X	X	X	X
West Virginia	X	X	X	X				X	
Wisconsin*	X	X	X	X	X	X	X	X	X
Wyoming	X	X	X			X	X	X	
District of Columbia	X	X	X	X		X		X	
Total	**50**	**41**	**29**	**26**	**24**	**27**	**24**	**47**	**10**

NOTE: *See Notes to Table 3 on page 28.

Table 4: Expenditure Items Included in the Capital Budget Continued

State	Capital Construction Exceeding a Dollar Amount	Equipment Exceeding a Dollar Amount	Information Technology Exceeding a Dollar Amount	Minimal Useful Life of the Asset in Years
Alabama*	No dollar limit.	$5,000	$5,000	Exceeding 1 year
Alaska	$25,000	$25,000	$25,000	1 year
Arizona	$25,000			
Arkansas	Any	$5,000	$5,000 unless internally generated. Internally generated software in excess of $1,000,000 is capitalized.	Exceeding 1 year
California	No dollar threshold, capital is defined by activity.	No dollar limit.		
Colorado	$2,000,000	$2,000,000	$500,000	N/A
Connecticut		Per unit value of $1,000 or more and a useful life of not less than 5 years.		5 years
Delaware	N/A	N/A	N/A	10 Years
Florida	Not based on a dollar threshold but based on the type of project.			
Georgia	Project Cost generally over $100,000.	Project Cost generally over $100,000.	Project Cost generally over $100,000.	Generally 5 years
Hawaii				15-20 years, or less, depending upon financing instrument.
Idaho	$30,000			
Illinois	N/A	N/A	N/A	Does not apply to all capital assets.
Indiana	Varies by agency			
Iowa				
Kansas	Kansas does not set a dollar threshold for defining a capital project.	Equipment, in and of itself, is defined as capital outlay, an operating expense, not a capital expense.	IT projects exceeding $250,000 are monitored, but not as part of the capital budgeting process.	For budget purposes, Kansas does not set an asset life threshold for defining a capital project.
Kentucky	$600,000	$200,000	$600,000	
Louisiana	$50,000	$50,000	$50,000	10 years
Maine	$100,000 in the Proprietary Funds and $1,000,000 in Governmental Funds.	$5,000	$1,000,000	Exceeding 1 year
Maryland				15 years
Massachusetts				
Michigan	$1,000,000	undefined	N/A	undefined
Minnesota*				
Mississippi	$1,000,000	$1,000		
Missouri	$25,000	$25,000		
Montana	$150,000	any	Not included	N/A
Nebraska	$100,000	$5,000	N/A	Minimum 3 years
Nevada	$100,000	$100,000 unless part of a new construction project.	N/A	N/A
New Hampshire	$50,000	$25,000	$25,000	New construction, additions and or improvements to facilities must have at least 20 years. Equipment must have at least 15 years of life.
New Jersey	$50,000	$50,000	$50,000	Exceeding 1 year
New Mexico	N/A	$5,000	N/A	10 years
New York	N/A	N/A	N/A	N/A

NOTE: *See Notes to Table 4 on page 28.

Table 4: Expenditure Items Included in the Capital Budget Continued

State	Capital Construction Exceeding a Dollar Amount	Equipment Exceeding a Dollar Amount	Information Technology Exceeding a Dollar Amount	Minimal Useful Life of the Asset in Years
North Carolina				
North Dakota	$5,000	$5,000	$5,000	
Ohio		$500		5 Years
Oklahoma	$25,000	$25,000	$25,000	5 Years
Oregon	$1,000,000	$5,000	$5,000	1 year
Pennsylvania	$100,000 if financed by bonds or $300,000 if financed by operating revenues.	No threshold	N/A	10 years or more depending on the category. Cannot be less than the life of the bonds financing the project.
Rhode Island	$100,000	$100,000	$100,000	N/A
South Carolina	$100,000 for state agencies, $500,000 or $1,000,000 for higher education institutions	$100,000 for state agencies; $1,000,000 for higher education institutions		
South Dakota				
Tennessee	$100,000	$100,000		20 Years if bond funds are used.
Texas	$100,000	$100,000	$100,000	1 year
Utah	$500,000			
Vermont	$25,000			
Virginia*	$1,000,000			
Washington	$25,000	$25,000	$25,000	13 years
West Virginia	$100,000	$50,000	$50,000	Significantly increases useful life
Wisconsin	There is no minimum.	$5,000	$5,000	2 years on equipment and information technology related assets (per the Wisconsin GAAP Conversion Manual). Bond funded assets have a 5 year minimum. Also, if bonded, the useful life of the asset must equal or exceed the life of the bond.
Wyoming	$10,000	$5,000	$5,000	1 year
District of Columbia	$250,000	Must have a unit value in excess of $5,000 and a cumulative value in excess of $25,000.	$250,000	5 Years

NOTE: *See Notes to Table 4 on page 28.

Table 5: Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
Alabama*						
Alaska						
Arizona						
Arkansas						
California					X	
Colorado						
Connecticut						
Delaware*						X
Florida						
Georgia						
Hawaii						
Idaho*						X
Illinois*						X
Indiana*		X		X		X
Iowa		X			X	
Kansas*						X
Kentucky		X				
Louisiana						
Maine*			X			
Maryland						
Massachusetts*						
Michigan*		X		X		
Minnesota						
Mississippi		X				
Missouri		X				
Montana*		X		X		X
Nebraska		X		X		
Nevada*		X				X
New Hampshire*						
New Jersey					X	
New Mexico						
New York						
North Carolina					X	
North Dakota						
Ohio*		X				X
Oklahoma		X				
Oregon*		X		X		X
Pennsylvania						
Rhode Island						
South Carolina		X			X	
South Dakota*						X
Tennessee					X	
Texas*		X	X			
Utah		X				
Vermont		X				
Virginia*		X				
Washington*		X			X	
West Virginia*						X
Wisconsin*		X		X	X	X
Wyoming			X		X	
District of Columbia						
Total	**0**	**19**	**3**	**6**	**9**	**12**

NOTE: *See Notes to Table 5 on page 29.

Table 6: Funding Sources Outside the Capital Budget That Are Used to Finance Higher Education Capital Projects

State	General Fund	Tuition Dollars	Student Fees	Donations	Other(s)
Alabama*	X	X	X	X	X
Alaska*					X
Arizona	X	X	X	X	
Arkansas	X	X	X	X	
California			X	X	
Colorado	X	X	X	X	
Connecticut	X	X	X	X	
Delaware*		X	X	X	X
Florida*	X			X	X
Georgia*	X	X	X	X	X
Hawaii					
Idaho			X	X	
Illinois	X	X	X	X	
Indiana*	X	X	X	X	X
Iowa		X	X	X	
Kansas*	X	X	X	X	X
Kentucky*	X	X	X	X	X
Louisiana*			X	X	X
Maine*	X	X	X	X	X
Maryland		X	X	X	
Massachusetts			X	X	
Michigan*		X	X	X	X
Minnesota	X	X	X	X	
Mississippi	X		X	X	
Missouri		X	X	X	
Montana*	X			X	X
Nebraska*		X	X	X	X
Nevada*	X	X	X	X	X
New Hampshire*		X	X	X	X
New Jersey*		X	X	X	X
New Mexico*	X	X	X	X	X
New York*	X			X	X
North Carolina		X	X	X	
North Dakota*	X	X	X	X	X
Ohio*		X	X	X	X
Oklahoma	X	X	X	X	
Oregon	X	X	X	X	
Pennsylvania	X	X	X	X	
Rhode Island*	X	X	X	X	X
South Carolina*		X	X	X	X
South Dakota	X	X	X	X	
Tennessee		X	X	X	
Texas*	X	X	X	X	X
Utah		X	X	X	
Vermont			X	X	
Virginia*		X	X	X	
Washington		X	X	X	
West Virginia*	X	X	X	X	X
Wisconsin			X	X	
Wyoming					
District of Columbia*			X		
Total	**26**	**37**	**44**	**47**	**24**

NOTE: *See Notes to Table 6 on page 30.

Table 7: Funding Mechanisms/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
Alabama*						
Alaska						
Arizona						
Arkansas	N/A	N/A	N/A	N/A	N/A	N/A
California					The only "state" hospitals are University of CA hospitals, which UC typically funds their capital needs.	
Colorado						
Connecticut						
Delaware						ESCO projects
Florida*						
Georgia						
Hawaii						
Idaho						
Illinois						General revenue or other state funds
Indiana*				Operating dollars		
Iowa		Primary Road Fund—State Transportation Road Projects	Buildings not funded by state dollars			
Kansas*						
Kentucky		Biennial Highway Construction Plan (KRS 48.010(4), 48.300(2)(b), 176.430)				
Louisiana						
Maine	Bonds and certificates of participation.	Bonds and certificates of participation.	Bonds and certificates of participation.	Bonds and certificates of participation.	Bonds and certificates of participation.	
Maryland						
Massachusetts		Toll road funding is used to fund pay as you go capital	Projects are funded by fees or university bond issuances			
Michigan		Restricted transportation revenues / operating budget		Bond funds & restricted revenues / operating budget		
Minnesota	Existing appropriations	Existing appropriations, gas tax receipt, federal funds	Existing appropriations, tuition, student fees	Existing appropriations, regulatory fees		
Mississippi		Separate budget request and appropriation is made for these costs.				

NOTE: *See Notes to Table 7 on page 31.

Table 7: Funding Mechanisms/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
Missouri		Transportation projects are funded by the State Road Fund and the State Highways and Transportation Department fund. The sources for these funds include motor fuel taxes, vehicle licensing fees, driver's license fees, sales taxes on motor vehicles, federal funds, sale of road bonds, and other miscellaneous transportation-related fees. Projects are appropriated in the Missouri Department of Transportation operating budget.				
Montana			Private funds, auxiliary funds from the university system			State energy funds
Nebraska		Gas tax revenue, a portion of the State sales tax revenues, and federal highway funds included in Operating Budget.		General Fund appropriations and revolving loan program funds expended as Aid and included in Operating Budget.		
Nevada	General Fund	Highway Fund	Higher education sometimes bonds their own revenues, including a portion of a tax on slot machines.	Voter-approved bond issue.	General Fund	Revenue bonds can fund fish hatchery projects.
New Hampshire						
New Jersey		The capital budget includes funding for debt service. New capital projects are located in the Appropriations Act.	The Commission on Capital Budgeting and Planning reviews/ approves capital requests.			

NOTE: *See Notes to Table 7 on page 31.

Table 7: Funding Mechanisms/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
New Mexico		Gas tax (State Road Fund), federal funding.	Projects ineligible for capital outlay include non-instructional athletics, recreational or entertainment events and all auxiliaries. The operations are expected to be self-supporting and self-liquidating from revenues generated by their operations.			
New York						
North Carolina						
North Dakota						
Ohio		Transportation expenses are funded by motor fuel tax proceeds and matching federal funds. These are appropriated in a separate transportation budget bill passed on the same timeline as the state's operating budget.				
Oklahoma	Direct appropriations	Direct appropriations	Direct appropriations	Direct appropriations	Direct appropriations	Direct appropriations
Oregon		Oregon Dept. of Transportation (ODOT) buildings are included in the capital budget; however, roads and bridges are specifically exempted. Capital projects for roads, bridges and multi-modal projects are approved through the Statewide Transportation Improvement Program (STIP). STIP is a four-year that identifies, prioritizes and sets scheduling of transportation projects and programs. Each of six geographic regions is assured a base level of funding.		Funding for environmental protection/ remediation is controlled through a framework of state and federal laws and administrative rules. Ultimately, staff at the Department of Environmental Quality, with input from stakeholders recommend projects to the Environmental Quality Commission (EQC). The EOC receives public input and makes final determination on project funding.		

NOTE: *See Notes to Table 7 on page 31.

Table 7: Funding Mechanisms/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
Pennsylvania						
Rhode Island	State appropriations	State appropriations	State appropriations	State appropriations	State appropriations	
South Carolina	See Other.	Gas tax revenues, highway bonds	See Other.	See Other.	Not aware of any hospitals that receive state funds for capital expenditures	Projects of all agencies and institutions, except transportation and hospitals, are approved by a joint legislative committee, Joint Bond Review Committee, and by the Budget and Control Board, an quasi executive/ legislative body.
South Dakota	General, federal, and other funds	Federal and other funds	General, federal, and other funds	General, federal, and other funds	General, federal, and other funds	
Tennessee						
Texas			Higher education institutions are responsible for setting their own capital expenditure policies.			
Utah						
Vermont		VSA Title 19, Chapter One				
Virginia*		Commonwealth Transportation Board allocates funds that are determined by statutory formulas.	Board of Visitors must approve such capital projects for four institutions of higher education.			
Washington		Washington State has a separate transportation budget with capital projects funded from certain transportation revenues.			Only state owned hospitals such as Western State Hospital in the capital budget.	
West Virginia		WV Parkways Authority - funded by tolls				Public Education - Local projects funded with local tax levies.

NOTE: *See Notes to Table 7 on page 31.

Table 7: Funding Mechanisms/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

State	Corrections	Transportation	Higher Education	Environmental Protection/ Remediation	Hospitals (Includes any hospitals that receive state funds for capital purposes)	Other(s)
Wisconsin	See Other.	Bond authorizations and debt service are funded in the operating budget.	See Other.	Bond authorizations and debt service are funded in the operating budget.	Wisconsin does not operate any hospitals. University of Wisconsin Hospitals and Clinics have a separate Authority.	Non-bonded capital expenditures are funded through the agency operating budget. Many utilize the state's Master Lease program.
Wyoming						
District of Columbia						

NOTE: *See Notes to Table 7 on page 31.

Table 8: Treatment of Maintenance in the Capital Budget	
State	
Alabama	Regular or routine maintenance is treated as an operating cost.
Alaska	Emphasis on extending useful life of infrastructure and equipment, high priority on deferred maintenance.
Arizona	Major maintenance (building renewal) to extend the useful life of a building is capital outlay; routine maintenance is an operating expense.
Arkansas	General maintenance requests are made by agencies as part of their capital expenditure requests.
California	Maintenance is considered a non-capital outlay expenditure. Funding for maintenance is included in agencies support (operational budget).
Colorado	Controlled Maintenance projects arise out of the deterioration of a facility's physical and functional condition and the corresponding inability to comply with current codes. These are referred to as "maintenance-driven" requests, as opposed to "program-driven" requests, which would constitute a capital construction project. Controlled Maintenance projects that exceed $2 million in cost are considered Capital Renewal projects. Projects more than $15,000, corrective repairs, code compliance, energy conservation, or replacement used for existing state-owned, general-funded buildings. Other physical facilities, including, but not limited to, utilities and site improvements, which are suitable for the retention and use for at least five years. Replacement and repair of the fixed equipment necessary for the operation of such utilities, when such work is not funded in an agency's operating budget to be accomplished by the agency's physical plant staff. Controlled maintenance funding requests for are due to the Office of the State Architect. The Office of the State Architect will review these requests with OSPB and DHE to ensure no duplication of effort has occurred between capital construction and controlled maintenance projects.
Connecticut	Minor maintenance is financed through operating funds. Major repairs are financed through capital funds.
Delaware	Deferred maintenance, routine maintenance and repairs are funded in the operating budget.
Florida	The State of Florida has a decentralized real estate portfolio management structure with no single agency managing or maintaining all of the state owned assets. Maintenance within agency facilities could be funded through expense or contracted services. The Department of Management Services (DMS) does not included maintenance in the capital budget. Maintenance is funded through the operating budget.
Georgia	Recurring annual maintenance costs are treated as operating costs and are NOT in the capital budget. Repair projects exceeding $100,000 with a 5-year service life may be included in the capital budget.
Hawaii	Major repair and maintenance projects are included in the capital budget, though generally under lump sum appropriations.
Idaho	Included if over $100,000.
Illinois	Minor maintenance is a part of the operating budget, major system overhauls are a part of the capital budget.
Indiana	Maintenance is grouped under the heading 'Preventative Maintenance' in the budget. It is requested at the same time and is a part of the capital budget, however it is appropriated separately.
Iowa	Maintenance is funded through the appropriation process.
Kansas	Agencies that are responsible for state-owned facilities are given an annual amount for rehabilitation and repair projects so that emergencies or other necessary repair projects that might arise in a year can be quickly addressed and that small projects don't have to receive separate appropriations. This grants agencies flexibility to manage their facilities and deal with issues that can come up unexpectedly.
Kentucky	Maintenance is primarily included in the capital budget. Agencies are appropriated a pool of funds for maintenance needs either from bond funds or investment income (see #7 below).
Louisiana	"Major" repairs based on condition assessments and infrastructure repairs are included in one programmatic line item.
Maine	Maintenance is included in the operating budget.
Maryland	Included if over $100,000, 15 year life.
Massachusetts	There is a deferred maintenance plan item in the capital budget.
Michigan	In FY 2013, Michigan began to re-invest in special maintenance activities on an on-going basis via a lump sum appropriation in the Department of Technology, Management and Budget. The lump sum appropriation for enterprisewide maintenance is allocated to agencies based on prioritized requests received during the budget development process. In addition, some agencies receive direct allocations for special maintenance activities, particularly those that have dedicated federal or restricted funds available for this purpose.
Minnesota	Major maintenance/ asset preservation such as new roofs, new windows, life safety is considered and can be funded in capital budget process. Routine, ongoing maintenance is not eligible.
Mississippi	Routine maintenance is not funded in capital budget but is instead funded in agency operating budget. Major maintenance and renovation projects may be funded in the capital budget.
Missouri	Specific maintenance and repairs projects over $25,000 are found in the capital budget. General funding for ongoing maintenance to preserve facilities is found in the operating budget.
Montana	Maintenance on state own building used by state agencies are included in the building's base budget. A university system building is based on the percentage of the building that is being used for academic purposes. The state pays for the portion that is academic in nature. The university system is responsible for the other portion (i.e. research, public relations, auxiliary).

Table 8: Treatment of Maintenance in the Capital Budget	
State	
Nebraska	Agencies provide costs for maintenance projects broken down by category, like Fire/Life/Safety, ADA, Deferred Maintenance, and Energy Conservation. Projects are prioritized on a state-wide basis and overall totals are included in Capital Construction budget.
Nevada	The capital budget includes major maintenance projects over $100,000. It also includes funding, called statewide programs, for some maintenance functions, including statewide roofing and statewide paving, that fund a long list of smaller projects in those categories.
New Hampshire	Maintenance is included in the capital budget process in two ways. The maintenance savings and or additional costs are included in a section of the capital budget request regarding any impacts to the operating budget. In addition, any maintenance costs should be included in the break even analysis that is required as part of the capital budget submission process.
New Jersey	The capital budget does not provide funding for maintenance costs. Funding for such costs may be provided in the operating budget.
New Mexico	Maintenance is included in the operating budget for state agencies and public schools. Maintenance for higher education institutions is included in the operating budgets as a Building, Renewal and Replacement function.
New York	Ongoing maintenance is included in an agency's Operating Budget. Capital improvements and major maintenance projects are included in the agency's Capital Projects Budget through appropriations.
North Carolina	Maintenance is handled in the operating budget.
North Dakota	Increase or decrease in cost of operation must be calculated and provided as part of budget request. Maintenance and repair projects in excess of $5,000 are treated as separate projects in the capital budget.
Ohio	Routine maintenance is not funded in capital budget but is instead funded in agency operating budget. Major maintenance and renovation projects may be funded in the capital budget. These major maintenance projects can include such items as tuck pointing, roof replacement, HVAC major component replacement.
Oklahoma	Deferred maintenance with a cost of $25,000 or higher is considered a capital item. Regular maintenance is currently a portion of the operating budget.
Oregon	Generally, maintenance costs are included In the operating budgets. Adequacy of maintenance budgets is reviewed as a component of the Capital Projects Advisory Board (CPAB) process (a process conducted parallel to the budget development process). Large deferred maintenance projects may have separate six-year capital construction limitations in the capital budget.
Pennsylvania	Major maintenance is in the capital budget. Routine maintenance is in the operating budget.
Rhode Island	Regular maintenance is budgeted as part of the operating budget. Preventative maintenance is budgeted as asset protection money which is part of the capital budget process.
South Carolina	South Carolina is decentralized as it relates to providing and maintaining buildings. As such, maintenance is handled by each agency or higher education institution within its budget and from its revenues. Major maintenance, including replacing major building systems, must be approved by state approval authorities, Joint Bond Review Committee and Budget and Control Board and expenditures are tracked for major maintenance. As noted Table 9, some maintenance has been funded specifically by the General Assembly from various capital fund sources over the past three years, especially for higher education institutions.
South Dakota	It is part of our normal operating budget.
Tennessee	Major maintenance, costs below $100,000 is typically not reflected in the capital budget.
Texas	Maintenance is not treated as a capital expense, but instead as part of the operating budget.
Utah	General maintenance operating budget. Capital improvements funded in capital budget and classified as major alterations, repairs, or improvements costing less than $2.5 million. Maintenance costs shown in new building requests.
Vermont	Maintenance budget is appropriated as a separate line item in the Capital bill. This appropriation is with implicit legislative authorization and is defined in three categories: Deferred Maintenance, Planned Capital Renewal and Routine Maintenance.
Virginia	The capital budget includes funding for maintenance reserve projects. This funding is limited to projects that meet one or more of the following criteria: Repair or replacement of functionally obsolete, damaged, or inoperable built-in equipment; Repair or replacement of components of a plant, Repair or replacement of existing utility systems, and Correction of problems resulting from erosion and drainage; and/or,Work related to handicapped access, energy conservation, building and safety codes compliance, lead paint abatement, or asbestos correction. Projects historically have been limited to a cost range of $25,000 to $1 million.
Washington	Costs for ordinary repair and routine maintenance work necessary to keep a facility or asset in useful condition for its function and occupants are included in the operating budget and not the capital budget.
West Virginia	Included in the operational budgets.
Wisconsin	If it is a capital maintenance item, such as a roof repair, it is included in the capital budget. Regular ongoing maintenance of systems or equipment are not included in the capital budget.
Wyoming	In operating budget.
District of Columbia	Routine maintenance is not included in the capital budget request. It is an operating expense in the District.

Table 9: Mechanism for Funding Maintenance Projects in the Capital Budget

State	Specific Mechanism for Setting Aside Funds for Maintenance Projects in the Capital Budget	Description of the Mechanism Used for Setting Aside Funds for Maintenance Projects in the Capital Budget
Alabama		
Alaska	X	Department of Education Major Maintenance Grant Fund, Governor's 5 year deferred maintenance initiative.
Arizona	X	The mechanism is ad hoc and varies from year-to-year depending on the capital funding level.
Arkansas	X	By appropriation.
California		
Colorado	X	Controlled maintenance projects are considered alongside capital construction projects and are funded with Capital Construction Funds.
Connecticut		
Delaware		Funds are made available annually for maintenance.
Florida		
Georgia		
Hawaii		
Idaho		
Illinois	X	
Indiana	X	Requested at the same time as the capital budget but appropriated separately.
Iowa		
Kansas	X	Within the annual budget process, agencies request amounts for rehabilitation and repair. Those amounts are evaluated and recommendations made as part of the typical budget process.
Kentucky	X	Some maintenance pools are funded with investment income.
Louisiana	X	Appropriations are made to fund the "Major Repairs" program in the annual Capital Outlay Act.
Maine		
Maryland	X	Capital budget includes a fund for capital facilities renewal.
Massachusetts	X	There is a budget item for deferred maintenance projects in the capital budget.
Michigan	X	Lump sum appropriations made to the Department of Technology, Management and Budget.
Minnesota*		
Mississippi	X	A Discretionary Fund is created under the management of the Bureau of Building, Grounds and Real Property Management.
Missouri	X	Constitutional Facilities Maintenance Reserve Fund sets aside 1% of the previous year's net general revenue collections for maintaining, repairing, and renovations to state facilities
Montana	X	Maintenance for state buildings. (1) Subject to legislative determination as provided in subsection (2), a major capital project appropriation by the legislature may include an amount for maintenance as a part of the appropriation. The amount appropriated for maintenance must be deposited in the long-range building account for use in future maintenance.
Nebraska	X	Nebraska has an agency—the Building Renewal Taskforce, whose function is to help plan, review, prioritize, and oversee funding for maintenance projects to be included in the overall capital budget. There are three primary sources of funding for these maintenance projects: Agency cooperative funding, using General, Cash, or Revolving Funds; a rent surcharge on state-owned facilities; and a portion of cigarette tax proceeds.
Nevada		Not set aside, but the statewide programs have been funded for at least the past two decades.
New Hampshire		
New Jersey		
New Mexico	X	Building Use Fees based on square footage/occupancy. Requires yearly appropriation. Higher education institutions allocate money from revenue generating services, taxing programs based on space requirements and issuing local revenue bonds.
New York	X	New York's Capital Projects Budget (issued with the Executive Budget and finalized with the Enacted Budget) includes separate appropriations for the preservation of facilities and health/safety needs.
North Carolina	X	3% of replacement cost of general fund supported building reserved from the credit balance.
North Dakota		
Ohio		
Oklahoma	X	Maintenance of State Buildings Revolving Fund, which is newly created and has received a direct appropriation form the Legislature.

NOTE: *See Notes to Table 9 on page 31.

Table 9: Mechanism for Funding Maintenance Projects in the Capital Budget

State	Specific Mechanism for Setting Aside Funds for Maintenance Projects in the Capital Budget	Description of the Mechanism Used for Setting Aside Funds for Maintenance Projects in the Capital Budget
Oregon	X	Projects to address significant deferred maintenance needs may be included in requests for six-year capital construction expenditure limitations. Facilities maintenance budgets are specifically identified in agency requests for operating budgets.
Pennsylvania	X	Authorization remains until completed or repealed in the capital budget for major maintenance.
Rhode Island	X	Current law, which has been amended to be consistent with the Constitution, provides for up to three percent of annual revenues to be used for capital expenditures once the Budget Reserve Fund has reached five percent of resources. When the Budget Reserve and Cash Stabilization Account has reached five percent of total resources; there are only marginal contributions to this "Rainy Day Fund" and most of the funds flow into the Rhode Island Capital Plan Fund.
South Carolina*	X	In the past three years, the General Assembly has funded deferred maintenance, particularly for state higher education institutions, with Capital Reserve Funds which are a portion of the prior year's general fund revenues. General maintenance is decentralized and the responsibility of each agency and higher education institution. Some have the ability to set aside revenues or fees collected for maintenance, but this is not true of all agencies/institutions.
South Dakota	X	In our Bureau of Administration there is a M&R budget for both capitol complex projects (state buildings in Pierre) and for statewide M&R. Higher Education has their own M&R budget funded both by general and other funds. Those agencies are responsible for M&R after the capital projects are complete.
Tennessee	X	Budget allocations are based on either capital maintenance projects or capital improvement projects.
Texas		
Utah	X	Statute requires that annual capital improvement funding equal at least 0.9 percent of the estimated replacement cost of all state facilities.
Vermont	X	Major Maintenance appropriation is funded annually by the legislature at a minimum of 2% of the total building replacement value.
Virginia		
Washington		
West Virginia		
Wisconsin	X	Wisconsin funds categories of capital maintenance in the capital budget.
Wyoming		
District of Columbia		
Total	**29**	

NOTE: *See Notes to Table 9 on page 31.

Table 10: Mechanism for Funding Maintenance Projects Not Included in the Capital Budget

State	Specific Mechanism for Funding Maintenance Projects Not Included in the Capital Budget	Description of the Mechanism Used for Setting Aside Funds for Maintenance Projects Not Included in the Capital Budget
Alabama	X	Earmarking of funds, capital outlay appropriations, as well as authorities, whose sole purpose is to ensure that facilities are maintained, usually with rental fees.
Alaska	X	Operating budget—routine maintenance and operations funding for day to day maintenance and preservation.
Arizona		
Arkansas	X	Governor has access to set-aside funds in case of emergency.
California	X	Operating budget is used to maintain the facility.
Colorado		
Connecticut	X	Operating budget is used to maintain the facility.
Delaware	X	Annually, through the operating budget.
Florida		
Georgia		Funding is provided for facility major repair and renovation projects in the capital budget.
Hawaii		
Idaho		
Illinois	X	Some small repair and maintenance lines are set aside for agencies as a part of the normal appropriations process.
Indiana*		
Iowa		
Kansas*		
Kentucky		
Louisiana		
Maine	X	For the State House only, an appropriation is made to the State House Preservation and Maintenance Fund in the biennial budget.
Maryland	X	Operating budget includes a statewide fund for critical maintenance.
Massachusetts		
Michigan	X	Agencies may initiate Miscellaneous Operating Projects that designate available operating funds for maintenance projects, typically those with a cost of less than $1 million.
Minnesota		
Mississippi	X	The Capital Expense Fund is created and funded as part of the appropriations process.
Missouri		
Montana	X	There is an allocation for deferred maintenance that is used for emergency types of maintenance during the biennium.
Nebraska	X	A depreciation charge to agencies for state-owned facilities provides funding for smaller maintenance projects, by facility.
Nevada	X	Smaller maintenance projects are requested as deferred maintenance decision units in individual agency budgets. $15.0 million per biennium goes to state higher education for maintenance.
New Hampshire		
New Jersey		
New Mexico	X	For public schools and higher education institutions only.
New York	X	General Fund revenues would be used for maintenance costs deemed critical and necessary that are not already included in the Capital Budget.
North Carolina	X	Priorities are based in needs analysis.
North Dakota		
Ohio		
Oklahoma		
Oregon		
Pennsylvania	X	Restricted account holds funds for routine maintenance in the operating budget.
Rhode Island		
South Carolina*		As noted in Table 9, maintenance responsibilities are decentralized and some agencies/institutions have mechanisms for setting aside funds, but many others do not and can only address maintenance as an operating expense as needed..

NOTE: *See Notes to Table 10 on page 31.

Table 10: Mechanism for Funding Maintenance Projects Not Included in the Capital Budget		
State	Specific Mechanism for Funding Maintenance Projects Not Included in the Capital Budget	Description of the Mechanism Used for Setting Aside Funds for Maintenance Projects Not Included in the Capital Budget
South Dakota	X	In our Bureau of Administration there is a M&R budget for both capitol complex projects (state buildings in Pierre) and for statewide M&R. Higher Education has their own M&R budget funded both by general and other funds. Those agencies are responsible for M&R after the capital projects are complete.
Tennessee	X	We budget separately at the agency level for major maintenance needs.
Texas	X	The funds for maintenance can be requested as an appropriations request as part of the operating budget.
Utah		
Vermont		
Virginia		
Washington		
West Virginia	X	Individual agencies are responsible for setting aside and having proper funding sources dedicated to maintenance in their operating budgets.
Wisconsin		
Wyoming		
District of Columbia	X	Maintenance costs are a part of the base-line operating budget for agencies but, there is no formal set-aside for it.
Total	**22**	

NOTE: *See Notes to Table 10 on page 31.

CHAPTER 1: TABLE NOTES

Defining Capital and Maintenance Expenditures

Notes to Table 1: Source of Definition of Capital Expenditures

Alabama	Other—Fiscal Policies and Procedures Manual.
California	Other—State Administrative Manual defines capital expenditures. Performance criteria and concept drawings are also defined in statute.
Connecticut	Other—Policies.
District of Columbia	Other—District of Columbia Home Rule Act (federal legislation).
Hawaii	Other—Executive memorandum regarding the implementation of capital projects and Finance Memorandum regarding budget preparation policies.
Kansas	Other—KSA 75-3717b sets the standard for capital improvement budget estimates; consistent with that statute, the Division of the Budget develops annual instructions and forms to agencies for them to follow in making their requests.
Massachusetts	Other—Generally Accepted Accounting Principles and guidance from the Governmental Accounting Standards Board.
Minnesota	Other—Bond counsel opinions.
Missouri	Other—Capital Improvements bills; Budget instructions distributed by Facilities Management, Design, and Construction.
Nevada	Other—State Administrative Manual.
New Jersey	Other—The definition of capital expenditures can be found in the annual Governor's Budget Message.
North Carolina	Other—Appropriations.
North Dakota	Other—Budget guidelines.
Oregon	Other—State law requires that expenditures be presented in discreet categories, two of which are capital construction and capital outlay. The Dept. of Admin Services, under the Governor, establishes criteria for defining capital construction in the biennial Budget Instructions. State statute (ORS 293.590) gives DAS authority to define capital expenditures—it does so through The Oregon Accounting Manual.
Pennsylvania	Other—Budget instructions.
South Carolina	Other—The definition of capital expenditures is by state policy for state agencies but by statute and state code for higher education institutions.
Virginia	Other—Appropriation act.
Washington	Other—Washington State's Constitution defines debt limit but not expenditures.
West Virginia	Other—Executive Budget.
Wisconsin	Other—Generally Accepted Accounting Principles.

Notes to Table 2: Definition of Capital Expenditures

Colorado	See section on information technology for a list of institutions that may request state funding for information technology projects that total less than $500,000.)

CHAPTER 1: TABLE NOTES

Defining Capital and Maintenance Expenditures

Notes to Table 3: Expenditure Items Included in the Capital Budget

Alabama	Asset initial useful life must extend beyond a single reporting period.
Alaska	Other—Infrastructure overhaul/rehabilitation, deferred maintenance.
Florida	Other—Water projects, energy projects, Everglades restoration, highway beautification, artificial fish and coral reef restoration.
Kansas	Other—For budget purposes: New construction, remodeling, rehabilitation and repair, razing, and the principal portion of debt service are considered capital expenses. For accounting purposes: purchase or installment purchase of land and nonstructural improvements to land and buildings; equipment, machinery, apparatus, furniture, fixtures, and devices, which have an expected service life of one year or longer.
Minnesota	Equipment necessary to make new building functional is an eligible expense. No dollar limit. Replacement of that same equipment at a later date is not eligible.
Nevada	Other—Furnishings, fixtures and equipment are included if a building is new construction, added to, or remodeled. Replacement equipment is included if it is attached to a structure. Planning is included for future projects.
New Mexico	Other—Water acquisition and distribution.
Oregon	The Statewide capital budget pertains only to capital construction, Non-construction capital items are included as capital outlay in agency budgets. Currently, major information technology systems are included in agency budgets rather than the capital budget though long-term financing needs are identified in agency budgets. Some equipment and furnishings or IT systems closely related to a facility's operation may be include in the capital budget for that project.
South Dakota	Other—South Dakota must have a special appropriation for construction projects. The total needs for the construction of that building must be included: wiring for computers, furniture, where the funds will come from, where the building will be built, etc.
Vermont	Other—New construction, renovations, major repairs and all project cost associated. Land and building acquisition, major maintenance and repairs, renewable energy sources and conservation; higher education, aid to municipalities for education and environmental conservation.
Virginia	Other—Capital leases. Additionally, funds or grants to local governments are sometimes included in the capital budget, although typically they are provided in the operating budget.
Washington	Other—Expenditures for the acquisition of real property. Planning and consultant services for pre-design and design work. Construction site improvement costs. Costs related to construction, extension, replacement, upgrading of a new road or parking lot. Expenditures for re-construction or preservation improvement of existing buildings or structures. Acquisition or construction of utility systems including utility lines between buildings. Minor works projects are small and related capital projects that are managed more efficiently under one larger capital appropriation and are valued between $25,000 and $1 million ($2 M for all higher education projects). Major capital projects have one or more of the following features: Cost more than $5 million (regardless of fund source) Lease more than 20,000 new gross square feet of space Take two or three biennia to design, construct and occupy are privately-owned buildings under development.
Wisconsin	Other—Intangible assets with a unit value of $1 million or more.

Notes to Table 4: Expenditure Items Included in the Capital Budget Continued

Alabama	Information Technology—Software is capitalized if the cost exceeds $100,000, otherwise is charged to operating expenses (usually supplies).
Minnesota	Equipment necessary to make new building functional is an eligible expense. No dollar limit. Replacement of that same equipment at a later date is not eligible.
Virginia	Projects with a cost of less than $1 million may be included in the capital budget.Projects with a cost exceeding $1 million must be included in the capital budget.

CHAPTER 1: TABLE NOTES

Defining Capital and Maintenance Expenditures

Texas	A small portion of right of way and maintenance funds are included in the capital appropriations process under transportation, but the majority of transportation expenditures are not included in this process. The higher education institutions are not included in the capital budget process, but a few higher education agencies such as the Higher Education Coordinating Board do include their capital expenditures in the capital budget process.

Notes to Table 5: Capital Expenditures Not Included in the Capital Budget by Program Area

Alabama	Alabama does not have a separate capital budget. Capital appropriations are included in the annual appropriation process. All of the entities listed would be included in the process.
Delaware	Other—ESCO projects.
Idaho	Other—Some higher education is excluded.
Illinois	Other—Small permanent improvement appropriations for maintenance.
Indiana	Other—The transportation capital budget only includes buildings, it does not include highway infrastructure.
Kansas	Other—Only capital expenditures by state agencies are included. Outside governmental units, such as the Kansas Turnpike Authority, are not included.
Maine	Capital requests for the Maine Community College System (higher eds) and the two state psychiatric facilities (hospitals) are included in the biennial budget.
Massachusetts	Only state owned hospitals are included in the capital budget.
Michigan	Transportation: The only transportation expenditures included in the capital budget are those related to Department of Transportation buildings/facilities or the airport improvement program. Roads, bridges and other forms of transportation-related infrastructure are appropriated in the operating budget. Hospitals: The capital budget supports state-owned behavioral health hospitals, however, the state does not participate in the cost of capital expenditures related to community (private & non-profit) medical hospitals/centers.
Montana	Other—IT—Long term IT projects are considered under another bill.
Nevada	Other—The only hospitals included are state-owned mental health or correctional hospitals. Nevada does not own any other hospitals.
New Hampshire	Funding for the hospital limited to funding for State operated Acute Psychiatric Program.
Ohio	Other—Third Frontier Appropriations. These are bond funded appropriations used to support high tech research development grants and loans.
Oregon	Other—State Park improvements; and road infrastructure done under timber sale contracts with the State Forester are also excluded from the State capital budget. Higher Education projects will not appear in SB 5507 (Capital Construction Bill) but are included in Governor's and Legislative Budget where state bond funding is requested. Roads and Bridges are specifically excluded from statewide construction budget, however amounts are included in Dept. of Transportation budget. The Oregon University System is no longer required to establish construction expenditure limitations in the capital budget effective 2013-15. However, specific university system projects are still approved individually in the Governor's Budget and Legislative Budget through line item bond authorization. Community College projects are included in the capital budget.
South Dakota	Other—The department of Game, Fish, and Parks is the only state agency that doesn't have to have a special appropriation to do construction. It can be part of their normal operating budget.
Texas	A small portion of right of way and maintenance funds are included in the capital appropriations process under transportation, but the majority of transportation expenditures are not included in this process. The higher education institutions are not included in the capital budget process, but a few higher education agencies such as the Higher Education Coordinating Board do include their capital expenditures in the capital budget process.

CHAPTER 1: TABLE NOTES

Defining Capital and Maintenance Expenditures

Virginia	Buildings needed by the Department of Transportation, e.g. regional office buildings, equipment maintenance shops, are included in the capital budget. Also, large pieces of equipment, such as cranes, used by the Virginia Port Authority, are included in the capital budget. Construction of highways, bridges, and public transit projects are not included in the capital budget.
Washington	Only the state owned institutions such as Western State Hospital are funded in the capital budget.
West Virginia	Other—Does not include water, sewer, and infrastructure projects, school construction or renovation that may be partially funded with State revenues.
Wisconsin	Other—General Obligation bonding does occur for both transportation and environmental purposes, however, the amount of such bonding is part of the operating budget and not the capital budget process. Wisconsin does not own "hospitals", we do use capital bonding for the purpose of state owned mental health or developmentally disabled institutions.

Notes to Table 6: Funding Sources Outside the Capital Budget That Are Used to Finance Higher Education Capital Projects

Alabama	Other—Bonds issued by the Alabama Public School and College Authority as well as bonds issued by the higher education entities.
Alaska	Other—University receipts, revenue bonds, general obligation bonds—authority is still shown in the budget.
Delaware	Other—Federal funding.
District of Columbia	Other—A portion of a new Student Center at the University of the District Columbia is financed with student fees dedicated to the new building.
Florida	Other—Transfer of revenues from the Florida Department of Lottery; Gross Receipts Tax (GRT) collected on utilities, including electricity, gas fuel, telecommunications and cable; and motor vehicle license tax.
Georgia	Other—Public/Private Partnerships.
Indiana	Other—Fee Replacement—Replacement of fees/payments owed to bondholders on bonds issued by the university paid from the general fund.
Kansas	Other—Endowment funds, athletic corporation funds.
Kentucky	Other—Federal funds. However, they must also be appropriated as part of the capital budget. Our constitution mandates that ALL public funds be appropriated by the General Assembly.
Louisiana	Other—Revenue bonds.
Maine	Other—Bonds and certificates of participation.
Michigan	Other—Bonds. Investment income.
Montana	Other—State Special Revenue coming from a portion of Cigarette tax, and a portion of coal severance tax, and interest earnings.
Nebraska	Other—Higher Education revenue bonds and Higher Education Financing Authority issued bonds.
Nevada	Other—A portion of the annual slot machine tax funds major maintenance projects for higher education.
New Hampshire	Other—Grants.
New Jersey	Other—Non-state grants; State-supported debt service.
New Mexico	Other—Statewide General Obligation Bonds, Severance Tax Bonds, Institutional Local Revenue Bonds, Mill Levy Funds, Land and Permanent Funds, Endowments, federal funds and grants.
New York	Other—Room rentals support the Residence Hall Rehabilitation Program.
North Dakota	Other—Federal grant dollars, loan from Bank of North Dakota.

CHAPTER 1: TABLE NOTES

Defining Capital and Maintenance Expenditures

Ohio	Other—State supported colleges and universities also may issue their own debt backed by their General Fund or any of the revenue sources checked above.
Rhode Island	Other—Federal funds.
South Carolina	Other—Athletic and Other Auxiliary funds—All athletic construction projects of higher education institutions are considered capital projects and are funded with auxiliary athletic funds. Parking, housing and bookstore facilities are auxiliaries, funded with auxiliary revenues which must be self-supporting.
Texas	Other—Other sources used include the Auxiliary Enterprise Fund, Auxiliary Enterprise Revenues, Available University Funds, Federal Funds, Federal Grants, Higher Education Assistance Fund Proceeds, Housing Revenue, Master Lease Purchase Program, Other Local Funds, Revenue Bonds, Performance Contracting Energy Conservation, Permanent University Funds, Private Development Funds, Revenue Financing System Bonds, Tuition Review Bond Proceeds, and Unexpended Plant Funds.
Virginia	Four higher education institutions are allowed to implement their own capital projects outside of the capital budget if they use only non state-provided funds (e.g. tuition and fees, student fees, institutional debt, and donations) and will not be requesting additional state support for the operations of the capital project.
West Virginia	Other—Lottery fund.

Notes to Table 7: Funding Mechansims/Processes for Capital Expenditures Not Included in the Capital Budget by Program Area

Alabama	Alabama does not have a separate capital budget. Capital appropriations are included in the annual appropriation process.
Florida	Educational facilities funding for school districts is available from voter approved sources such as millage for bonds, sales surtaxes, impact fees and a special two year millage. The other non-voted local source is a discretionary local millage tax that is commonly referred as "1.5 mills" and is funded by local property taxes.
Kansas	Capital expenditures are all included in the capital budget.
Indiana	In addition to capital dollars, some fees and dedicated revenue funds are used for remediation.

Notes to Table 9: Mechanism for Funding Maintenance in the Capital Budget

Minnesota	Asset preservation requests are not generally specific to projects, and the agency that receives them can use them where needed most. However, there is no automatic set aside of maintenance dollars when a new project is funded.
South Carolina	South Carolina's method for providing and maintaining facilities is decentralized. No state agency is responsible for this for the entire state. Each of the approximately 60 plus agencies and institutions that provide facilities must provide the funding for maintaining them. Some can do so through lease revenues, others through fees collected from students or fees for other services, but the ability to do so on a regular basis is primarily limited to the higher education institutions.

Notes to Table 10: Mechanism for Funding Maintenance Projects Not Included in the Capital Budget

Indiana	Agencies will occasionally use their own sources of revenue to fund projects.
Kansas	Maintenance projects, by definition, are included in the capital budget.
South Carolina	South Carolina's method for providing and maintaining facilities is decentralized. No state agency is responsible for this for the entire state. Each of the approximately 60 plus agencies and institutions that provide facilities must provide the funding for maintaining them. Some can do so through lease revenues, others through fees collected from students or fees for other services, but the ability to do so on a regular basis is primarily limited to the higher education institutions.

CHAPTER 2:
ORGANIZATION OF THE CAPITAL BUDGET AND PLANNING PROCESS

The organization of the capital budgeting and planning process is intended to provide continuity between the annual or biennial budget process and long-term capital strategies. State capital budgeting entails a variety of institutional players and processes that work together to efficiently allocate capital resources over different time horizons. For example, capital budgeting requires multi-year planning, forecasting, financial decision-making and extensive project management, all of which require coordination between organizational units that share responsibility for different parts of the overall process. By understanding the division of labor inherent to the capital budget process, states can produce more effective capital budgeting systems that target informational needs.

State capital budgeting entails a variety of institutional players and processes that work together to efficiently allocate capital resources over different time horizons.

Most states begin this process by developing a multi-year capital improvement plan, or CIP, that serves as a medium or long-term roadmap for future capital infrastructure needs. CIPs generally identify capital spending needs, the costs of planned projects, sources of financing and the impact that planned projects will have on future operating budgets. Most state CIPs contain capital expenditure forecasts for the next five to 10 years, although projections for out-years are not as detailed as the current year estimate. Thirty-four states have CIPs that contain capital expenditure forecasts from four to six years, and six states, Alaska, Indiana, New York, North Dakota, Vermont and Washington have a forecast horizon of 10 years. Additionally, a number of states, such as Georgia, Florida, New Hampshire, North Dakota and Minnesota maintain CIPs at the agency level, which are submitted for executive and legislative review. For states with centralized capital improvement plans, the state budget office, a department of public works, department of administration, or a facilities planning office may be responsible for maintaining and consolidating these capital plans. (See Table 11) Because the current year estimate for CIPs is more detailed, the capital budget in a majority of states is developed primarily by using the first year of the CIP. (See Table 12)

Centralized agencies that oversee capital projects help provide statewide coordination and review of capital project requests. All state budget offices play a coordinating role in the capital budget process to some extent, and some serve as the centralized planning agency. Budget instructions are issued to agencies and other entities that in turn request funds for capital projects. These budget requests are used to develop both the CIP and the capital budget. As part of the capital budget development process, capital project requests are reviewed, by a centralized agency, or by multiple entities, for scheduling, cost, financing strategies, and other project management indicators. Thirty-three states have a centralized agency responsible for capital project management. (See Table 13) Key aspects of capital project management, such as cost-estimation, also represent standalone or individual components of the capital budgeting process that are performed by all states though not necessarily completed by a centralized agency.

All state budget offices play a coordinating role in the capital budget process to some extent, and some serve as the centralized planning agency.

Similar to the operating budget, the capital budget cycle varies across states. Twenty-six states enact an annual capital budget, 21 states enact a biennial capital budget, and three states enact an annual and biennial capital budget simultaneously. In addition, 25 states have a joint legislative/executive review board for capital projects. Joint review boards provide another layer of scrutiny to capital projects prior to legislative consideration. In the past, states have reported that joint review boards lend credibility to the capital budget requests and help mitigate political influences in capital spending decisions. **(See Table 14)**

The quality of information used to develop the capital budget, or the budgetary inputs, is more important for determining successful outcomes than the way budget information is displayed or reported.

There is no single blueprint by which states develop and enact the capital budget. The capital budget document can be distinct from the operating budget, or may be included in the appropriations process as part of the operating budget. State capital budgets may be a series of appropriations for individual projects, a single detailed budget document that includes all capital expenditures or a component of the operating budget. However, capital budgets serve the same purposes across states by providing a framework for considering capital and financial plans. The quality of information used to develop the capital budget, or the budgetary inputs, is more important for determining successful outcomes than the way budget information is displayed or reported.

The states are divided in that 32 states have a capital budget document that is distinct from the operating budget, while 18 states have a capital budget that is included as part of the operating budget. States such as Georgia, Hawaii, Idaho, Maine and Texas all include appropriations for capital purposes within the operating budget, while states such as Florida, Rhode Island, South Dakota, Tennessee, and Utah have capital budgets that are distinct from the operating budget. And Iowa, Kansas and Virginia enact an annual and biennial capital budget concurrently. The types of documents and degree of planning and description details used to present capital budget information also vary by state. **(See Table 15)**

The most commonly reported entities allowed to make capital budget requests include higher education institutions, elected officials, public authorities, boards and hospitals.

Authority to spend state resources for capital purposes is provided by law, although the legal basis of capital budget authority differs across states. Appropriation bills and statutes are cited as the most common sources of capital budget authority, followed by state constitutions. In thirteen states, capital budget authority is contained in the state constitution. **(See Table 16)** In addition to state agencies, there are a number of other state, quasi-public and private entities that are permitted to submit budget requests for capital projects. The most commonly reported entities allowed to make capital budget requests include higher education institutions, elected officials, public authorities, boards and hospitals. Some states allow private entities, non-profits and municipalities to submit capital budget requests. **(See Table 17)**

Since the operating budget does not span as many years as the capital plan, states need to integrate the long-term impact of capital projects with shorter-term operating plans.

The coordination of the capital and operating budgets is a significant feature of state budgeting. Since the operating budget does not span as many years as the capital plan, states need to integrate the long-term impact of capital projects with shorter-term operating plans. For many states this is accomplished by having a capital project request include the project's impact on present and future operating budgets. Assessing the capital project's impact on the operating budget may contain information on additional operational and maintenance costs, potential energy or maintenance savings, annual debt service costs, or benefit analysis. The purpose of identifying these costs and savings is to ensure that agencies or the requesting entity can responsibly afford to operate and maintain the capital asset after completion. In Illinois, for example, the operating budget takes into account debt service costs, and both the operating and capital budgets recognize the operational impact of capital projects in terms of energy savings and reduced maintenance costs.

The purpose of identifying these costs and savings is to ensure that agencies or the requesting entity can responsibly afford to operate and maintain the capital asset after completion.

Budget planning can be improved by requiring agencies to identify the impact on the operating budget over a multi-year period. South Carolina, for example, requires agencies to project the operating cost implications for three years after project completion. Washington requires agencies to list one-time and ongoing full time employee costs from the project and include the year in which the added costs will affect the operating budget. New Hampshire requires agencies to submit a return on investment (ROI) form along with the capital request. And one state works to coordinate capital and operating budget requests so that costs, such as furniture, fixtures, and equipment for a project, are included only once in either the capital or operating budget, but not in both budgets. Many states analyze the fiscal impact of capital projects on debt service, which may or may not be funded through dedicated accounts. The District of Columbia analyzes spending plans to ensure debt service costs and pay-as-you-go financing are consistent across both the operating and capital budgets. (See Table 18) To better assess project affordability and facilitate coordination of the capital and operating budget, capital project requests in 43 states must include information estimating the fiscal impact on future operating budgets. (See Table 18)

A number of states have made significant changes to their capital planning and budgeting processes over the last five years. Six states, Indiana, Nevada, New York, South Carolina, Vermont and Virginia, have made changes to place greater emphasis on long-term planning. Pennsylvania has changed economic development criteria for the capital project approval process. Oregon and Colorado have taken steps to better determine the life-cycle costs of projects. Georgia has enhanced coordination of capital planning with the state and agency strategic plans, Oklahoma created a Maintenance of State Buildings Revolving Fund to finance projects recommended through the CIP, and Massachusetts has instituted a Clean Energy Investment Program which finances energy efficiency improvements through expected energy cost savings. (See Table 19)

A number of states have made significant changes to their capital planning and budgeting processes over the last five years.

GOOD PRACTICES
IN CAPITAL PLANNING AND BUDGETING

- **Identify institutional responsibilities and develop capital budgeting systems that target informational needs accordingly.** Capital budgeting systems should adapt planning and budgeting processes for different time horizons to better integrate long and short-term fiscal strategies. Strengthening the review of capital plans beyond the budget year can help assess financial commitments proposed in the current operating and capital budget.
- **Maintain centralized oversight of capital projects or institute mechanisms to ensure consistency.** Many states have a central planning agency responsible for capital project management and planning, although for some states, capital management takes place at the agency level. States that manage capital projects and planning at the agency level should use consistent capital project management standards throughout the state. Similarly, for states with centralized planning agencies, common management and planning standards should be applied statewide.
- **Ensure effective legislative involvement occurs throughout the capital budgeting process.** Some states have achieved greater legislative involvement through a joint legislative/executive review board for capital projects. Joint review boards provide another layer of scrutiny to capital projects and foster communication between the executive branch and the legislature. They also serve to lend credibility to capital budget requests and help mitigate political influences in capital spending decisions.
- **Identify the budgetary impacts of capital projects on the operating budget over a multi-year period.** Although all states have some mechanisms to coordinate operating and capital budgets, not all require that capital project proposals contain operating cost estimates spanning multiple years. Capital budgeting processes that require capital projects include information regarding the fiscal impact on the operating budget for multiple years can improve overall budget planning.

Table 11: The Capital Planning Process

State	State Maintains a Multiyear Capital Improvement Plan (CIP)	Agency Primarily Responsible for Maintaining the CIP	Number of Years of Capital Expenditures Contained in the CIP
Alabama		N/A	
Alaska	X	Office of Management and Budget	10 years
Arizona	X	Arizona Department of Administration	2 years
Arkansas		N/A	
California	X	State Department of Finance	5 years
Colorado*	X	N/A	5 years
Connecticut	X	Office of Policy and Management	5 years
Delaware	X	Office of Management and Budget	3 years
Florida*	X	N/A	5 years
Georgia*	X	N/A	5 years
Hawaii*	X	N/A	6 years
Idaho	X	Department of Administration	5 years
Illinois	X	Governor's Office of Management and Budget	5 years
Indiana*	X	N/A	10 years
Iowa	X	Iowa Department of Management	5 years
Kansas	X	Division of the Budget coordinates the budget process for capital projects. The State Building Advisory Commission in the executive branch and the Joint Committee on State Building Construction of the legislative branch also review capital projects.	5 years
Kentucky	X	Capital Planning Advisory Board	6 years
Louisiana	X	Office of Facility Planning and Control	5 years
Maine		N/A	N/A
Maryland	X	Maryland Department of Budget and Management—Office of Capital Budgeting	5 years
Massachusetts*	X	Executive Office for Administration and Finance (A&F)	5 years
Michigan*	X	Department of Technology, Management and Budget	5 years
Minnesota*		N/A	
Mississippi	X	Department of Finance & Administration	5 years
Missouri	X	Office of Administration: Facilities Management, Design, and Construction	6 years
Montana	X	Department of Administration - Architecture and Engineering Division	6 years
Nebraska*	X	Department of Administrative Services - State Building Division	6 years
Nevada*		Department of Administration: Public Works, Budget, and Research Planning Grants Management.	
New Hampshire*	X	Department of Administrative Services	6 Years
New Jersey	X	New Jersey Commission on Capital Budgeting and Planning	7 years
New Mexico	X	Department of Finance & Administration, State Budget Division, Capital Outlay Bureau for state facilities and the Department of Finance & Administration, Local Government Division for local facilities.	5 years
New York*	X	New York State Division of the Budget (DOB)	5 years and 10 years
North Carolina	X	Office of State Budget and Management	6 years
North Dakota*		N/A	10 years
Ohio	X	Office of Budget and Management	6 years

NOTE: *See Notes to Table 11 on page 53.

Table 11: The Capital Planning Process

State	State Maintains a Multiyear Capital Improvement Plan (CIP)	Agency Primarily Responsible for Maintaining the CIP	Number of Years of Capital Expenditures Contained in the CIP
Oklahoma	X	Office of Management and Enterprise Services	8 years
Oregon	X	Department of Administrative Services (coordinating individual agency efforts).	6 years
Pennsylvania*	X	Office of the Budget	
Rhode Island	X	Office of Management and Budget - Budget Division	5 years
South Carolina	X	SC Budget and Control Board	5 years
South Dakota*	X	Bureau of Finance and Management and Bureau of Administration	At least 5 years
Tennessee*	X	Finance and Administration	5 years
Texas	X	Texas Bond Review Board	5 years
Utah	X	Department of Administrative Services, Division of Facilities, Construction, and Maintenance, Utah State Building Board	5 years
Vermont*	X	Agency of Administration, Department of Buildings and General Services	10 years
Virginia	X	Department of Planning and Budget	6 years
Washington	X	The Office of Financial Management - Capital Budget	10 years
West Virginia	X	Division of Real Estate	4 years
Wisconsin	X	Department of Administration - Division of Facilities Development	6 years
Wyoming		N/A	
District of Columbia	X	The Office of Budget and Planning	6 years
Total	**43**		

NOTE: *See Notes to Table 11 on page 53.

Table 12: The Capital Planning Process Continued

State	Capital Budget is Developed Primarily by Using the Capital Improvement Plan (CIP)	Capital Improvement Plan is Publicly Available on the Internet	Capital Improvement Plan (CIP) Hyperlink
Alabama			
Alaska	X	X	https://omb.alaska.gov/html/information/10-year-plan.html
Arizona	X	X	http://gsd.azdoa.gov/assets/documents/CIP2014.pdf
Arkansas			
California	X	X	http://www.dof.ca.gov/capital_outlay/reports/
Colorado	X	X	http://www.colorado.gov/cs/Satellite/OSPB/GOVR/1225731668028
Connecticut	X	X	http://www.ct.gov/opm/cwp/view.asp?a=2958&Q=518402&PM=1
Delaware	X	X	http://budget.delaware.gov/fy2014/capital/cap_project_schedule.pdf
Florida	X	X	http://floridafiscalportal.state.fl.us/
Georgia	X		
Hawaii			
Idaho			
Illinois	X	X	http://www.dot.il.gov/hip1318/hwyimprov.htm
Indiana			
Iowa	X		
Kansas*	X	X	http://budget.ks.gov/publications/FY2014/FY2014_GBR_Vol1--Corrected_1-28-2013.pdf
Kentucky	X	X	http://www.lrc.ky.gov/statcomm/cpab/exsum_2004.htm
Louisiana	X		
Maine			
Maryland	X	X	http://dbm.maryland.gov/agencies/capbudget/Pages/CapitalImprovementPlans.aspx
Massachusetts	X	X	http://www.mass.gov/bb/cap/fy2013/hdefault.htm
Michigan*	X	X	
Minnesota			
Mississippi	X		
Missouri	X		
Montana	X	X	http://budget.mt.gov/execbudgets/2015_Budget/default.mcpx
Nebraska	X	X	http://budget.nebraska.gov/das_budget/budget14/20132015CapitalFacilitiesPlan.pdf
Nevada	X		
New Hampshire			
New Jersey	X	X	http://www.state.nj.us/treasury/omb/publications/14capital/index.shtml
New Mexico	X		
New York	X	X	http://publications.budget.ny.gov/budgetFP/2013-14CapPlan.pdf http://nyworkstaskforce.ny.gov/Statewide-Capital-Plan.pdf
North Carolina	X	X	The 2007 CIP is available at http://www.osbm.state.nc.us
North Dakota	X		
Ohio	X		
Oklahoma	X	X	http://www.ok.gov/bondadvisor/documents/FY14-18%20CIP.pdf
Oregon	X		Governor's Capital Budget is at Section L of following document. http://www.oregon.gov/gov/priorities/Documents/GBB_Complete.pdf
Pennsylvania	X		
Rhode Island	X	X	http://www.budget.ri.gov/Documents/Prior%20Year%20Budgets/Operating%20Budget%202009/Capital%20Budget.pdf
South Carolina*	X	X	
South Dakota			

NOTE: *See Notes to Table 12 on page 54.

Table 12: The Capital Planning Process Continued

State	Capital Budget is Developed Primarily by Using the Capital Improvement Plan (CIP)	Capital Improvement Plan is Publicly Available on the Internet	Capital Improvement Plan (CIP) Hyperlink
Tennessee	X		
Texas		X	http://www.brb.state.tx.us/pub/cep/CEP_2014-2015.pdf
Utah	X	X	http://dfcm.utah.gov/dfcm/utah-state-building-board.html
Vermont	X	X	http://bgs.vermont.gov/formsandpublications
Virginia	X	X	http://leg1.state.va.us/cgi-bin/legp504.exe?131+ful+CHAP0309+pdf
Washington	X	X	http://www.ofm.wa.gov/budget13/capital/tenyear.asp
West Virginia	X	X	http://www.budget.wv.gov/SiteCollectionDocuments/VIIOD2014.pdf
Wisconsin	X		
Wyoming			
District of Columbia	X	X	http://cfo.dc.gov/node/467122
Total	**39**	**27**	

NOTE: *See Notes to Table 12 on page 54.

Table 13: Capital Project Management

State	Central Agency Responsible for Managing Capital Projects	Role of Central Agency Managing Capital Projects		
		Scheduling of Projects	Develops a Project Cost-Estimate	Financing Recommendations
Alabama				
Alaska	X			X
Arizona				
Arkansas				
California				
Colorado				
Connecticut	X	X	X	
Delaware	X	X	X	X
Florida*				
Georgia	X	X		
Hawaii				
Idaho	X	X	X	
Illinois	X	X	X	
Indiana*	X	X	X	X
Iowa				
Kansas*				
Kentucky	X		X	
Louisiana	X	X		X
Maine	X	X	X	
Maryland	X	X	X	
Massachusetts*		X	X	X
Michigan	X	X	X	X
Minnesota*			X	X
Mississippi	X	X	X	
Missouri	X	X	X	X
Montana	X	X	X	
Nebraska	X		X	
Nevada	X	X	X	
New Hampshire*	X	X	X	
New Jersey	X	X	X	
New Mexico*		X	X	
New York	X		X	X
North Carolina				
North Dakota				
Ohio	X	X	X	
Oklahoma				
Oregon				
Pennsylvania	X	X	X	X
Rhode Island*	X	X	X	X
South Carolina	X		X	
South Dakota	X	X	X	
Tennessee	X	X	X	
Texas*				
Utah	X	X	X	
Vermont	X	X	X	
Virginia*	X		X	X
Washington	X	X	X	
West Virginia	X	X	X	X
Wisconsin	X	X	X	X
Wyoming	X	X	X	X
District of Columbia				
Total	**33**	**29**	**33**	**15**

NOTE: *See Notes to Table 13 on page 54.

Table 13 Continued: Capital Project Management

Role of Central Agency Managing Capital Projects

State	Technical Review	Project Definition/ Recommendation	Builds Budget Request	Monitors and Tracks Project Progress
Alabama				
Alaska	X	X	X	X
Arizona				
Arkansas				
California				
Colorado				
Connecticut	X			X
Delaware	X	X	X	X
Florida*				
Georgia	X			X
Hawaii				
Idaho	X	X		X
Illinois	X	X	X	X
Indiana*	X	X	X	X
Iowa				
Kansas*				
Kentucky	X			X
Louisiana				X
Maine	X	X	X	X
Maryland	X			X
Massachusetts*	X	X	X	X
Michigan	X	X	X	X
Minnesota*	X			
Mississippi		X	X	X
Missouri	X	X	X	X
Montana	X	X	X	X
Nebraska	X	X		
Nevada	X	X	X	X
New Hampshire*	X	X	X	X
New Jersey	X	X		X
New Mexico*	X	X	X	X
New York	X		X	X
North Carolina				
North Dakota				
Ohio	X			X
Oklahoma				
Oregon				
Pennsylvania	X	X	X	X
Rhode Island*	X	X	X	X
South Carolina				X
South Dakota	X	X		X
Tennessee	X	X	X	X
Texas*				
Utah	X	X		
Vermont		X	X	X
Virginia*	X	X		X
Washington	X	X		X
West Virginia	X	X	X	X
Wisconsin	X	X	X	X
Wyoming	X	X	X	X
District of Columbia				
Total	**32**	**27**	**21**	**33**

NOTE: *See Notes to Table 13 on page 54.

Table 14: Capital Budget Cycle and Capital Project Approval

State	States that Enact an Annual Capital Budget	States that Enact a Biennial Capital Budget	States that Enact an Annual and Biennial Capital Budget Concurrently	States with a Joint Legislative/Executive Review Board for Capital Project Approval Prior to Budget Enactment
Alabama*	X			
Alaska	X			
Arizona	X			X
Arkansas		X		
California	X			X
Colorado	X			X
Connecticut		X		
Delaware	X			X
Florida*	X			X
Georgia	X			
Hawaii		X		
Idaho	X			X
Illinois	X			X
Indiana		X		X
Iowa			X	
Kansas			X	X
Kentucky		X		
Louisiana	X			
Maine		X		X
Maryland	X			X
Massachusetts*	X			
Michigan	X			
Minnesota*		X		
Mississippi	X			X
Missouri		X		X
Montana		X		X
Nebraska		X		
Nevada*		X		
New Hampshire*		X		
New Jersey	X			X
New Mexico	X			X
New York*	X			
North Carolina		X		
North Dakota		X		
Ohio		X		
Oklahoma	X			X
Oregon		X		
Pennsylvania	X			
Rhode Island	X			
South Carolina	X			X
South Dakota	X			
Tennessee	X			X
Texas*		X		X
Utah	X			X
Vermont		X		
Virginia*			X	
Washington		X		X
West Virginia	X			X
Wisconsin		X		X
Wyoming		X		X
District of Columbia	X			X
Total	**26**	**21**	**3**	**25**

NOTE: *See Notes to Table 14 on page 55.

Table 15: The Capital Budget Document

State	Capital Budget is Distinct from the Operating Budget	Capital Budget is Included in the Operating Budget	Name of the Capital Budget Document	Capital Budget Hyperlink
Alabama		X		
Alaska	X		Budget: Capital	https://omb.alaska.gov/ombfiles/14_budget/PDFs/Capital_Budget_Bill_SB0018Zrev.pdf
Arizona	X			http://www.azleg.gov/jlbc/14AR/298.pdf
Arkansas	X		Capital Projects Request Manual	http://www.dfa.arkansas.gov/offices/budget/Documents/capital_projects_manual.pdf
California		X		
Colorado	X		FY 2013-14 Capital Construction Budget Request, Prioritized List	http://www.colorado.gov/cs/Satellite/OSPB/GOVR/1251630549684
Connecticut	X		Capital Budget	http://www.ct.gov/opm/lib/opm/budget/2014_2015_biennial_budget/budgetsummary/section_d_capitalprogram.pdf
Delaware	X		Fiscal Year 2014 Bond and Capital Improvements Act	http://budget.delaware.gov/fy2014/sb-145.pdf
Florida	X		Capital Improvement Program Plan	http://floridafiscalportal.state.fl.us/
Georgia		X		
Hawaii		X		
Idaho		X		
Illinois	X		Illinois Capital Budget	https://www2.illinois.gov/gov/budget/Documents/Budget/20Book/FY202015%20Budget%20Book/FY%20 2015%20Illinois%20Capital%20Budget%20Book.pdf
Indiana*		X		
Iowa		X		
Kansas		X		
Kentucky	X		2012-2014 Budget of the Commonwealth, Volume II	http://www.osbd.ky.gov/NR/rdonlyres/12292C26-063F-4303-A7F4-62B725125857/0/1214BOCVolumeII.pdf
Louisiana	X		Act 24 of the 2013 Regular Legislative Session	https://www.legis.la.gov/legis/BillInfo.aspx?s=13RS&b=ACT24&sbi=y
Maine		X	N/A.	
Maryland	X		Maryland Consolidated Capital Bond Loan	
Massachusetts	X		FY2013-2017 Five-Year Capital Investment Plan	http://www.mass.gov/bb/cap/fy2013/hdefault.htm
Michigan		X		
Minnesota	X		Minnesota Capital Budget - 2012	http://www.mmb.state.mn.us/2012-cap-budget-final
Mississippi	X			
Missouri		X		
Montana	X		Governor's Executive Budget	http://budget.mt.gov/execbudgets/2015_Budget/default.mcpx

NOTE: *See Notes to Table 15 on page 55.

Table 15: The Capital Budget Document

State	Capital Budget is Distinct from the Operating Budget	Capital Budget is Included in the Operating Budget	Name of the Capital Budget Document	Capital Budget Hyperlink
Nebraska	X		Capital Construction Appropriations Bill - LB 198 for FY 2013-14 and FY 2014-15	http://nebraskalegislature.gov/FloorDocs/Current/PDF/Slip/LB198.pdf
Nevada*	X		Recommended Capital Improvement Program	http://www.spwb.state.nv.us/CIP_Summaries/REC_GovProposal_rptFundingSummaryBy_CMPS%2013-04-11%201430%20a1.pdf
New Hampshire	X		Chapter 195, Laws of 2013	http;//www.gencourt.state.nh.us/legislation/2013/HB0225.html
New Jersey		X		
New Mexico*	X		Fiscal Year 2014 Executive Budget Recommendation	http://nmdfa.state.nm.us/Current_Issues.aspx
New York	X		Capital Projects Appropriation Bill	http://public.leginfo.state.ny.us/menugetf.cgi?SESSYR=2013&QUERYDATA=S2604E
North Carolina		X		
North Dakota		X		
Ohio	X		Capital Appropriations Budget	http://www.legislature.state.oh.us/bills.cfm?ID=129_HB_482
Oklahoma	X		Included in Capital Improvements Plan	http://www.ok.gov/bondadvisor/documents/FY14-18%20CIP.pdf
Oregon*	X		Senate Bill 5507 (Capital Construction Bill) Budget Report	https://olis.leg.state.or.us/liz/2013R1/Downloads/MeasureAnalysisDocument/22772
Pennsylvania	X		Act 69 of 2013, Capital Budget Act of 2013–14	http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2013&sind=0&body=S&type=B&bn=1002
Rhode Island	X		Capital Budget	http://www.budget.ri.gov/Documents/Prior%20Year%20Budgets/Operating%20Budget%202009/Capital%20Budget.pdf
South Carolina		X	Capital Reserve Fund Act	
South Dakota	X		It is listed separately in our Budget in Brief under special appropriations.	http://bfm.sd.gov/budget/BiB/SD_BIB_FY2014.pdf
Tennessee	X		Approved (Fiscal Year) Capital Budget	http://www.capitol.tn.gov/joint/staff/budget-analysis/
Texas		X		
Utah	X		FY 2013–2014 Appropriations Report	http://le.utah.gov/interim/2013/pdf/00001950.pdf
Vermont	X		Capital Budget Request (T.32§309)	http://bgs.vermont.gov/formsandpublications
Virginia*		X		

NOTE: *See Notes to Table 15 on page 55.

Table 15: The Capital Budget Document

State	Capital Budget is Distinct from the Operating Budget	Capital Budget is Included in the Operating Budget	Name of the Capital Budget Document	Capital Budget Hyperlink
Washington	X		ESSB 5035	htte://leap.leg.wa.gov/leap/budget/index_lbns.asp
West Virginia		X		
Wisconsin*	X		State of Wisconsin Capital Budget	http://www.doa.state.wi.us/Divisions/Facilities-Development/Capital-Budget/Current-Capital-Budget
Wyoming	X		Capital Construction Budget 2013–2014 Biennium	http://ai.state.wy.us/budget/PDF/20132014Budget/CapitolConstruction.pdf
District of Columbia	X		Fy 2014 to Fy 2019 Capital Improvement Plan	http://cfo.dc.gov/node/467122
Total	**32**	**18**		

NOTE: *See Notes to Table 15 on page 55.

Table 16: Sources of Capital Budget Authority

State	State Constitution	Statute	Appropriation Bills	Other
Alabama			X	
Alaska		X	X	
Arizona		X	X	
Arkansas		X	X	
California		X	X	
Colorado		X		
Connecticut*		X		X
Delaware			X	
Florida	X	X	X	
Georgia	X	X	X	
Hawaii		X	X	
Idaho		X	X	
Illinois		X	X	
Indiana		X	X	
Iowa		X		
Kansas*	X	X	X	X
Kentucky		X	X	
Louisiana	X	X	X	
Maine			X	
Maryland		X	X	
Massachusetts	X	X	X	
Michigan			X	
Minnesota	X	X	X	
Mississippi*		X	X	X
Missouri*	X	X	X	X
Montana		X	X	
Nebraska	X	X	X	
Nevada		X	X	
New Hampshire		X	X	
New Jersey			X	
New Mexico		X	X	
New York*		X	X	X
North Carolina			X	
North Dakota			X	
Ohio		X	X	
Oklahoma		X		
Oregon			X	
Pennsylvania	X	X		
Rhode Island	X	X	X	
South Carolina	X	X	X	
South Dakota			X	
Tennessee			X	
Texas			X	
Utah		X	X	
Vermont		X		
Virginia		X	X	
Washington	X	X	X	
West Virginia			X	
Wisconsin	X	X	X	
Wyoming		X		
District of Columbia*		X	X	X
Total	**13**	**38**	**43**	**5**

NOTE: *See Notes to Table 16 on page 55.

Table 17: Entities Eligible to Make Requests for Capital Expenditures

State	State Agencies	Elected Officials	Public Authorities	Private Organizations	Higher Education Institutions	Hospitals	Boards	Other
Alabama	X	X	X		X	X	X	
Alaska*	X		X		X			X
Arizona	X				X			
Arkansas	X	X			X		X	
California*	X	X			X		X	X
Colorado	X				X			
Connecticut	X		X		X			
Delaware	X	X			X			
Florida	X	X			X			
Georgia*	X		X		X	X	X	X
Hawaii*	X				X	X		X
Idaho*	X				X		X	X
Illinois	X	X	X	X	X	X	X	
Indiana	X	X			X			
Iowa	X	X	X		X			
Kansas*	X	X			X			X
Kentucky	X	X			X		X	
Louisiana	X	X	X	X	X	X	X	
Maine	X							
Maryland	X	X		X	X	X	X	
Massachusetts	X	X	X	X	X	X	X	
Michigan	X				X			
Minnesota	X	X	X		X			
Mississippi	X				X			
Missouri	X	X	X		X		X	
Montana	X				X			
Nebraska	X				X		X	
Nevada*	X	X	X		X	X		X
New Hampshire	X	X			X		X	
New Jersey	X				X			
New Mexico*	X	X	X		X	X		X
New York*	X		X		X	X		X
North Carolina	X				X			
North Dakota	X	X			X			
Ohio	X	X			X			
Oklahoma	X		X		X			
Oregon*	X				X			X
Pennsylvania	X							
Rhode Island	X	X	X		X	X	X	
South Carolina	X				X			
South Dakota*	X	X			X	X		X
Tennessee	X				X			
Texas*	X	X			X		X	X
Utah	X				X			
Vermont	X	X		X	X			
Virginia*	X		X		X	X		
Washington*	X	X	X	X	X		X	
West Virginia	X	X	X	X	X	X	X	
Wisconsin	X		X	X	X		X	
Wyoming	X							
District of Columbia	X	X			X			
Total	**50**	**26**	**19**	**8**	**47**	**14**	**18**	**12**

NOTE: *See Notes to Table 17 on page 56.

Table 18: Coordinating the Capital Budget With the Operating Budget

State	State Requires Capital Budget Requests Contain Information Estimating the Fiscal Impact on Future Operating Budgets	Brief Description How the Capital Budget is Coordinated with the Operating Budget
Alabama*		Combined in one appropriation bill.
Alaska	X	All capital budget requests must be made with any changes to operating budget funding or positions fully documented in the capital project description.
Arizona	X	Capital outlay is funded after operating budget decisions are made.
Arkansas	X	Agency anticipates impact on operating budget from capital requests.
California		During the review of the request at the State Department of Finance, capital staff work with the support/operation staff as to the programmatic need for a new facility, operational costs once constructed, etc.
Colorado		The capital budget is included in the Colorado's Budget (the Long Bill).
Connecticut	X	Shared policy goals.
Delaware	X	Both budgets are analyzed and produced by OMB. Analysts are encouraged to be familiar with capital projects for accurate budgeting of operational impacts.
Florida	X	Legislative Budget Request (LBR) Submission.
Georgia	X	Annual bond debt is budgeted in the FY operating budget. Costs of operation of completed new capital projects are budgeted in the operating budget.
Hawaii	X	Generally, the capital budget is managed separately but operating impact is considered in review of capital budget requests. Coordination may be required depending on the projected operating impact.
Idaho		It is included.
Illinois		The operating budget takes into account the debt service to be incurred by the capital budget. Both budgets recognize the operational impact of capital projects in terms of energy savings and reduced maintenance costs.
Indiana	X	Agencies submit requests at the same time as their operating requests.
Iowa	X	The capital budget is incorporated into the overall budgeting process.
Kansas	X	To the extent that authorization to construct a new building is made, the accompanying operating expenses may be added, depending on the circumstances. Similar operating adjustments may be made for energy conservation projects, but for the most part the savings are left with the agency to repurpose. For projects that are bonded, funding for debt service payments is programmed in to the agency's budget.
Kentucky	X	All capital project requests are required to submit the impact on operating budget, which is considered when recommending capital projects for funding.
Louisiana	X	Capital budget requests are analyzed to determine and minimize the projects' adverse net impact(s) to the State's operating budget.
Maine	X	The capital budget and the operating budget are reviewed and approved together as part of the biennial budget process.
Maryland	X	Through capital/operating coordinator. Impact on operating budget part of capital budget presentation.
Massachusetts	X	Each year the Administration performs a debt affordability analysis to ensure debt service does not exceed 8% of budgeted revenues. This ensures debt service does overburden other demands on the operating budget. Additionally, the new capital budget request must estimate operating cost/savings impacts for input to the operating budget process.
Michigan	X	Capital outlay sections are included within the individual agency operating appropriations acts and presented concurrently to the Legislature to ensure timely adoption. Authorizations for higher education projects are typically included in supplemental appropriation acts.
Minnesota	X	For each capital budget request, the must be a discussion/identification of how the project would impact operating budget, however, there is no automatic operating increase if a new building is requested and funded.
Mississippi	X	There is no specific coordination between the capital budget and the operating budgets for individual agencies.
Missouri	X	Capital budget analyst coordinates analysis with operating budget analysts; and agency strategic plan.
Montana	X	Any changes with leases, moving costs, or changes in O&M due to a new building are reflected in the agencies operating budget.

NOTE: *See Notes to Table 18 on page 56.

Table 18: Coordinating the Capital Budget With the Operating Budget

State	State Requires Capital Budget Requests Contain Information Estimating the Fiscal Impact on Future Operating Budgets	Brief Description How the Capital Budget is Coordinated with the Operating Budget
Nebraska	X	The State Budget Request System includes a section related to Capital Construction and other capital requests, which are used to create the Comprehensive Capital Plan. Capital projects include impact on future operating costs.
Nevada	X	Public Works checks the deferred maintenance recommendations in the operating budget to make sure they are not duplicated in the capital budget. Nevada plans closer coordination between the capital budget building and Budget's budget analysts to ensure, for example, that moving costs or furniture, fixtures, and equipment for a project are included exactly once, either in capital or operating budget.
New Hampshire	X	The capital budget process incorporates the operating budget it two ways. The capital budget form has a section for the state agency to list any operating budget impact either savings or increased cost. In addition, state agencies are required to submit a return on investment form that includes any operating costs or savings in the return on investment form.
New Jersey	X	Agency operating and capital budgets are generated at the same time, culminating in one consolidated appropriations act.
New Mexico	X	The capital budget includes operating budget impacts and the operating budget reference capital projects.
New York	X	There is no formal document that links the Capital Budget with the agency's Operating Budget, however, agencies generally consider the impact of capital project costs on operating budgets. Furthermore, the State's Financial Plan reports on an All Funds basis, which includes all agency operating and capital spending.
North Carolina		Through capital and operating budget analysts in the Office of State Budget and Management work together.
North Dakota	X	The capital budget and operating budget are included in the appropriation for each agency.
Ohio	X	Primarily coordinated with respect to debt service capacity available.
Oklahoma	X	Not currently coordinated.
Oregon*		The Capital Projects Advisory Board and budget analysts review maintenance and utilities requirements of all agencies, including those resulting from new capital projects. Such maintenance and utility costs are included in biennial operating budgets.
Pennsylvania	X	Both are submitted in the Governor's Executive Budget.
Rhode Island	X	The capital budget is part of the overall budget submission to the legislature.
South Carolina	X	Capital budget requests require information to be presented with the requests on the operating cost implications of the capital request, additional annual operating costs over the three years after completion. Similarly, when interim projects (those not included in capital funding legislation) are approved, the operating cost implications, additional annual operating costs or annual operating cost savings, must be estimated and provided.
South Dakota	X	They are separate. The capital budget is all in various special appropriations. When looking at total expenditures they are added together.
Tennessee	X	It is separate to the operating budget, but it is part of the overall annual state budget process.
Texas	X	The capital budget is compiled together with the operating budget to form the General Appropriations Act biennially. There is no separate capital budget; instead the capital expenditures are determined with each reporting institution along with the operating budget.
Utah	X	Through Governor's Office of Management and Budget. Capital requests must include impact on operating budget.
Vermont	X	Through the development of the planning document all additional operating cost with the capital project (staffing, operating costs associated with a new building) are provided to the Department of Finance and Management for analysis.
Virginia	X	Agencies submitting requests for capital projects are required to estimate the additional operating funds that would be needed to operate the capital facility when construction was finished. Agencies are responsible for submitting requests for additional operating funds when needed.

NOTE: *See Notes to Table 18 on page 56.

Table 18: Coordinating the Capital Budget With the Operating Budget

State	State Requires Capital Budget Requests Contain Information Estimating the Fiscal Impact on Future Operating Budgets	Brief Description How the Capital Budget is Coordinated with the Operating Budget
Washington	X	In the ten-year plans, project information must include estimates for present and future operating and maintenance costs, including any debt service that must be paid from a dedicated account. Agencies are required when submitting budget requests to explain the relationship if any to the state operating budget. This explanation must include the impact on the state operating budget and if the project adds, reduces or alters space for the agency, a description of any changes in maintenance and operating requirements. Agencies are required to list one-time and ongoing FTE and costs and the year in which they will impact the operating budget. Affected funds and estimated current and future amounts needed in the operating budget are also required. In the Office of Financial Management, coordination occurs between operating and capital analysts during budget development.
West Virginia	X	Dollars required for capital projects are embedded with the operating dollars in the Budget Bill.
Wisconsin	X	The capital and operating budget are developed under two separate processes. Once the two budgets are addressed by the legislative committee, they are combined and treated as part of the overall budget. When the budget is enacted it includes both the capital and the operating portions.
Wyoming	X	Operating and/or maintenance expenses referenced in capital request.
District of Columbia	X	Both are simultaneously formulated, produced, and acted upon legislatively. Coordination is necessary to ensure Paygo, debt service, and the operating impacts of capital are captured accurately for both budgets.
Total	**43**	

NOTE: *See Notes to Table 18 on page 56.

Table 19: Significant Changes to the Capital Planning or Capital Budgeting Process in the Last Five Years

State	State Made Significant Changes to the Capital Planning or Capital Budgeting Process in the Last Five Years	Description of Change to the Capital Planning or Capital Budgeting Process
Alabama		
Alaska		
Arizona		
Arkansas	X	Automated system implemented for the FY 2010 budget request.
California		
Colorado	X	This year we required Departments to complete a total Life Cost Analysis.
Connecticut		
Delaware		
Florida		
Georgia	X	Enhanced coordination of capital planning with the state and agency strategic plans.
Hawaii		
Idaho		
Illinois		
Indiana	X	Push to get agencies to complete 10 yr master plans.
Iowa		
Kansas		
Kentucky		
Louisiana		
Maine		
Maryland		
Massachusetts	X	The Administration has made a better effort to assess operating costs/savings of capital projects on the operating budget. Additionally, the Administration has looked for ways to self-fund improvements through cost savings and revenue generation as a result of the associated capital project. An example of this is the Clean Energy Investment Program which finances energy efficiency improvements through expected energy cost savings. The Administration is also utilizing a new capital budgeting application which will match capital spending to outcomes, in addition to tracking cash flow and project information.
Michigan	X	Reforms were enacted in December 2012 that streamline the project approval process, provide for merit-based project selection, improve transparency, and accelerate project completion.
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		
Nevada	X	Nevada built long-run CIPs in the 2000s, but starting in 2009 it was not clear when Nevada would next be able to fund anything besides major maintenance, so long-run CIPs were discontinued. We plan to reinstate them for the CIP presented to the 2015 legislature.
New Hampshire		
New Jersey		
New Mexico	X	New Mexico has been reforming the capital process for the last several years. This year the Governor issued an Executive Order (2013-0006) requiring state agencies to ensure that grantees comply with auditing, budgetary and financial reporting requirements. In addition, a panel made up of state and legislative members developed rating and ranking criteria to be used to prioritize capital projects. The criteria focused on health and safety, project completion, and economic development projects.

NOTE: *See Notes to Table 19 on page 56.

Table 19: Significant Changes to the Capital Planning or Capital Budgeting Process in the Last Five Years

State	State Made Significant Changes to the Capital Planning or Capital Budgeting Process in the Last Five Years	Description of Change to the Capital Planning or Capital Budgeting Process
New York	X	Governor Andrew Cuomo created the New York Works Task Force in 2012, consisting of leading finance, labor, planning and transportation professionals to coordinate New York's capital plans across 45 state agencies and authorities, oversee investment in projects and access to funding and facilitate the creation of thousands of jobs. The Task Force published the State of New York Statewide Capital Plan (May 2013), providing a comprehensive strategic planning document with a longer-term perspective of 10 years, rather than 5 years as mandated by statute for the Capital Program and Financing Plan issued by the Division of the Budget.
North Carolina		
North Dakota		
Ohio		
Oklahoma	X	State Legislature created a Maintenance of State Buildings Revolving Fund to fund projects recommended through the Capital Improvements Plan. THe CIP is now automatically approved 45 days after submittal to Legislature, if no action is taken.
Oregon	X	Resources have been authorized to enhance the scope and quality of the six-year capital plan. Additional reporting requirements have been added to the budget and capital review processes to identify maintenance and utility budgets as well as deferred maintenance prioritized by criticality of need. Efforts to develop systems to identify life-cycle cost needs at larger agencies have been authorized.
Pennsylvania	X	Changed criteria for authorizing economic development projects.
Rhode Island*		
South Carolina	X	Due to budget constraints beginning in 2009, the capital planning process, a five year plan updated annually, was suspended due to lack of state funding for capital purposes. That process, called the Comprehensive Permanent Improvement Plan, will be resurrected in winter 2013/14 for reporting the period beginning with FY 14–15 and ending with FY 18–19.
South Dakota		
Tennessee		
Texas		
Utah		
Vermont	X	In 2011 unlike previous acts relating to capital construction and state bonding, the legislature moved to a temporary biennial capital budgeting cycle designed to accelerate the construction dates of larger projects. It was the intent this would only apply to FY 2012 and FY 2013. In May of 2013 the General Assembly agreed to permanently approve a biennial capital budgeting cycle. In addition, the form of the annual capital budget shall now be accompanied by, and placed in the contect of a ten-year state capital program.
Virginia	X	In 2008, legislation was enacted that had the following primary requirements: 1. Projects to be funded with general fund appropriations or proceeds from tax-supported bonds were to be grouped together and funded through central pools, rather than provided separate appropriations in the Appropriation Act; 2. Projects would be funded in stages: planning, construction, and equipment; 3. The Governor would submit annually a six-year capital outlay plan; and 4. A joint executive/legislative panel was established to recommend annual changes to the six-year plan.
Washington		
West Virginia		
Wisconsin		
Wyoming		
District of Columbia	X	The District of Columbia simplified the process of budgeting for Federal Highway Trust Fund projects.
Total	**15**	

NOTE: *See Notes to Table 19 on page 56.

CHAPTER 2: TABLE NOTES

Organization of the Capital Budget and Planning Process

Notes to Table 11: The Capital Planning Process

Colorado	Departments are required to submit a 5-year plan with their annual capital construction budget request.
Florida	State of Florida has a decentralized real estate portfolio management structure meaning no single agency manages all of the state owned assets. Therefore, there is no single agency that is considered to be primarily responsible for a statewide CIP. Department of Management Services is the only agency with the core mission of real estate management and is contacted by the legislative staff to review and validate other agency CIPs. Department of Management Services has established criteria for prioritizing our CIP requests, but does not have an insight into other agency prioritization methods.
Georgia	Capital Improvement Plans are maintained by each agency. The CIP contains the budgeted fiscal year and 4 years of projections.
Hawaii	The Capital Improvement Plan is for the current biennium plus four planning years.
Indiana	Department of Administration is responsible for managing capital projects, however they are not tasked with managing other agencies Capital Improvement Plans.
Massachusetts	The Executive Office for Administration and Finance manages the fiscal planning of the capital budget, but projects are managed by various capital agencies. Agencies manage the cost and progress of projects for vertical, horizontal, and IT capital projects.
Michigan	Entities participating in the capital outlay process (state agencies, universities, community colleges) are statutorily required to submit Five-Year Capital Outlay Plans to the Department of Technology, Management and Budget.
Minnesota	Agencies identify needs/requests over a 6 year period for governor and legislative review.
Nebraska	The CIP is 6 years (three 2-year biennial budget segments).
Nevada	Previously Nevada had 10 year CIP. There are plans to re-instate a long-run plan to be presented to the 2015 Legislature.
New Hampshire	In accordance with NH RSA 9:3-a, all state agencies are required to submit their 6 year capital budget requests, "by May 1 before the opening of the biennial legislative year." The Department of Administrative Services gathers the 6 year capital budget requests and forwards them to the Governor and Legislature for their respective review and consideration. There is no department that maintains the 6 year plan after it is submitted as part of the capital budget submission.
New York	Five years for the Capital Program and Financing Plan issued with the Executive and Enacted Budgets (statutorily defined), with a 10-year comprehensive plan published by the New York Works Task Force in conjunction with the New York State Division of the Budget. In May 2013, the NY Works Task Force released the State of New York Statewide Capital Plan, a comprehensive 10-year capital program, including capital investment data for both state agencies and public authorities (http://www.nyworkstaskforce.ny.gov).
North Dakota	Individual agencies and institutions maintain their own capital improvement plans or facility master plans.
Pennsylvania	Projects remain on the plan from authorization to closeout; currently goes back to 1974.
South Dakota	The CIP is at least 5 years out—longer if that information is available. Higher education usually has a 10 year capital construction legislation.
Tennessee	The CIP includes year 1 plus 4 planning years.
Vermont	Effective July 1, 2013 the form of annual capital budget submitted to the General Assembly shall be accompanied by and placed in the context of a 10-year state capital program plan to be prepared, and revised annually.

CHAPTER 2: TABLE NOTES

Organization of the Capital Budget and Planning Process

Notes to Table 12: The Capital Planning Process Continued

Kansas	The capital budget is simply a part of the regular budget but not all five years are shown in that public document.
Michigan	Five-Year Plans are required to be available on the respective state agency and institution Internet sites as of November 1, 2013 (in preparation for the FY 2015 budget cycle).
New York	The New York State Capital Program and Financing Plan (statutorily required): http://publications.budget.ny.gov/budgetFP/2013-14CapPlan.pdf also the NY Works Task Force Plan: http://nyworkstaskforce.ny.gov/Statewide-Capital-Plan.pdf
South Carolina	The 5-year capital improvement plan was suspended from 2010 to 2013 due to budget issues. The last five year plan for 2009 is available on the internet. The five year plan will resume in 2014 and be available on the internet in later Summer 2014.

Notes to Table 13: Capital Project Management

Florida	Florida Department of Management Services does managed capital outlay projects at the request of the department or agency or as directed by the Legislature. Some of these capital outlay projects are part of the Florida Facilities Pool and some of these are agency owned buildings. As of November 5, 2013, Department of Management Services was overseeing 121 capital outlay projects totaling $181 million.
Indiana	Department of Administration is responsible for managing capital projects, however they are not tasked with managing other agencies Capital Improvement Plans.
Kansas	Agencies are generally responsible for managing their own capital projects. Within the Department of Administration, the Office of Facilities and Procurement Management does assist with the architectural and engineering aspects of such projects.
Massachusetts	The Executive Office for Administration and Finance manages the fiscal planning of the capital budget, but projects are managed by various capital agencies. Agencies manage the cost and progress of projects for vertical, horizontal, and IT capital projects.
Minnesota	The Real Estate management of our department of Administration play a central role in review the design plans and costs of most capital requests, and manages the implementation of capital projects for a limited number of agencies. MMB advise legislators on available financing mechanisms.
New Hampshire	New Hampshire does not have central group to oversee the entire capital budget, however the Department of Administrative Services, Bureau of Public Works Design and Construction is responsible to manage any building construction or renovation projects over $25,000.
New Mexico	The General Services Department, Facilities Management Division oversees a majority of the state owned capital projects thereby acting as the central agency for state buildings.
Rhode Island	The state does have a central agency that manages capital projects, however certain projects are managed by the agency receiving the capital funds. This is predetermined prior to the start of the project.
Texas	There is no central capital project agency. The responsibilities for capital projects are carried out by several agencies such as the Facilities Commission, the Texas Higher Education Coordinating Board, and the Comptroller's Office.
Virginia	There are two agencies with primary responsibility: the Department of Planning and Budget (DPB) and the Department of General Services (DGS). DPB is primarily responsible for reviewing agency capital requests from a programmatic perspective and making recommendations to the Governor and for managing the funding of projects. DGS is responsible for cost estimation of proposed and approved projects and for reviewing agency planning documents from an architectural and engineering perspective.

CHAPTER 2: TABLE NOTES

Organization of the Capital Budget and Planning Process

Notes to Table 14: Capital Budget Cycle and Capital Project Approval

Alabama	Alabama does not have a separate capital budget. Capital appropriations are included in the annual appropriation process.
Florida	The Board of Trustees of each College or University must approve a list of capital outlay project requests to be submitted to the State Board of Governors under the State University System for review and approval.
	The Office of Educational Facilities under the State Board of Education provides technical support and information for all issues related to educational facilities planning, funding, construction, and operations throughout Florida's K-20 Education System. The Office of Educational Facilities maintains a five-year educational work plant survey for those education capital outlay projects that have been recommended and approved.
Massachusetts	An annual capital budget is not required to be passed; however a capital investment plan is published, implemented and reviewed yearly.
Minnesota	The capital budget process in statute is a biennial process. However, there is usually a smaller, more informal bill enacted in odd year or special legislative sessions.
Nevada	Public Works Board appointed by the Governor reviews agencies' requests and makes recommendations to the Governor.
New Hampshire	The capital budget requests are initially submitted and reviewed by the Governor. The Governor is required to submit his/her capital budget plan to the General Court by February 15 of each odd numbered year. Hearings are then held in the House and Senate with the capital budget being eventually approved by the General Court and the Governor.
New York	Prior to enactment of the State Budget, the State Legislature, together with the Director of the Division of the Budget, convene budget hearings to review all components of the budget, including capital projects.
Texas	The Governor's Office of Budget, Planning, and Policy and the Legislative Budget Board review the capital projects.
Virginia	The capital budget is included in a biennial appropriation act, but has become, in reality, an annual process. A joint legislative/executive review panel recommends to the Governor changes in the annual six year capital outlay plan, but does not have ultimate control of what is included in the plan.

Notes to Table 15: The Capital Budget Document

Indiana	The Capital Budget is a section in the Operating Budget.
Nevada	Full document is not online. Hyperlink is to summary only.
New Hampshire	The capital budget is developed separately. The Operating Budget includes information about the availability of funding and may highlight the priorities to be funded in the capital budget request.
Oregon	Governor's Capital Budget is at Section L of following document.http://www.oregon.gov/gov/priorities/Documents/GBB_Complete.pdf
Virginia	Both the operating and capital budget are included in a single appropriation act. However, they are in separate, distinct parts of the act.
Wisconsin	The capital budget is incorporated into the Biennial Budget Bill.

Notes to Table 16: Sources of Capital Budget Authority

Connecticut	Other—Bond bills.
District of Columbia	Other—The District of Columbia Home Rule Act (federal legislation).
Kansas	Other—Budget instructions to agencies issued by the Division of the Budget.
Mississippi	Other—Revenue and bond bills.
Missouri	Other—Statute: Chapter 33, Section 33.220. Code of State Regulations, Division 30, Chapter 2.
New York	Other—New York State also requires agencies to follow Budget Request Manual directives and Budget Policy and Reporting Manual guidelines issued by the Division of the Budget in the preparation of capital budgets for the Executive Budget and for ongoing budgeting transactions.

CHAPTER 2: TABLE NOTES

Organization of the Capital Budget and Planning Process

Notes to Table 17: Entities Eligible to Make Requests for Capital Expenditures

Alaska	Other—Municipalities and non-profits.
California	Other—Only state agencies make requests for capital expenditures.
Georgia	Other—Only state entities may request capital funding (agencies, departments, authorities, commissions, and boards).
Hawaii	Other—Other entities may request appropriations for capital expenditures through the Legislature.
Idaho	Other—State hospitals.
Kansas	Other—Any state agency that owns its own buildings or other physical assets.
Nevada	Other—State-owned mental health and correctional hospitals are the only hospitals receiving capital expenditures.
New Mexico	Other—Public schools, special districts, political subdivisions, special districts, municipalities and counties.
New York	Other—State agencies are responsible for requesting capital expenditures through formal Budget Request submissions to DOB based on agency priorities and needs. The requests are initiated through a formal process that requires agencies to submit spending requirements and goals for the upcoming fiscal year. Agency proposal requests are reviewed by the Budget Director, with recommendations to the Governor for inclusion in the Capital Projects Budget Bill as part of the Executive Budget submission to the Legislature. The final provisions are contained in the Enacted Budget as approved by the Legislature and signed into law by the Governor.
Oregon	Other—Local governments and private authorities can request capital grants through various established programs, such as "Connect Oregon" and the Seismic Rehabilitation Grant Program, or through Lottery Bond allocation process.
South Dakota	Other—Private organizations could ask a legislator to bring forward a piece of legislation.
Texas	Other—Appellate courts can make requests for capital expenditures. Private hospitals are not eligible, but a small portion of state hospitals can make capital expenditure requests.
Virginia	The only hospitals that may submit capital outlay requests are those that are affiliated with a state medical school.
Washington	Funding for private organizations are in the form of grants.

Notes to Table 18: Capital Budget Requests and Estimating the Fiscal Impact on Future Operating Budgets

Alabama	There is not a separate capital budget request. Annual budget requests include requests for capital appropriations and/or appropriations for maintenance on completed projects.
Oregon	This information is required in the CPAB review process—not directly in budget request process.

Notes to Table 19: Significant Changes to the Capital Planning or Capital Budgeting Process in the Last Five Years

Rhode Island	The capital budget process has been the same for the last 5 years, however we are in the process of making some major changes to the way we evaluate and process the capital budget. These changes will be seen in the FY 2015 capital budget submission.

CHAPTER 3:
CAPITAL BUDGET DEVELOPMENT AND EXECUTION: PROJECT SELECTION, COST ESTIMATION AND TRACKING

The demand for capital improvements and new infrastructure investments generally exceeds available resources. States adapt to resource constraints by prioritizing capital project requests based upon various criteria. Priorities help agencies, facilities planners, the legislature and the budget office determine which capital projects should be included in the capital budget, which should be placed in the capital improvement plan (CIP) for future consideration, and which should be scrapped altogether. The prioritization process therefore serves to limit the scope of choices from an array of potential projects. Assessing the capacity to pay for capital projects from debt, cash or a combination of both can inform the prioritization process.

States rely upon different types of criteria to help set priorities and determine the relative importance of capital projects under consideration.

States rely upon different types of criteria to help set priorities and determine the relative importance of capital projects under consideration. State priorities are most commonly set by analyzing problem severity or urgency-of-need, assessing threats to public health and safety, and by executive and legislative decision outcomes. A number of states also set priorities on a functional basis (parks and recreation, corrections, education, etc.), on the basis of service demands, by utilizing cost-benefit analysis or a formal scoring system. For states, priorities are constructed through a combination of criteria that converge to identify those capital projects that meet the states' most important needs. (See Table 21)

States also have additional, concrete evaluation and review processes that link capital projects with agency and program objectives.

By establishing priorities, a broad framework for building a capital budget and evaluating capital project requests is put in place. States also have additional, concrete evaluation and review processes that link capital projects with agency and program objectives. For most states, this begins with detailed justification and supporting documents that comprise the capital project request. The budget office is generally responsible for reviewing capital requests in conjunction with agency and program objectives. For example, California's agencies are required to identify the purpose of the project, the problem it is addressing, how it relates to a strategic plan and the project's relevance for the overall mission and goals of the agency. Other states, such as Delaware and Texas, link capital budget requests to objectives through the use of performance measures. In New Jersey, budget office staff visit facilities to verify that project requests will meet program objectives. And in Maine, capital requests are analyzed on the basis of fiscal, strategic and operational needs. Familiarity with an agency's operating budget can also provide a better context for understanding how well a capital project achieves programmatic and strategic objectives. (See Table 22)

Familiarity with an agency's operating budget can also provide a better context for understanding how well a capital project achieves programmatic and strategic objectives.

In addition to capital project review, aggregate CIP and capital budget analysis can enhance capital planning, decision-making, and individual project selection and management. Review of the capital budget and CIP in their entirety can help planners potentially eliminate duplicative projects or understand how one project may impact another. Intense scrutiny of capital requests in the aggregate has historically been more critical at the local level, particularly for urban planners with geographically concentrated development. For instance, planners seek to avoid paving a road just before tearing it up for a new sewer system. Although state capital projects are more disperse, project selection and management can be enhanced by analyzing requests on a statewide basis. Because capital projects are long-term commitments of physical, financial and human resources, steps should be taken to reduce waste or duplication, limit scheduling errors, and identify cost savings and revenue producing projects. Reviewing capital proposals on a statewide basis can also assist with priority setting, project timing and financing, as well as coordination between levels of government. (See Table 22)

Because capital projects are long-term commitments of physical, financial and human resources, steps should be taken to reduce waste or duplication, limit scheduling errors, and identify cost savings and revenue producing projects.

Once priorities are in place and programmatic objectives are clearly linked to the capital project, cost estimates must also be reviewed. Generally cost estimates are included in the capital project request and are subject to review by the state budget office and/or a facilities planning office or a joint committee. Agencies (the end users of the project) and/or facility planners develop cost estimates with assistance from architects, engineers, operating and maintenance managers, consultants, contractors and cost estimating manuals. Cost estimates may be produced entirely by employees of the state or in conjunction with outside entities. States use a variety of methods to develop and review cost estimates, and much of a project's success depends on accurate costing and budgeting. States such as Idaho, Indiana and South Dakota require more than one cost estimate before a project is advertised for bid. Additionally, once a project is advertised, states often have contracting laws that require more than one project bid prior to award. States such as also Hawaii, Mississippi and South Carolina develop different cost estimates at various stages including the initial estimates, schematic design for construction and during the construction phase. (See Table 23)

Techniques for developing cost estimates include cost standards building type, gross square footage/space utilization standards, life-cycle costing, market comparison and historical comparison for similar projects. (See Table 24) States most commonly use cost standards building type and space utilization standards in the development of cost estimates. Thirty states also consider life-cycle costs or the costs to operate and maintain the asset for its entire life-cycle. Although future operating costs are considered by states, these costs do not necessarily have any claim on future appropriations. While most states consider historical costs for similar projects, these should be considered in conjunction with current opportunity costs. Budget planners and decision-makers can know what similar projects cost in the past, but the opportunity costs, or the sacrifice of foregone alternatives in the present, provide context for the current costs of the project.

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Eligible costs allowed in the cost estimate include items such as land acquisition, equipment, furniture and fixtures, communications and information technology (IT), and project management costs or soft costs. Thirty-seven states also include inflationary costs in the cost estimate or costs due to rising prices. Inflationary costs are often determined by using industry standards or regional factors. Twenty-five states also include project financing costs in the cost estimate, or costs incurred from hiring a bond council or a financial institution to assist with project financing or marketing. Communications devices and IT are eligible costs in 37 states. (See Table 25)

While initial cost estimates may be determined reasonable and consistent with the project proposal, projects can be susceptible to scope changes that potentially increase complexity, scale, and ultimately costs. States have various procedures in place to track the status of capital projects once they are underway. For many states, the requesting agency is responsible for day-to-day monitoring of the project. Periodic reports, filed with the budget office or facilities planning office, often include information on progress towards major milestones and actual expenditures compared to budget. By tracking budget and expenditure dynamics, fiscal officers can better assess the progress of the project and identify cost overruns as well as problems of scope at different stages of construction. Kansas, for example, tracks projects to determine whether or not unused state funds may be repurposed for another project.

By tracking budget and expenditure dynamics, fiscal officers can better assess the progress of the project and identify cost overruns as well as problems of scope at different stages of construction.

Because projects are often multiyear endeavors, state tracking procedures should be ongoing with early warning capabilities to keep projects on time and within budget. States that require agencies to produce quarterly or monthly progress reports include California, Delaware, Michigan, Nebraska, Nevada, New Hampshire, Rhode Island, Texas and Washington. Other states, such as Kentucky and Oregon, have additional monitoring procedures for large scale IT projects, which carry different risks from traditional capital projects. A number of states including Mississippi, Missouri, Nevada, New Jersey, and New Mexico also utilize construction or contract management software to track the status of capital projects. (See Table 26)

Cost overruns may be attributable to inaccurate cost estimates or poor project management, although large scale infrastructure projects can encounter unforeseen challenges that lead to higher than expected costs. Such challenges can result in scope creep or significant adjustments that increase costs, and may lead to completion delays or increased project complexity. States have different fiscal and managerial tools to handle cost overruns that can vary depending on the project. States may address cost overruns through supplemental capital appropriations, scope reduction or project redesign, a preapproved contingency amount, fund transfers (possibly excess amounts from other capital projects), or through pooled or revolving funds. For example, Ohio agencies handle cost overruns by first seeking to reduce project costs, then request a transfer of excess funds from other projects, and finally if necessary, seek additional funding as part of the capital budgeting process. In Hawaii, excess funds for completed projects may be transferred to an appropriate project adjustment fund and utilized upon the governor's approval. Oklahoma meets cost overruns through a revolving maintenance fund, and certain projects in Virginia are pooled and accessible through a designated fund. (See Table 27)

States have different fiscal and managerial tools to handle cost overruns that can vary depending on the project.

Forty-one states include a contingency amount to cover potential cost overruns as part of the capital budget request. Contingency amounts that are included in a project's budget can improve spending flexibility, increase efficiency, reduce project management costs and support timely completion of the project. Contingency funds deliver these benefits because project delays can increase costs; and additional time and resources are needed to submit and receive approval for supplemental funding requests. The contingency amount included in a project budget is generally a small percentage of the overall cost that may range from 2 to 10 percent, with 5 percent being common. However, capital projects with greater unknown challenges, such as complicated renovations, may include a higher contingency amount. Contingency amounts for such renovation projects are closer to 15 percent of the total cost in states such as Florida, Wisconsin, and Michigan. (See Table 28)

Contingency amounts that are included in a project's budget can improve spending flexibility, increase efficiency, reduce project management costs and support timely completion of the project.

States also have rules regarding unexpended funds for incomplete capital projects at the end of the budget cycle. In general, unused funds for incomplete projects may be carried forward to the next fiscal year until the project is completed or for a specified number of years. However, unused funds in some states, such as Colorado, Illinois, Mississippi, and New York, must be re-appropriated by the legislature. The source of funds can also determine how unspent amounts are treated at the end of the budget cycle. For example, proceeds from bonds generally do not lapse and may be used for designated purposes in subsequent years. And in some states, such as Maryland, Ohio and Tennessee, once project funds are unencumbered, they may be redirected to finance other projects. (See Table 29)

For example, proceeds from bonds generally do not lapse and may be used for designated purposes in subsequent years.

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Identify the criteria used to set capital infrastructure priorities and understand how priorities influence the selection of capital projects. Capital selection criteria and priorities should be aligned to assist with the capital needs assessment and selection process. Clear definitions or examples of criteria, such as an emergency, severe problem or potential health and safety risk should be established. Additionally, the built-in assumptions as well as strengths and weaknesses to cost-benefit models and formal scoring systems should be transparent. A good way to determine the relevancy of priorities in the capital budgeting process is to compare actual project selections with the priority list.

- **As part of analysis and review of capital project requests, states should verify that programmatic objectives are achieved through the capital project.** Program outcomes and strategic missions should be defined and linked to capital investments. Capital requests should include the purpose of the project, the problem it is addressing, how it relates to a strategic plan and the project's relevance for the overall mission and goals of the agency. Some states have integrated performance measures for capital projects to link program outcomes with capital spending decisions.
- **Capital spending requests should be compiled and analyzed on a statewide basis.** Steps should be taken to reduce waste or duplication, limit scheduling errors, and identify cost savings and revenue producing projects. Comprehensive review of proposed capital projects can improve project scheduling, financing, and coordination across agencies or levels of government. Evaluate cost estimating methods to measure their validity. Even though the expertise for estimating methods is often with the architects and engineers outside the budget office, budget analysts should be able to understand the underlying assumptions and methods used in the cost estimates in order to thoroughly review project requests. Analysts should also check to see that expenditure items are not included in both the operating and capital budget, such as equipment or wages for project managers.
- **Establish a reliable tracking system to keep projects on schedule and within budget.** The project tracking system should be ongoing and have early warning capabilities when projects exceed costs or schedule by including information on progress towards major milestones and actual expenditures compared to budget. Some projects, such as complex IT upgrades, may require greater oversight or regular meetings with project managers to limit budgetary risks.
- **Assess the likelihood of cost overruns and know how they will be handled.** Cost overruns can be mitigated by limiting scope creep, through fund transfers or by including contingency funds that align with a project's level of risk. Eliminate the "spend it or lose it mentality" by allowing agencies to keep unspent project funds for future capital needs. This results in a funding source for cost overruns and leads to a more efficient use of capital budget dollars.

Table 20: Prioritization of Capital Projects on a Statewide Basis

State	Functional Areas, (e.g., human services, corrections, natural resources, etc.)	Health and Safety	Problem Severity/ Urgency	Service Demands	Governor's Priority	Cost-Benefit Analysis	Formal Scoring System	Legislative Priority
Alabama			X		X			X
Alaska	X	X	X	X	X			X
Arizona	X	X	X	X	X	X		X
Arkansas			X		X		X	X
California		X	X	X	X			X
Colorado		X	X	X	X			X
Connecticut	X		X		X			
Delaware		X	X		X	X		X
Florida	X	X	X	X	X	X		X
Georgia	X	X	X	X	X	X		X
Hawaii		X	X	X	X			
Idaho			X		X			X
Illinois	X	X	X	X	X	X	X	X
Indiana	X	X	X	X	X			
Iowa			X		X			X
Kansas		X	X	X	X			X
Kentucky					X			X
Louisiana	X	X	X		X			X
Maine		X	X	X	X			X
Maryland	X	X	X	X	X	X		
Massachusetts	X	X	X	X	X	X	X	X
Michigan	X	X	X	X			X	X
Minnesota			X		X			X
Mississippi	X	X	X		X			X
Missouri	X	X	X	X	X	X	X	X
Montana		X	X		X	X	X	X
Nebraska		X	X		X	X	X	X
Nevada		X	X	X	X	X		X
New Hampshire	X	X	X	X	X	X		X
New Jersey		X	X	X	X	X	X	X
New Mexico		X	X		X		X	X
New York	X	X	X		X	X	X	X
North Carolina		X	X			X		
North Dakota		X	X	X	X	X		
Ohio		X	X	X	X	X		
Oklahoma	X	X					X	
Oregon		X	X	X	X	X		X
Pennsylvania	X							
Rhode Island	X	X	X	X	X	X	X	X
South Carolina					X			X
South Dakota	X	X	X	X	X	X	X	X
Tennessee		X	X		X	X	X	X
Texas	X	X	X		X			X
Utah							X	
Vermont		X	X	X	X			X
Virginia		X	X		X			X
Washington	X	X	X	X	X	X	X	X
West Virginia	X	X	X	X	X			X
Wisconsin		X	X	X	X			X
Wyoming		X	X	X	X	X		
District of Columbia			X		X		X	X
Total	**22**	**40**	**45**	**28**	**45**	**23**	**16**	**39**

Table 21: Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met	
State	**Brief Description of Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met**
Alabama	There is no formal process in place.
Alaska	A budget review team weighs available funding, program objectives, department needs, Governor's priorities, and recommends a budget for consideration by the Legislature.
Arizona	The process involves agency presentations prior to annual requests, consideration of the competing proposals, assignment of priorities by Executive and Legislative staff, agency presentation to joint meetings of the legislature, and high level negotiations between Executive and Legislative leadership.
Arkansas	Monitoring by the Office of Budget.
California	Agencies are required to identify the purpose of the project, the problem it is addressing or the programmatic need for the project, or the infrastructure deficiency. Agencies also need to identify how the request relates to their strategic plan, and relevance of the need for the project to the mission and goals of the agency.
Colorado	The Office of State Planning and Budgeting and the Colorado Commission on Higher Education annually prioritize all state-funded (Capital Construction Funds or COP-funded projects) capital construction project requests prior to submission to the General Assembly. Projects costing less than $2 million CCF that are granted a waiver from the program planning requirements are prioritized alongside projects with costs exceeding $2 million. OSPB does not review or prioritize 100% cash-funded projects for institutions of higher education, but does for non-higher education departments.
Connecticut	Detailed justification and supporting documents are required for a submission.
Delaware	Track agency performance measures through annual operating budget requests.
Florida	The State of Florida has a decentralized real estate portfolio management structure for its owned assets. Because agencies manage their own assets, there is not a uniform statewide criterion for review and analysis to ensure that program objectives are met. Department of Management Services is tasked with reviewing capital projects submitted by the user agency and reviews overall cost in order to validate that the correct amount of funding is being requested. However, there is no single group or agency that is responsible for the prioritization of projects on an enterprise wide basis. Department of Management Services reviews and prioritizes projects on the basis of health and safety, problem severity, service delivery and cost benefit. In order to meet program objectives, technical staff review all documents prior to bid in order to make sure that Department of Management Services construction specifications and standards have been met.
Georgia	Requests are reviewed related to the state and agency strategic plans and evaluation factors such as project importance, urgency, expected benefits, and leveraging of non-state funds (e.g. project federal funding).
Hawaii	Department of Budget and Finance analyzes and evaluates project requests to ensure projects support program objectives.
Idaho	Review by Governor's budget analyst
Illinois	The primary objective of the capital budget is to ensure quality infrastructure. Therefore, capital requests are evaluated in terms of how they achieve that objective. The purpose of the request is reviewed to ensure that it will have a positive effect on infrastructure. Projects are also evaluated in terms of the contribution of the project to promoting operational efficiencies.
Indiana	By involving GEFP, Government Efficiency and Financial Planning in the early stages. Funding requests are also tied to program metrics
Iowa	Capital projects are presented to the Governor for his review for priorities. Recommended projects are presented to the Legislature for their review and approval.
Kansas	Agencies provide narrative outlining their requests to Division of the Budget. DOB analysts review the requests and makes recommendations on what projects should be authorized, when balanced against available revenues and demand for services (bedspace for correctional inmates or civilly committed sex offenders). The Governor then makes his or her own adjustments to what Division of the Budget recommends and then the Legislature reviews it all and makes the appropriations.
Kentucky	Agencies submit prioritized capital plans, followed by formalized capital budget requests which are reviewed by the Office of State Budget Director. In consultation with OSBD and the agencies, the Governor then includes his priority projects in his Executive Budget recommendation.
Louisiana	Evaluated for completeness, feasibility of proposed work, and compliance with statutory requirements.
Maine	Agency requests capital projects based on fiscal, strategic and operational needs. The Bureau of General Services reviews for risk management, leased space impact and architectural/engineering considerations.
Maryland	Review and analysis by the Department of Budget and Management. Review of project justification, costs, schedules, alternatives.
Massachusetts	First, capital requests are evaluated by assessing how much existing capital spending is affordable each year. Next, projects are vetted through associated agencies and submitted to the Executive Office for Administration and Finance to determine the project's urgency, cost effectiveness, and if it meets with the Administration's priority.

Table 21: Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met	
State	**Brief Description of Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met**
Michigan	Statute contains a set of minimum criteria for evaluation purposes: a) investment in existing facilities/infrastructure; 2) life and safety deficiencies; 3) occupancy and utilization of existing facilities; 4) integration of sustainable design to enhance the efficiency and operations of the facility; 5) estimated cost; 6) institutional support; 7) estimated operating costs; 8) impact on tuition, if any; 9) impact on job creation in the state; and 10) history of prior capital project appropriations.
Minnesota	Agencies develop, prioritize and justify initial requests. Each request is analyzed by the Minn Management and Budget staff and governor's staff to provide Governor with additional information and advice.
Mississippi	The Using Agencies present requests to the Bureau of Building, Grounds and Real Property Management which reviews them and presents an annual recommendation to the Joint Legislative Budget Committee.
Missouri	Requests must fulfill program objectives and are thoroughly reviewed in relation to agency strategic plan.
Montana	Each formal request lists from each agency is compiled into a state list. All projects must explain the purpose and use of the building. The cost of the building must be included and if needed the cost of land acquisition. The agency's need for the building must also be included. Each agency must prioritize their list of requests.
Nebraska	Capital projects are reviewed by the State Building Division and the State Budget Division, with regard to program objectives. For Higher Education, a Coordinating Commission for Postsecondary Education reviews and prioritizes Higher Education projects in relation to overall objectives
Nevada	Public Works' project managers reviews and discuss with agencies. Projects are reviewed by other project managers, then by Public Works' management, discussions with the requesting agency's management, then projects are presented to the outside Public Works Board in public hearings, which discusses projects and makes recommendations to the Governor, who makes decisions and recommends to the Legislature, which hears input from both Public Works and the requesting agencies in money subcommittee.
New Hampshire	The Department of Administrative Services is required to provide quarterly progress reports to the legislature regarding the status of all capital budget projects. The reports are submitted to the joint legislative capital budget overview committee for review.
New Jersey	Agency capital requests are required to describe how the capital project impacts upon program objectives. OMB capital budgeting staff visit facilities to verify that project requests will meet program objectives.
New Mexico	Capital projects are identified in the State Infrastructure Capital Improvement Plan and the Local Infrastructure Capital Improvement Plan. State agency and higher education institutions are provided an opportunity to present their capital projects in a hearing. Projects are evaluated using a rating/ranking process.
New York	Formal Budget Requests are submitted annually by agencies several months prior to the introduction of the Executive Budget by the Governor. The requests are initiated through a formal process that requires agencies to submit spending requirements and goals for the upcoming fiscal year. Agency proposals are reviewed by the Budget Director, with recommendations to the Governor for inclusion in the Capital Projects Budget Bill as part of the Executive Budget submission to the Legislature. The final provisions are contained in the Enacted Budget as approved by the Legislature and signed into law by the Governor.
North Carolina	State agencies submit Capital Improvement requests and are able to describe on the request form how their mission and goals would be met if the project is approved for funding.
North Dakota	Each project request is reviewed objectively to determine the need and relative benefit for the state.
Ohio	Requests are reviewed by the budget analysts assigned to the agency and recommendations are based in large part on the greatest need relative to the agency's primary mission.
Oklahoma	Project requests are currently reviewed at the agency-level for meeting program objectives. In future years, the central Capital Planning unit intends to initiate reviews of project requests against each agency's strategic plan.
Oregon	State agency facility projects are reviewed from a real estate/facilities perspective by the Capital Projects Advisory Board (CPAB). CPAB reviews lease v build/buy analyses, future operating costs, etc. CPAB makes recommendations to the Director of the Department of Administrative Services (DAS). From a program delivery/state priority perspective, the DAS Budget and Management Division evaluates projects individually and budget-wide, making recommendations to the Governor for inclusion in the Governor's Recommended Budget. The Legislative Assembly than reviews, approves and modifies the Governor's proposals at their discretion. Note: CPAB is authorized in state law (ORS 276.227) which requires in part, a statewide planning process that evaluates the needs of the state's facilities, provides comparative information on the condition of the state's facilities, establishes guidelines and standards for acquiring, managing and maintaining state facilities and provides financing and budgeting strategies to allocate resources to facilities' needs.
Pennsylvania	Budget Office and agencies meet to prioritize projects via a five year capital budget plan.
Rhode Island	There are several steps in the review process: a. The capital request is submitted from the agencies to the budget office, where the budget analyst will review the requests and follow-up with the agencies with questions regarding the request. b. The analyst will make a recommendation, based on his/her research, to the state budget officer. c. He or she will review the recommendation and make a recommendation to the Capital committee. d. The capital committee with review all the data that has been reviewed to date and make a final recommendation to the Governor. e. The governor will review the recommendation with staff and will approve and submit a capital budget to the Legislature. f. The Legislature will review the budget, make changes and approve a final capital budget.

Table 21: Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met	
State	**Brief Description of Analysis and Review of Capital Budget Requests to Better Ensure Program Objectives Are Met**
South Carolina	All capital projects not included in the capital budget must be reviewed and approval by a joint legislative committee, Joint Bond Review Committee, and a quasi-executive/legislative agency, the Budget and Control Board. Because the bodies include key legislative members, the Governor, Comptroller General and State Treasurer, key goals of the state are considered in the review and approval of projects by these state-level officials.
South Dakota	The Bureau of Administration is in charge of reviewing them for need, etc. The Bureau of Finance and Management reviews projects for finances. Higher Education projects financed privately are mainly scrutinized for future operating needs.
Tennessee	Capital requests are reviewed at an agency level, then by a review team including fiscal staff and agency program staff, with assistance of consultants to help recommend needs.
Texas	The state agencies and institutions are required to provide performance measures in their requests and to give the data necessary to determine the effect their request will have on the state's budget and debt capacity. The Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy review the requests. If approved in the General Appropriations Act, the State Auditor's Office can audit the projects to determine whether the measures are being met.
Utah	Analysis by Division of Facilities, Construction, and Management, Governor's Office of Management and Budget, and Legislative Fiscal Office.
Vermont	Under the Ten-Year Capital Program plan we are currently developing a proposal with the legislature that shall include definitions and criteria to be used for prioritizing capital projects. Projects may be prioritized based on criteria including: critical priorities, prior capital allocations or commitments, strategic investments, and future investments.
Virginia	The budget analyst that has the responsibility for reviewing and making recommendations for an agency's operating budget also has the responsibility for that agency's capital requests. Therefore, the person reviewing the capital requests is familiar with the agency's programs and objectives.
Washington	Agency budget requests are reviewed by capital budget analysts in the Office of Financial Management (OFM) for consideration in the Governor's proposed capital budget. OFM analysts use a number of methods to analyze agency budget requests. Internal budget deliberations meetings are held within OFM to discuss the analyst recommendations. The budget recommendations are then taken to the Governor for consideration. The budget recommendations are made based upon priorities and criteria set by the Governor and the Office of Financial Management. The legislature has its own separate process it uses to review project requests for inclusion in the final budget.
West Virginia	Capital project requests are reviewed and analyzed at the agency level.
Wisconsin	Facilities Development staff reviews each project request to determine if the project meets the objectives of the agency and enterprise.
Wyoming	Through assessment.
District of Columbia	DC has a formal Capital Budget Team that reviews agency requests for projects and budgets. After their review and recommendation, Deputy Mayors and the City Administrator formally score the projects before making a recommendation to the Mayor, who then formally submits his request to the Council for their review and action - prior to finalizing a consensus budget that is submitted to Congress and the President.

Table 22: Analyzing Capital Budget Requests in Aggregate

State	Potential Cost-Savings	Waste or Duplication	Scheduling Problems	Potential to Delay Projects	Potential Revenue Producing Projects	Emergency Requests	Other
Alabama*							
Alaska	X	X	X		X	X	
Arizona	X		X	X	X	X	
Arkansas							X
California							
Colorado	X				X		
Connecticut	X	X		X		X	
Delaware	X					X	
Florida	X					X	X
Georgia							
Hawaii*	X	X					X
Idaho							
Illinois	X			X		X	
Indiana*	X	X	X	X	X	X	
Iowa							
Kansas		X			X		
Kentucky	X	X	X	X	X	X	
Louisiana			X	X		X	
Maine	X	X					
Maryland	X			X		X	
Massachusetts	X			X	X	X	X
Michigan	X	X				X	
Minnesota						X	X
Mississippi				X	X	X	
Missouri	X	X	X	X	X	X	
Montana	X				X	X	
Nebraska	X	X		X	X	X	
Nevada	X		X				
New Hampshire*	X	X		X	X	X	
New Jersey	X	X	X	X	X	X	
New Mexico	X	X	X	X	X	X	
New York	X	X	X		X	X	
North Carolina							X
North Dakota							
Ohio	X	X	X	X			
Oklahoma							
Oregon							X
Pennsylvania							
Rhode Island		X	X	X		X	
South Carolina			X	X			
South Dakota	X	X	X	X	X		
Tennessee	X	X			X	X	
Texas	X	X	X		X		
Utah	X	X				X	
Vermont	X		X	X		X	
Virginia							
Washington						X	
West Virginia	X					X	
Wisconsin							
Wyoming	X	X	X	X	X	X	
District of Columbia				X			
Total	**30**	**21**	**17**	**20**	**19**	**28**	**7**

NOTE: *See Notes to Table 22 on page 81.

Table 23: The Cost Estimation Process for Capital Projects

State	Brief Description of the Cost Estimation Process
Alabama	Cost estimates are completed by the entity making the request for capital appropriations/expenditures.
Alaska	Department program specialists work contractors, engineers, architects, and with their administrative services staff to develop cost estimates for submittal to the budget review team.
Arizona	Comparison of similar previous projects; regional inflation factors; construction bids; engineering estimates; procurement codes may dictate number of estimates.
Arkansas	Cost estimates submitted by agencies and reviewed by the Building Services Agency and the Office of Budget.
California	Each project is required to have a cost estimate developed prior to the project being approved. The majority of projects have a detailed budget package estimates that include a detailed project description, pre-schematic drawings, outline specifications, and a refined cost estimate. These estimated are primarily prepared by the Department of General Services. The estimates are updated at key milestones as the project proceeds through the design and construction phases.
Colorado	Each Department determines the cost-estimates. They consult with contractors and the State Architects Office. Additionally, the Departments do a Life Cycle Costs (LCC) and estimate costs over the economic life of a facility, including its initial cost, replacement costs, and the cost of energy, operation and maintenance, staffing, transportation, warehousing, and distribution, training, and disposition or resale. Life cycle costing (LCC) is a required component of requests for new building, capital renewals, and information technology projects funded through the Capital Construction Budget. Departments are encouraged to estimate the total life cycle costs for multiple project alternatives in order to demonstrate that the request represents the best alternative for the State.
Connecticut	Carries based on the capital project or program.
Delaware	In-house and professional estimates.
Florida	For Department of Management Services managed facilities, the department staff uses cost-estimating manuals, architects and contractors to verify accuracy depending upon the complexity of the projects.
Georgia	Agencies prepare project cost estimates using agency staff, consultants, engineering studies, etc. Project costs are reviewed by the Office of Planning and Budget related to reasonableness and consistency with proposed project scope.
Hawaii	Agency staff develop estimates in-house or with assistance of design and construction consultants. Review and revision process, number of estimates and approval process may vary by agency and project depending upon project complexity.
Idaho	Initial estimate made for agency with request, estimate reviewed by Division of Public Works, number of estimates depends on size of project, reviewed by Permanent Building Fund Advisory Council, enters regular budget process.
Illinois	Cost estimation processes are performed at the agency level. The Governor's Office of Management and Budget (GOMB) does not participate in cost estimation.
Indiana	Depends on the project: Standard estimated costs for certain routine projects. Life cycle estimates are also used. We also require agencies to receive multiple estimates.
Iowa	Capital project estimates are reviewed by the Department of Management and the Legislative Services Agency.
Kansas	Agencies do their own cost estimating, but can consult with architects and engineers in the Department of Administration for assistance. Division of the Budget, the Governor and Legislature may question the estimates, but do not generally alter project cost estimates.
Kentucky	For construction projects, the Finance & Administration Cabinet's Department of Facilities aids agencies in estimating costs initially. The Commonwealth Office of Technology plays a similar role for information technology projects. Further scrutiny is given to cost estimates by the Office of State Budget Director when preparing the Governor's recommended budget.
Louisiana	Submitting agency provides an initial estimate, supervising departments and boards can then review, confirming or providing alternate estimates.
Maine	Agency gets first estimate, Bureau of General Services works with outside professional consultants and revises estimates as the project progresses.
Maryland	Department of General Services reviews and modifies agency estimate based on comparable projects.
Massachusetts	Agencies managing capital projects are responsible for preparing cost estimates, often with the help of consultants, which are refined and revised throughout the planning and design process.
Michigan	Capital project requests include an initial cost estimate. If supported, major capital projects are formally authorized via a two-step process. First, a legislative appropriation authorizes planning (i.e. the development of professional program statement/schematic design plans—including cost estimate—which is then reviewed by the Department of Technology, Management and Budget, and, if acceptable, recommended to the legislature's Joint Capital Outlay Subcommittee (JCOS) for approval. If the JCOS approves the project, the second step is the appropriation of a construction authorization (and facility lease for the purposes of the State Building Authority financing). The total project cost and respective state and institutional financing shares are established in concert with the construction authorization. Project scope/cost adjustment requests are reviewed by the Department of Technology, Management and Budget, and can only be adjusted via authorization in a subsequent appropriations act. To ensure fiscal discipline and provide that the budget can support the project, anticipated state rental payments (i.e. debt service) must be appropriated in the budget concurrently with the authorization of construction.
Minnesota	Agencies develop cost estimates based on predesign or design documents and the assistance of the Real Estate management division of our department of administration. Current estimates are adjusted for standard inflation factors based on estimated midpoint of construction.

Table 23: The Cost Estimation Process for Capital Projects

State	Brief Description of the Cost Estimation Process
Mississippi	The initial estimate is made by the Bureau of Building, Grounds and Real Property Management with subsequent estimates made by the Design Professional. Revised estimates are required at the Schematic Design, Design Development, and Construction Document Phases.
Missouri	Agency engineers and architects use standard industry estimating procedures. Facilities Management, Design, & Construction reviews.
Montana	Architecture and Engineering looks at the cost of other alternatives to a new building. Architecture and Engineer also verify that the cost estimate of the project is reasonable.
Nebraska	Projects over $580,000 must have both a Program Statement, which identifies cost estimates. These are reviewed at both the agency level, as well as by the State Building Division and State Budget Division
Nevada	Public Works' project managers develop scope, use nationally recognized cost estimating systems and data from similar Nevada projects, then project is reviewed by other project managers and management in Public Works.
New Hampshire	The capital budget projects are reviewed both for feasibility and cost estimating purposes by two principle agencies. All building construction, renovation and maintenance projects are reviewed by the Department of Administrative Services, Bureau of Public Works Design and Construction. Information Technology projects are reviewed by the Department of Information Technology. The initial project estimates are put together by the respective agencies. State agencies are provided with estimating guidelines at the beginning of the capital budget process. State agencies also contact the Bureau of Design and Construction for advice regarding their proposed projects. State agencies are required to submit their list of capital budget projects by May 1st of every even numbered year. The requests are then reviewed by the Governor's capital budget team. In late August, the Governor will then forward a list of capital projects to the Bureau of Public Works Design and Construction or Department of Information Technology to review and make recommendations regarding project scope and cost. The Bureau of Public Works Design and Construction and Department of Information Technology are required to review and provide revised capital budget information and pricing by December 1st. The Governor's capital budget team will then take the revised capital budget items and develop their capital budget plan to the legislature by February 15th of every odd numbered year. In determining costs for capital budget the following items are taken into consideration: Historical costs for prior projects, cost per square foot estimates, Inflation, contingencies, engineering/architectural fees, commissioning, fund for the arts, furnishings and any special considerations.
New Jersey	In developing a cost estimate for capital projects, agencies use consultant estimates and/or historical costs of similar capital projects. The State's central agency responsible for managing capital projects reviews/revises the agency estimate.
New Mexico	Larger state agencies have professional staff that develop cost estimates. For small agencies, the State's General Services Department, Facilities Management Division employ staff architects and construction managers responsible for agency project development. The Public Schools Facilities Authority provides expertise to local school projects. A majority of higher education institutions have staff architects and construction personnel that develop cost estimates. Some institutions hire design professionals.
New York	Design and construction estimates are undertaken by the state agency or public authority engaged in the capital project. In addition, the Office of General Services may act as a consultant by providing design services to state agencies upon request.
North Carolina	The Office of State Construction estimates the cost of each project. An approved OC-25 form is submitted with all projects.
North Dakota	Agencies and institutions develop cost estimates prior to submitting their capital budget request.
Ohio	Estimates are developed based both on actual costs as well as assessment of potential costs by the Ohio Facilities Construction Commission. The Facilities Construction Commission is the central agency in Ohio for managing state construction projects and as such is uniquely positioned to estimate potential costs.
Oklahoma	Cost estimation is competed by the agency making the request.
Oregon	State Law (ORS 276.229) requires agencies to develop four year budgets for major construction projects. The initial two-year period includes funding to identify actual construction costs to be requested in the subsequent biennium. Although specific cost estimate techniques are not mandated, agencies typically use the initial two-year period to work with architects, engineers, real-estate experts and other professionals to develop estimates based on needs identified by program staff.
Pennsylvania	Agencies develop cost estimates.
Rhode Island	Individual agencies submit their estimates as part of the budget request after researching the cost related to the project. Based on the size of the project they may look to an outside firm to help them come up with this estimate. Otherwise they will research the cost of the project themselves. Once the budget is submitted to the Budget Office, the Budget Analyst will review the request which will include the validity of the cost estimate.
South Carolina	All capital projects, not included in a capital budget, must follow a two phase process. Phase I gives approval for funding to do schematic design and get an outside cost estimate by a design firm, before full design and construction is approved. Phase II is approval for funding to complete all design work and bid the project for construction. Both phases are approved by Joint Bond Review Committee and Budget and Control Board, after the funding sources are identified by the agency or higher education institution as available for use in the project.

Table 23: The Cost Estimation Process for Capital Projects	
State	**Brief Description of the Cost Estimation Process**
South Dakota	The cost estimation process is done by the Bureau of Administration (BOA). They are involved in every step of the process from architectural design to final construction completion. They must send out a RFP and that is how the number of estimates are determined. The legislation must be passed by the legislature before RFPs are sent out to contractors. The architectural firm and BOA are in charge of preliminary estimates to put in the original legislation.
Tennessee	Consultants assist agencies with cost estimation for requests prior to submission of requests through the annual budget development process. Estimates are based on industry standard costs and other cost estimating techniques to develop a reasonable cost. Projects also include contingency allocations and other fees to help address shortfalls if applicable.
Texas	The state agencies and institutions provide the initial cost estimates using data such as the cost of specific building types, gross square footage, comparison to the market cost of the building type, and historical data of projects of a similar nature to determine this measure. The Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy jointly review the requests to determine the effect these requests will have on the budget and debt capacity. The LBB then delivers budget recommendations to the Legislature, the Governor delivers the budget proposal, the Legislature considers and adopts the General Appropriations Bill, the Comptroller certifies the bill, and the Governor approves the General Appropriations Act.
Utah	Professional consultants and Division of Facilities, Construction, and Management project managers project costs.
Vermont	Internal Project Managers (Architects, Engineers) will develop project estimates using market and or historic comparison, this method is used when we are present a conceptual project. Projects with legislative approval are estimated by the professional design team which usually includes a cost estimating firm or associate.
Virginia	The first estimate is produced by the agency itself. That estimate is reviewed by a division of the Department of General Services (DGS) by capital cost estimators, who refine the estimate. If the project is approved, project managers in that same division of DGS will review planning documents submitted by the agency and issue usually two cost estimates, the last one of which will be the final approved estimate before the project is advertised for bid.
Washington	Agencies are required to use a central agency (Department of Enterprise Services) for architecture and engineering, project cost estimates, and project management. Cost estimates for major capital projects are prepared by the central agency with input from the agency commissioning the project. All project requests are reviewed by the Office of Financial management for consideration in the Governor's budget and by legislative staff for consideration in the Legislative budget. Once the final legislative budget is signed by the Governor, projects that receive an appropriation will go to bid. The office of financial management will review and approve predesign and designs as well as monitor the budget and project status. All major projects require a major project status report and a major project completion report to be filed with the office of financial management.
West Virginia	Agencies develop estimates by working with engineers, architects, and consultants. Capital project requests are reviewed and analyzed at the agency level. Each agency has their own review process.
Wisconsin	Agencies can use department provided cost estimation guidelines or they can spend their own funds to obtain a cost determination.
Wyoming	Estimates prepared both in-house and externally assisted by architects and engineers.
District of Columbia	Agency program staff, project managers and, OCFO staff are all involved in creating the agency request for individual project budgets.

Table 24: Methods Generally Used for Project Cost Estimation

State	Cost Standards Building Type	Gross Square Footage/ Space Utilization Standards	Life-Cycle Costing	Market Comparison	Historical Comparison for Similar Projects
Alabama	X	X	X		
Alaska	X	X		X	X
Arizona			X	X	X
Arkansas					
California	X	X		X	X
Colorado	X	X	X	X	X
Connecticut	X		X		X
Delaware	X	X	X		
Florida	X	X	X	X	X
Georgia	X	X	X	X	X
Hawaii*	X	X		X	X
Idaho					
Illinois		X	X		
Indiana	X	X	X	X	X
Iowa	X	X			X
Kansas	X	X			X
Kentucky	X	X		X	X
Louisiana	X	X			X
Maine	X	X	X	X	X
Maryland		X		X	X
Massachusetts	X	X	X	X	X
Michigan	X	X			X
Minnesota*	X		X	X	X
Mississippi		X	X		X
Missouri	X	X	X	X	X
Montana	X	X			X
Nebraska		X	X		X
Nevada	X	X			X
New Hampshire	X	X		X	X
New Jersey	X	X		X	X
New Mexico	X	X	X	X	X
New York	X	X		X	X
North Carolina	X	X	X		X
North Dakota	X	X			
Ohio	X	X		X	X
Oklahoma	X		X	X	
Oregon	X	X	X	X	X
Pennsylvania	X	X	X	X	X
Rhode Island	X	X	X		X
South Carolina	X	X	X		X
South Dakota	X	X	X	X	X
Tennessee	X	X		X	X
Texas	X	X		X	X
Utah	X	X	X	X	X
Vermont			X	X	X
Virginia	X	X	X	X	X
Washington	X	X	X	X	X
West Virginia		X	X	X	X
Wisconsin*	X	X	X	X	X
Wyoming	X	X	X	X	X
District of Columbia	X			X	X
Total	**41**	**43**	**30**	**32**	**43**

NOTE: *See Notes to Table 24 on page 81.

Table 25: Eligible Costs in the Cost Estimate

State	Land/Site Acquisition	Project Management/ Soft Costs	Equipment	Project Financing Costs	Furniture and Fixtures	Contingency Costs	Price Changes / Inflation Costs	Communications and IT
Alabama	X	X	X	X	X	X	X	X
Alaska	X	X		X	X	X		
Arizona	X	X	X	X	X	X	X	X
Arkansas	X	X	X	X	X	X	X	X
California	X	X	X		X	X	X	X
Colorado	X	X	X	X	X	X	X	X
Connecticut	X	X	X		X	X	X	X
Delaware	X		X		X	X		X
Florida	X	X	X	X	X	X	X	X
Georgia	X	X	X		X	X	X	X
Hawaii	X	X	X	X	X	X		X
Idaho	X	X			X			
Illinois	X	X	X	X	X	X	X	X
Indiana	X	X	X		X	X		X
Iowa	X	X	X		X	X		
Kansas	X	X	X	X	X	X		
Kentucky	X	X	X		X	X	X	X
Louisiana	X	X	X		X	X		
Maine	X	X	X	X	X	X	X	X
Maryland	X	X	X		X	X	X	X
Massachusetts	X	X	X		X	X	X	X
Michigan*		X	X		X	X	X	X
Minnesota	X	X	X	X	X	X	X	X
Mississippi	X	X	X		X	X		X
Missouri	X	X	X	X	X	X	X	X
Montana	X	X	X		X	X		X
Nebraska	X	X	X	X	X	X	X	X
Nevada	X	X	X	X	X	X	X	X
New Hampshire	X	X	X		X	X	X	X
New Jersey	X	X	X	X	X	X	X	
New Mexico	X	X	X		X	X		X
New York	X	X	X	X	X	X	X	X
North Carolina	X	X	X		X	X	X	
North Dakota	X	X	X	X	X	X	X	X
Ohio				X				
Oklahoma								
Oregon	X	X	X	X	X	X	X	X
Pennsylvania	X	X	X	X	X	X	X	
Rhode Island	X	X	X	X	X	X	X	X
South Carolina	X	X	X		X	X	X	X
South Dakota	X	X	X	X	X	X	X	X
Tennessee	X	X	X	X	X	X	X	X
Texas	X	X	X		X	X	X	X
Utah	X	X	X		X	X	X	
Vermont	X	X	X		X	X	X	X
Virginia	X	X	X		X	X	X	
Washington	X	X				X	X	
West Virginia	X	X	X	X	X	X	X	X
Wisconsin	X	X	X		X	X	X	X
Wyoming	X	X	X	X	X	X	X	X
District of Columbia	X	X	X		X	X	X	X
Total	**47**	**47**	**45**	**25**	**47**	**47**	**37**	**37**

NOTE: *See Notes to Table 25 on page 81.

Table 26: Tracking the Progress of Capital Projects After the Approval Process

State	State Processes to Track and Monitor the Progress of Capital Projects After the Approval Process
Alabama	Entities are responsible for tracking the progress of projects after approval.
Alaska	OMB submits a capital appropriation status report (CASR) to the Legislature annually. This provides status updates and expenditure information on all open capital projects.
Arizona	Project managers; contract administration; construction inspections.
Arkansas	No formal system.
California	Each agency generates quarterly reports, and meets with Department of Finance staff on a regular basis (monthly or quarterly).
Colorado	The State Architect gives a review to the Legislature.
Connecticut	Projects are tracked by the requesting/managing agency.
Delaware	Site visits and quarterly reports which include actual and projected expenditures and project status summaries.
Florida	For Department of Management Services managed facilities, the department utilizes our budget and project administration management staff to track the progress of capital projects.
Georgia	Projects are tracked related to project obligations and expenditures, and overall project schedule milestones.
Hawaii	Each department tracks the progress of their own projects.
Idaho	Division of Public Works provides updates.
Illinois	The Capital Development Board and the Illinois Department of Transportation, the central agencies responsible for most capital projects in the state, track the progress of capital projects. The Board and the Department track construction activities and the necessary activities that occur before construction. GOMB primarily monitors spending on projects.
Indiana	The agency managing the project tracks it. Department of Administration also becomes involved on tracking many projects. Progress payments are made after monthly meetings to discuss status.
Iowa	Projects are tracked by the appropriation implementation process.
Kansas	Agencies must track the progress of their own projects. DOB reviews progress if funds are not spent in a timely fashion to determine whether a lapse of unused state funds may be done to repurpose the funding to another project.
Kentucky	The Finance & Administration Cabinet provides ongoing management and review of capital projects. The Office of State Budget Director prepares an Annual Capital Construction Report, reporting on the current status of all capital projects. Executive Committees are established to provide ongoing oversight for IT projects.
Louisiana	Both fiscally and operationally. Budget analysts track funding and expenditure dynamics, while designated project managers guide progress to completion.
Maine	Agency, Bureau of General Services and architect/engineer representatives track the progress.
Maryland	Department of General Services and University report on status of projects.
Massachusetts	The agencies managing the projects oversee the status of the projects and A&F conducts a semi-annual review of project costs and progress to assess funding levels
Michigan	The construction of state agency projects is centrally managed by the Office of Design and Construction within the Department of Technology, Management and Budget. Higher education institutions may elect to self-manage construction of their projects, however, state oversight is maintained via required approvals at specific milestones (design development, final design, bidding, etc.) and monthly progress reporting by the institution.
Minnesota	Monitoring progress with agencies. Review of project spending from accounting system.
Mississippi	They are tracked through the construction management software utilized by the Bureau of Building (“BRICKS”).
Missouri	Computerized information system provides information on each project.
Montana	Architecture and Engineering has a project tracking system that runs from the preliminary designs to building completion.
Nebraska	Each project is assigned a Program name and number for the respective agency and expenditures against the program, by fund type are captured in a number of monthly reports
Nevada	Monthly exception reporting to the Legislature, weekly Public Works project management review meetings, scheduling software for larger projects, and a database that tracks each project’s spending.
New Hampshire	The Department of Administrative Services is required to provide quarterly reports regarding all capital budget projects to a joint legislative group called the capital budget overview committee that reviews all capital budget projects.
New Jersey	The central agency responsible for managing capital projects uses a construction contract management information system to track the costs and progress of capital projects.
New Mexico	Projects are tracked through the Capital Projects Monitoring System.
New York	The design-construction agencies monitor design and construction progress. The State’s public authorities also provide information on design and construction phases of state capital projects through web based information. In general, the agency that requested the capital project through the budget process would track and monitor its progress.
North Carolina	The Office of State Construction assigns a project monitor to each major construction project who has contractor invoice approval authority. The monitor will approve payment of invoices based on the amount of progress made toward completion of project.
North Dakota	Progress is tracked by the individual agency or institution.

Table 26: Tracking the Progress of Capital Projects After the Approval Process	
State	**State Processes to Track and Monitor the Progress of Capital Projects After the Approval Process**
Ohio	Progress is monitored through the State Controlling Board and their release of funds for various components of the project.
Oklahoma	Projects approved for funding will be managed by a central Construction & Properties unit that monitors and reports project progress to Capital Planning unit.
Oregon	Generally, projects are tracked by the agency to which the expenditure authorization was granted. Depending on project size and risk, various techniques are employed. For example, the State Hospital replacement project included an engineering firm that reviewed the work quality and progress towards scheduling benchmarks of the Construction Manager/General Contractor, as well as separate contractor to review legal compliance and accuracy of billing detail. Major IT projects require independent quality control contracts.
Pennsylvania	Office of the Budget maintains a database and status report.
Rhode Island	There are two reporting tools used to track the progress of Capital Projects: a) As part of the capital budget submission agencies are required to identify ongoing projects that are in the plan and discuss the status of each of these projects. b) The other reporting tool is a spreadsheet template that all agencies are required to submit to the Budget Office on a quarterly basis that tracks the progress of each project. This report is review by the Budget analyst and is summarized for the Budget Officer at the beginning of every quarter.
South Carolina	The Budget and Control Board tracks the expenditures against budget for all capital projects through an accounting system called SPIRS (Statewide Permanent Improvement Reporting System).They will continue to be tracked with more detail through a new public budget formulation system to come online during FY 2014. The Board also tracks and monitors the procurement processes for design and construction services, as well as the execution of construction contracts and completion of construction during the life of every capital project until each project is closed.
South Dakota	The Bureau of Administration is in charge of tracking the entire project from start to finish.
Tennessee	Projects are tracked and managed by on a regular basis by the project management staff, State Building Commission, and other interested parties.
Texas	The state agencies and institutions collect data on the performance measures for their capital projects and report quarterly to the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy. The State Auditor's Office audits these agencies and institutions to ensure the reporting of the data is accurate.
Utah	Division of Facilities, Construction, and Management track projects.
Vermont	The department of buildings and general services oversees the capital projects by assignment of project managers.
Virginia	The Department of General Services has established a series of steps or phases at which an agency must get its approval or submit reports. These steps run the gamut from project initiation to project completion.
Washington	Agencies are required to submit spending plans (allotments) for each project. OFM analysts review and approve those plans. After the initial allotment approval, analysts work with agencies on a quarterly basis to review the project progress and actual expenditures compared to allotments. In addition, all projects of $5 million or more require major project reports. These reports are completed by the agency and provided to OFM for review. Reports include multiple points of data including percentage of completion, change order details, budget and actual details.
West Virginia	Each agency is responsible for tracking progress of their capital projects. Processes vary.
Wisconsin	Each project has a schedule and a project manager that is responsible for ensuring that the benchmarks are met.
Wyoming	Facilities planning and construction oversees major capital projects.
District of Columbia	By established milestones in each phase of project implementation, compared to the project plan for achieving those milestones.

Table 27: Managing Capital Project Cost Overruns

State	Explanation Regarding How Cost Overruns are Handled if Capital Project Costs Exceed Appropriation Levels
Alabama	Supplemental appropriations, reallocations of current appropriations, emergency fund transfers if necessary.
Alaska	Additional capital funding is appropriated if necessary, scope changes to a project can be approved to revise scope, potential audits - all depends on the situation.
Arizona	Overruns are funded with existing resources in operating (as opposed to capital) lump sum appropriations or through supplemental appropriations.
Arkansas	N/A.
California	Generally, if the cost overrun is 10 percent or below, the budget could be augmented administratively. If the cost overrun is over 10% and under 20%, legislative notification and concurrence is required. If over 20%, then a supplemental appropriation is required.
Colorado	The Departments submit an emergency supplemental in the case there are cost overruns.
Connecticut	Projects have a contingency.
Delaware	A supplemental capital budget is submitted the subsequent fiscal year.
Florida	For Department of Management Services managed facilities, the department utilizes our budget and project management staff with insuring that there are no cost overruns. Due to the decentralized structure of the state's real estate portfolio management and oversight, each agency oversees their capital projects. Each agency handles their overruns in different manners.
Georgia	Potential cost overruns are addressed by project management by making project scope adjustments and/or requesting redirected or supplemental budget authorizations.
Hawaii	Excess funding from completed projects may be transferred to the appropriate project adjustment fund based on means of financing. The funds may be used, if available, with Governor's approval to address cost overruns within the original scope of work. Other provisions allow other means of financing to supplement, if appropriate.
Idaho	New money must be appropriated.
Illinois	Some categories of projects are provided with a single escalation appropriation for cost overruns on all projects in that category.
Indiana	An agency would request approval to re-prioritize other projects.
Iowa	Depends upon the reason for the overrun. Various options exist, such as scaling back the project, appropriation transfer from other projects approved by the Governor, supplemental appropriation request from the Governor.
Kansas	It depends on the funding source. Some agencies may have other sources available to them to cover the overrun. Some agencies may have to ask for additional resources.
Kentucky	If funds are available, KRS 45.760 allows for the Secretary of the Finance & Administration Cabinet to increase capital appropriations by up to 15% of the originally authorized amount. KRS 45.770 establishes the Capital Construction Contingency Account, from which the Secretary can make appropriations for this purpose if funds are available.
Louisiana	Overruns require supplemental funding appropriations.
Maine	A supplemental budget request is made.
Maryland	Value-engineering scope items out of project or Department of General Services Construction Contingency Fund.
Massachusetts	The legislature approves 5-year capital appropriations with sufficient flexibility to allow A&F to re-allocate funding within the capital plan to cover most overruns.
Michigan	Project scope/cost adjustment requests are reviewed by the Department of Technology, Management and Budget, and can only be adjusted via authorization in a subsequent appropriations act approved by the legislature.
Minnesota	Either the agency must absorb the cost overrun, or they must return to capital budget process for additional capital appropriations.
Mississippi	The scope is reduced, the Using Agency provides additional funds, or the additional funds are requested from the Legislature.
Missouri	A biennial appropriation for "Unprogrammed Requirements" can be used for unanticipated CI projects or cost overruns on appropriated CI projects. First, though, the projects are analyzed for scope reduction, redesign, and/or rebid. If the cost overrun is too excessive, additional funds must be requested and appropriated by the legislature.
Montana	The capital project cannot excess its appropriation. Sometimes a state-wide appropriation can be used to help a project. (i.e. energy, go green)
Nebraska	Projects may not expend more than appropriated. If overruns are anticipated, a Deficit Appropriation Request must be submitted to the Governor and Legislature for approval in order to exceed the original appropriation level.
Nevada	Value engineering, often reducing scope.
New Hampshire	Capital project costs cannot exceed appropriation levels. Any requests for additional funds will require approval by the General Court.
New Jersey	Significant cost overruns are presented to the joint legislative/executive capital review board. Options to resolve the overrun are generated/discussed (defer to next year's capital request selection process, provide emergency funding in the current year, etc.), and the review board makes a recommendation to the Governor/Legislature.
New Mexico	Funds are requested the next legislative session.

Table 27: Managing Capital Project Cost Overruns

State	Explanation Regarding How Cost Overruns are Handled if Capital Project Costs Exceed Appropriation Levels
New York	New appropriations would be required to complete the project. However, in general, cost overruns are funded from one appropriation that provides flexibility to allocate funds across programs as needed.
North Carolina	The Office of State Construction will first work with the project designer to "value engineer" reductions in project scope in order to get the project back within budget. In rare cases, the General Assembly has appropriated additional funding "supplements" in later years to cover the increased costs.
North Dakota	If bids come in higher than expected, an agency may scale back the project or request additional appropriation during a subsequent legislative session.
Ohio	Agencies will first try to value engineer a project to reduce costs while still completing the project. After that an agency may request transfer of excess funds from other projects. If no such funding exists, they would then have to submit a request for additional funding as part of the capital budgeting process.
Oklahoma	Cost overruns are handled through the Maintenance of State Buildings Revolving Fund.
Oregon	Expenditures in excess of the authorized level cannot be processed. If a cost-overrun is anticipated, an agency must seek legislative approval through an amendment to the existing expenditure limitation prior to incurring additional costs.
Pennsylvania	Statutory inflation index available or agency augmentations.
Rhode Island	A request for additional funds would come from the agency to the Budget Office for approval into the revised budget bill submitted to the Legislature.
South Carolina	Because capital project funds generally are provided for by the individual agencies and higher education institutions, cost overruns are also provided for by them as well. However, budget increases to projects must be approved by Joint Bond Review Committee and Budget and Control Board, both of which by informal policy, have frowned on spending more on projects than approved for construction, so budget increases do not happen often, except in extenuating circumstances. When overruns do happen, the agency/institution must fully justify the need for more approved funding and explain why the project cannot be done within approved funds. The Phase I/Phase II policy, outlined in Table 24, has significantly reduced cost overruns on projects.
South Dakota	The state agency must amend the previously passed legislation (special appropriation) during legislative session prior to agreeing to pay anything above the original appropriations. This can cause projects to come to a halt until the next legislative session.
Tennessee	On a case by case basis, cost overages may be addressed by reducing cost/scope from the project or adding funds subject to applicable authorizations.
Texas	The state agencies and institutions can request more funding to cover the cost overruns. The Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy review these requests to decide on any adjustments to be made in appropriations.
Utah	Paid using Project Fund or Contingency Fund
Vermont	Prior to agreeing to the cost overrun or estimates the additional project cost over $100K shall be approved and funds appropriated for the project.
Virginia	The agency will be strongly encouraged to review the project's plans and specifications to determine if modifications can be made that will lower the cost. If it is not feasible to lower the cost sufficiently to be within budget, the agency may use any nongeneral fund resources it has available. If any such resources are not sufficient or not available at all, the agency may submit a budget request to the administration and the General Assembly for additional funding. There is an exception to these restrictions. If the project has been authorized as part of a capital pool, which is a group of designated projects funded with general fund-related resources, the Dept. of Planning and Budget may provide additional funding for a cost overrun that does not exceed five percent of the project's approved budget.
Washington	Statutorily, capital projects are not allowed to exceed an appropriation level. Agencies are required to spend no more than the appropriated amount. Any amount over that must be requested in a supplemental budget request to the Governor and the Legislature. Projects typically include an allowance for contingencies.
West Virginia	A supplemental appropriation would have to be passed by the Legislature and signed into law by the Governor.
Wisconsin	Remove items from the project scope to reduce costs or utilize residual funds which, if available, may be used to address overruns.
Wyoming	
District of Columbia	This would be a violation of the Anti-Deficiency Act and is not allowed. Any projected unmet budget needs must be addressed by reprogramming of budget from some other capital project that, for whatever reason, has excess available budget.

Table 28: Capital Budget Requests and Contingency Funds for Potential Cost Overruns

State	Capital Budget Requests Include a Contingency Amount	Description of the Contingency Amount
Alabama		
Alaska	X	Usually approximately 3–5% of total project costs.
Arizona	X	Each budgeted project includes a contingency; this is usually a percentage than can range from 5% to 20% for particularly difficult projects.
Arkansas		
California	X	Average of 5 percent.
Colorado	X	
Connecticut	X	10% of cost>.
Delaware	X	
Florida	X	Contingency funds range from 5% to 20% depending upon the scope of the project.
Georgia	X	Varies by project. Common percentages of project costs are 5% for New Construction projects, 10% for Renovation projects.
Hawaii	X	Generally 5% for new projects and 7% for renovation projects.
Idaho		
Illinois	X	Varies by request
Indiana	X	Ten Percent
Iowa		
Kansas	X	Budget requests are not required to include a contingency, but they may include an amount, simply identified on the budget form.
Kentucky	X	5-10% on construction projects
Louisiana	X	10% of construction cost
Maine	X	Five percent of the estimated construction bid, plus 5-10% of contract amount, depending on the complexity of the project.
Maryland	X	5-10% of construction cost.
Massachusetts	X	
Michigan	X	Typically, 5%-10% depending on the type of project. The contingency is typically higher for major renovation projects due to potential unknowns.
Minnesota	X	Varies by project type.
Mississippi	X	Generally 5%
Missouri	X	5% to 8%
Montana	X	10%
Nebraska	X	Varies with Project, but typically 10% - 20% of Project cost built in as contingency.
Nevada	X	Different percentages are included with different projects, depending on historical experience with that type of project, but range between 5% and 15% of construction estimate.
New Hampshire	X	The contingency varies depending on the type of project and cost of the project. A general guide is as follows: 5 –10% for new construction over $500,000, 10% for new construction up to $500,000 and 15% for renovation projects.
New Jersey	X	10% of the construction cost estimate.
New Mexico	X	5%.
New York	X	Each program appropriation provides flexibility to allocate funds across programs as needed.
North Carolina	X	The project contingency is equal to 3% of project cost for new construction, and 5% of project cost for renovation projects.
North Dakota	X	Contingency amounts vary by project and agency or institution.
Ohio	X	In the planning process, a standard five percent contingency is used for new construction and seven percent for major renovations.
Oklahoma		
Oregon	X	Varies with project.
Pennsylvania	X	Generally about 10%.
Rhode Island	X	It is normally a percentage and would only be for major projects.
South Carolina	X	Most projects are funded or approved with a 10% contingency, though since the funding is generally provided by the individual agencies and institutions, availability of funding determines the actual percentage of contingency funds for each project.

Table 28: Capital Budget Requests and Contingency Funds for Potential Cost Overruns		
State	Capital Budget Requests Include a Contingency Amount	Description of the Contingency Amount
South Dakota	X	The typical amount is approximately 10%, except for Higher Education projects that are privately funded - that amount is 25%.
Tennessee	X	Maintenance is typically 10%, capital improvements are typically 5%; however these are guideline amounts and may be adjusted based on the specific project.
Texas		Agencies may or may not include a contingency request. The request is then taken into account during the appropriations process.
Utah		Evaluated per project.
Vermont	X	Average 10% each project.
Virginia	X	The general guideline is no more than two percent of the sum of the estimated construction, site, and utility costs. However, a larger contingency could be allowed in special circumstances.
Washington	X	The amount varies from project to project, and is based upon risk associated with the projects. On average Washington State uses a 10% contingency rate based on the MACC or maximum allowable construction cost.
West Virginia		
Wisconsin	X	Seven percent on new construction and up to 15 percent on complicated renovations.
Wyoming		
District of Columbia	X	This amount is determined by the respective project managers and depends on the type of capital project. We do not have a standard that applies, or is applied, across the District.
Total	**41**	

Table 29: Unexpended Portions of Capital Appropriations For Incomplete Projects

State	Managing Unexpended Portions of Capital Appropriations for Incomplete Projects at the End of the Budget Cycle
Alabama	Capital appropriations are valid for the life of the project, unexpended balances are carried forward to subsequent fiscal years.
Alaska	Capital projects have a five year term. If a project needs to be extended the recipient of the appropriation must provide a clear reason as to why the project couldn't be completed in the first five years.
Arizona	Most capital appropriations do not revert until the purpose for which intended is accomplished.
Arkansas	They are tracked and reappropriated as necessary.
California	Each appropriation can be reappropriated if needed in order to complete a project and/or allow for the liquidation of encumbrance.
Colorado	These funds are reverted back into the General Fund.
Connecticut	Capital projects are not funded through appropriations. Funds do not lapse at the end of a budget cycle.
Delaware	Funds are reverted and reauthorized to new projects.
Florida	Dollars remaining are reverted if no longer needed or certified forward to retain for future expenditures.
Georgia	G.O. Bond project proceeds do not lapse at the end of the fiscal year.
Hawaii	Unexpended portions of appropriations may be encumbered under contract and may be expended after the budget cycle. If the appropriation in not encumbered, the unexpended balance will lapse. The balance may be reappropriated, if necessary.
Idaho	These funds are available in future budget years to complete the project.
Illinois	Unexpended amounts are reappropriated in the following year.
Indiana	An agency can request a 'Change of Use' for the funds or the funds revert back to the source to support future appropriations.
Iowa	Appropriations are carry forward for a specific time period or until the project is completed.
Kansas	Depending on the original source of the funds, they may be lapsed back to the "mother" fund or they are retained by the agency if the fund belongs with that agency for other uses.
Kentucky	If the project is under contract, its authorization continues in the next budget cycle. Otherwise, funding must be reauthorized in a budget bill. If not reauthorized, a project cannot move forward.
Louisiana	Statute allows appropriations to carry forward from year to year.
Maine	Unobligated balances in the Bureau of General Services accounts, and encumbered balances in all accounts carry forward.
Maryland	Balances may be carried over, re-authorized for other projects, placed in construction contingency fund, or allowed to lapse.
Massachusetts	State finance law allows continuation of 5-year capital appropriations for amounts committed to projects, which effectively allows the appropriation to expire only upon project completion or full expenditure of the appropriation.
Michigan	Capital outlay projects are initially authorized in the fiscal year in which appropriated, plus 36 months. Unencumbered project funds may only be carried forward beyond this time period if they meet one of several conditions, such as a bid award or commenced construction, signed purchase agreement, pending federal grant award, pending legal action, etc.
Minnesota	Unused capital appropriations are available for five years, but automatically cancelled after that point.
Mississippi	If funded by appropriated funds, the Legislature must re-appropriate on an annual basis. If funded by general obligation bonds, they are not affected by the budget cycle.
Missouri	Funds are reappropriated in the next biennium.
Montana	The appropriations are considered continuing and can cross biennia. They continue until the project is complete and any appropriation leftovers are reverted.
Nebraska	Typically, unexpended amounts are re-appropriated until the project is completed.
Nevada	The next capital improvement bill extends the project length.
New Hampshire	State agencies are required to request an extension for any unexpended portions of capital appropriations that are not completed at the end of the biennium. These requests are considered with the capital budget.
New Jersey	Funding is carried forward to subsequent years.
New Mexico	Unexpended portions are reverted at the end of the project or as directed by the legislation. The legislation usually has a four year reversion date. Balances can also be reauthorized for another purpose.
New York	Generally, funds are reappropriated.
North Carolina	Funds budgeted in the capital improvement budget do not revert at the end of the budget cycle so the funds remain available until project completion.
North Dakota	Dollars for projects that are not complete by the end of the budget cycle can be carried over one biennium with approval of the Chairs of the House and Senate Appropriations Committees or by specific legislation.
Ohio	Depending on the project in question, agencies may request that the balance be reappropriated and repurposed for use on another project, thus reducing the amount of new capital funding they need to request. If the leftover funds are not redirected to another project they may lapse.
Oklahoma	Funds are maintained in the maintenance of State Buildings Revolving Fund and roll over year to year.

Table 29: Unexpended Portions of Capital Appropriations For Incomplete Projects

State	Managing Unexpended Portions of Capital Appropriations for Incomplete Projects at the End of the Budget Cycle
Oregon	Six-year capital budgets are considered fully expended in the biennium initially approved. However, budget system allows charges against unique project appropriations to maximum authorized through six-year period (though not reflected as budgetary expenditures beyond initial biennium). Project expenditures cannot be made beyond the initial six-year limitation without specific legislative approval.
Pennsylvania	Capital project authorizations remain available until completed, cancelled or repealed in law.
Rhode Island	The funds are typically rolled forward into the next fiscal cycle.
South Carolina	Funding for capital projects carries over from year to year for the life of the project. When the project is completed and closed, any remaining balances may either revert back to the original source or may be transferred and expended on any other active capital project. Since the fund sources for most projects derive from agency/institution revenue sources, the remaining balances go back to those original sources. Only if funding was appropriated by the General Assembly in the Appropriations Act or Capital Reserve Fund Act might remaining balances revert back to the General Fund (and that is rare).
South Dakota	If the special appropriation is set to revert at the end of a fiscal year then with a valid contract they could carry over the funds for 2 more years, then it will revert to the general fund, or if it is expenditure authority it will no longer be available.
Tennessee	Pursuant to appropriations act, capital appropriations are available (encumbered) until the project is completed or canceled. Once project funds are unencumbered, they become residual funds to address funding shortfalls in other projects or address other capital needs subject to approval of the State Building Commission.
Texas	The unexpended portions of capital appropriations at the end of the budget cycle are not authorized to be carried forward to the next budget cycle unless explicitly stated in the previous Appropriations Act. The appropriations can be requested again, but are not automatically carried forward unless stated in the previous act.
Utah	Funds and spending authority carry forward to ensuing fiscal years.
Vermont	The funds are carried forward in a capital account for the project.
Virginia	The Appropriation Act provides for their automatic reappropriation.
Washington	The unexpended portion of a capital appropriation for a project that is not complete can be carried over or re-appropriated into the next biennium.
West Virginia	Funds are automatically reappropriated for two additional fiscal years.
Wisconsin	In Wisconsin, capital projects and funding are perpetual and are not impacted by the completion of a budget cycle.
Wyoming	Carried forward using original fiscal year designator.
District of Columbia	The Mayor's Office of Budget and Finance requests reprogramming of those budgets as part of CBT reviews with individual agencies, prior to budget formulation each year.

CHAPTER 3: TABLE NOTES

Capital Budget Development and Execution: Project Selection, Cost-Estimation and Tracking

Notes to Table 22: Analyzing Capital Budget Requests in the Aggregate

Alabama	There is not a separate capital budget request. Annual budget requests include requests for capital appropriations.
Arkansas	Other—Prioritized by law and then released according to need and funding availability.
Florida	Other—Life cycle of the equipment.
Hawaii	Other—Program flexibility to address priority needs.
Indiana	Each factor is considered when reviewing requests.
Massachusetts	Other—Affordability within the Administration's bond cap policy.
Minnesota	Other—Minnesota often has special capital bills related to capital needs after a natural disaster (i.e. flood, tornados, etc.).
New Hampshire	The projects are not aggregated but they are reviewed and considered individually for several factors including life safety, emergencies, potential cost savings or revenue producing projects.
North Carolina	Other—Capital budget requests are aggregated by agency.
Oregon	Other—Governor's Executive Order 12–17 aggregates projects categorically by purpose to allocate available bond-financing capacity. Governor's categories include: Education, State Government Infrastructure, Local Government Infrastructure and Reserves for Innovative or Emergent Opportunities.

Notes to Table 24: Methods Generally Used for Project Cost-Estimation

Hawaii	Life cycle costing may be used by the departments in addition to the other methods.
Minnesota	For specific building projects, costs general come from design or pre-design documents. For asset preservation, historical comparison for similar documents. For programmatic projects like our waste water program for local governments, program need or waiting lists.
Wisconsin	The state also relies on nationally recognized construction cost indexes provided by RS Means and the Engineering News Record or ENR.

Notes to Table 25: Eligible Costs in the Cost-Estimate

Michigan	Higher education institutions must provide an environmentally clean, ready-to-build site for their requested projects. Land/site acquisition costs may only be included for state agency projects, however, the preference is to site projects on existing state-owned property. In terms of financing, the cost of issuance related to the State Building Authority bonding is not part of the legislatively-authorized total project cost.

CHAPTER 4:
DEBT MANAGEMENT AND CAPITAL FINANCING

States have a variety of financing options that can be used in different ways to fund capital infrastructure projects. The financing process often begins with an analysis of the various funding sources that are available to pay for a project, and depending on the capital project, a combination of funding sources may be used to pay for its completion. The portfolio of funding sources may include general revenues, collections from specific taxes, user fees such as road tolls, proceeds from bond sales, designated capital improvement funds or partnerships with the private sector. Some capital projects are financed entirely through debt, or funds loaned to the state, under contractual terms that dictate a repayment schedule, similar to a home loan for individuals. Other infrastructure projects are paid for entirely from available resources or through some combination of debt and revenue from tax collections. Project financing options remain important for the capital project selection process and the composition of projects included in the capital budget.

Project financing options remain important for the capital project selection process and the composition of projects included in the capital budget.

To limit future budgetary risks from capital projects, most states have constitutional or statutory constraints on debt issuance, total outstanding debt levels or the allowable amount of funds that can be used for debt service. In addition to policy and legal restrictions, capital investments are also constrained by overall affordability, tax laws, the municipal bond market, intergovernmental aid, voter referendums, and the availability of general revenues and timing of cash flows. Decisions about the appropriate means to finance a project entail other considerations as well, such as the useful life of the project, intergenerational equity (are those benefiting from the project paying for it?), political acceptability, and the project's potential impact on economic growth. The characteristics of the capital project should therefore be analyzed and determined suitable for the proposed financing methods. For example, transportation projects are often funded entirely from revenue from the gas tax, which is considered a good proxy for road user fees.

The sale of debt is streamlined in many states through a centralized agency that may be an entity of the state, such as the state treasurer's office, or an independent financing authority that is responsible for issuing debt for state purposes. Entities responsible for the sale of debt work in conjunction with bond attorneys, financial underwriters, bond insurers and other institutional players that are involved in raising money and taking a bond offering to market for sale to investors. In addition to state treasurers or financing authorities, specific entities such as higher education institutions, hospitals or transportation departments may also have the legal authorization to sell bonds. The fiscal risks from debt issuance can be mitigated by restricting the number and types of organizations that can offer debt for sale. Furthermore, efficiencies of scale can be achieved by issuing debt for many projects in a single, larger offering. (See Table 30)

The fiscal risks from debt issuance can be mitigated by restricting the number and types of organizations that can offer debt for sale. Furthermore, efficiencies of scale can be achieved by issuing debt for many projects in a single, larger offering.

Once municipal bonds have been issued or sold to financial underwriters or investors, this debt is an obligation for repayment and is considered outstanding. States must monitor and track the status of outstanding debt by reviewing the repayment schedules, amounts still owed, and terms of agreements to ensure that funds are available to make payments on-time without disrupting spending for current operations. States, like individuals, also look to refinance loans to reduce borrowing costs. By having centralized debt monitoring, states can more easily refinance old debt to reduce interest payments, limit financial risks from debt issuance and reduce debt management costs.

Historically, municipal securities or municipal bonds have had significantly lower rates of default than corporate and foreign government bonds.[13] The debt repayment pledges from state or local governments can come in various forms and can be backed by different resource commitments. The phrase *general obligation* generally refers to a bond issued by a state or local government that carries the *full-faith-and-credit* of the issuer and repayment is guaranteed by the taxing power of the jurisdiction and other revenues. In contrast, a form of nonguaranteed debt, such as a revenue bond, is backed solely by the pledge of a specified revenue source. The issuer of revenue bonds is not obligated to pay principal and interest on its bonds using any source other than those specifically pledged in the bond agreement.

Because general obligation bonds represent a more comprehensive repayment pledge on behalf of the issuer, many states require voter approval before general obligation debt can be issued.

Because general obligation bonds represent a more comprehensive repayment pledge on behalf of the issuer, many states require voter approval before general obligation debt can be issued. (See Table 31) Increased scrutiny from appropriators, restrictions on use or additional voter requirements can make general obligation debt issuance more difficult compared to revenue bonds or other forms of nonguaranteed debt. When present, limits on revenue bonds are less restrictive and can change depending on the purpose of the debt and/or the issuing authority's guidelines. For these and other reasons, the majority of long-term state government debt is nonguaranteed or not general obligation.[14] While revenue bond programs may not require voter approval, they often must be authorized by the state legislature. For example, NASBO's prior edition of Capital Budgeting in the States showed that 38 states include revenue bonds as part of the capital

[13] U.S. Securities and Exchange Commission. July 2012. *"Report on the Municipal Securities Market."* Pg. ii.

[14] Mikesell, J. 2007. *"Fiscal Administration: Analysis and Applications for the Public Sector."* 7th Edition. Pg. 580.

[15] NASBO. 1999. *"Capital Budgeting in the States."* Table 22. Pg. 37.

budgeting process.[15] Historical trends show that the borrowing costs of general obligation bonds are lower compared to revenues bonds, although revenue bonds issued for services with relatively inelastic demand, such as electric utilities or water, carry a lower risk premium and thus interest rates closer to general obligation debt.[16]

Historical trends show that the borrowing costs of general obligation bonds are lower compared to revenues bonds, although revenue bonds issued for services with relatively inelastic demand, such as electric utilities or water, carry a lower risk premium and thus interest rates closer to general obligation debt.

In addition to voter approval, 38 states have a constitutional, statutory, and/or policy provision in place to limit the total amount of outstanding general obligation debt. For a number of states, general obligation debt is not to exceed a percentage of revenue collections. Other states link general obligation debt limits to personal income, property valuations, or some other proxy measure of the tax base used to support debt repayment. Such metrics are often broadly referred to as debt ratios. **(See Table 32)** States may also have laws or policies in place to limit the amount that can be spent on general obligation debt service. Policies that serve to restrict debt service costs ensure that annual debt repayments do not crowd out other spending priorities in a given budget cycle. For example, North Carolina's Debt Affordability Advisory Committee has adopted a ratio of debt service as a percentage of revenues to measure and control debt capacity. **(See Table 33)** A number of states such as Colorado, Idaho, Nebraska, North Dakota, South Dakota, have laws that restrict the issuance of general obligation debt entirely.

Policies that serve to restrict debt service costs ensure that annual debt repayments do not crowd out other spending priorities in a given budget cycle.

Limits on total outstanding debt or debt service can mitigate budgetary risks from debt without necessarily assessing the capacity to issue new debt. However, a number of states have debt affordability criteria and/or conduct regular studies to assess the capacity for new debt. For states such as New Mexico or New Hampshire, the findings may or may not lead to formalized criteria that are used to assess debt capacity. New Mexico's State Board of Finance, for example, publishes an annual debt affordability study that tracks and projects outstanding debt as a percent of personal income as well as other metrics, but no firm policy is established limiting that figure. Similarly, Nevada maintains a Debt Capacity and Affordability Model to evaluate the state's ability to pay debt service on its bonds and its ability to issue additional bonds. Debt affordability criteria and debt capacity studies tend to be forward looking and can help states understand the capacity for future infrastructure projects within the context of a rapidly growing, stagnating or shrinking tax base. **(See Table 34)**

Debt affordability criteria and debt capacity studies tend to be forward looking and can help states understand the capacity for future infrastructure projects within the context of a rapidly growing, stagnating or shrinking tax base.

The transactions costs and other considerations that come into play with debt issuance can make pay-as-you-go capital project financing attractive, particularly during periods of high interest rates. Pay-as-you-go financing is the practice of paying for capital projects with cash currently available rather than with borrowed funds. If funds are available to finance capital projects without borrowing, states can reduce interest payments, initiate projects faster, increase flexibility in future operating budgets through lower debt service costs and free up debt capacity for projects more appropriately financed with debt. Twenty-two states reported that formal or informal pay-as-you-go policies are considered in decisions about project financing. States such as Alaska, Iowa, Missouri Nebraska and North Dakota generally use pay-as-you-go financing methods to pay for capital projects. West Virginia designates a portion of lottery receipts for pay-as-you-go financing for capital projects for schools. Other states, such as Oregon and Michigan, more commonly pay for specific parts of the capital improvement plan with cash, such as major maintenance or heating or cooling system replacements. For capital expenditure items with a relatively shorter useful life, cash may be a more cost-effective means of financing. **(See Table 35)**

[16] Guzman, T., and Moldogaziev, T. Fall 2012. *"Which Bonds Are More Expensive? The Cost Differentials by Debt Issue Purpose and the Method of Sale: An Empirical Analysis."* Public Budgeting and Finance. Volume 32, Number 3. Pgs. 79–101.

Debt service is a claim on future budgets that can limit spending flexibility if excessive because states often have provisions to pay debt service first, prior to funding other obligations.

If debt is used to finance a capital project instead of cash, states still need revenue to repay the loan obligation. Although not always the case, debt service (principle and interest payments) is generally treated as an operating expenditure that is funded through the normal appropriations process. However, states can also pay debt service costs through specific taxes or fees (including agency surcharges for space utilization), revenue generated from the capital project or through cash reserves that are outside the general fund. States make decisions on the amount of general funds to allocate for debt service based on available revenues as well as statutory/constitutional debt policies. Debt service is a claim on future budgets that can limit spending flexibility if excessive because states often have provisions to pay debt service first, prior to funding other obligations. To limit resource competition in the general fund, states can finance capital projects through non-general funds when feasible. (See Table 36)

For capital projects that utilize debt financing, there is often the need to finance a project on an interim basis until bonds with long-term maturities can be sold to a financial underwriter or investors.

For capital projects that utilize debt financing, there is often the need to finance a project on an interim basis until bonds with long-term maturities can be sold to a financial underwriter or investors. The most common interim financing options used by states are bond anticipation notes and commercial paper. Both borrowing instruments generally include terms of repayment within a year. The short-term loans are considered low risk because the repayment timeframe is short. Interim loans are backed by the expectation that the larger bond issue will take place and result in sufficient funds to repay the debt. Because larger bond issues are more complex and can take more time to go to market, interim financing allows construction to begin sooner, which can be an important consideration depending on the urgency of the project. (See Table 37)

However, the fiscal and political advantages and disadvantages of alternative financing methods should be weighed in the context of a particular project proposal, rather than ascribed as a panacea for solving state infrastructure problems.

In addition to bonds, designated taxes or fees, and general funds, capital projects can be financed in a number of other ways. The use of alternative capital financing options will likely continue to receive attention as state resources remain constrained. However, the fiscal and political advantages and disadvantages of alternative financing methods should be weighed in the context of a particular project proposal, rather than ascribed as a panacea for solving state infrastructure problems. For example, highway public-private partnerships can provide new transportation infrastructure without using public funds, reduce budgetary commitments, and transfer fiscal and construction risks from states to the private sector. Yet, many road projects can be done more cheaply under traditional models with tax exempt financing and without a need to account for profit margin, financial and legal advisor costs or a risk premium, which are all added costs that come with public-private partnerships.[17] Public benefits and costs must be analyzed extensively for individual projects to avoid sacrificing public interests for private returns. Twenty states report using public-private partnerships for financing capital projects. Most public-private partnerships with states are used for transportation projects.[18] A notable exception in California is the Long Beach courthouse recently built through a partnership model more often utilized in Canada, the United Kingdom and Australia.[19]

Public benefits and costs must be analyzed extensively for individual projects to avoid sacrificing public interests for private returns.

[17] United States Government Accountability Office. February 2008. *"Highway Public-Private Partnerships: More Rigorous Up-front Analysis Could Better Secure Potential Benefits and Protect the Public Interest."*

[18] According to the National Conference of State Legislatures, 33 states and Puerto Rico now have transportation public private partnership enabling legislation. See *"Public-Private Partnerships for Transportation: A Toolkit for Legislators February 2014 Updates and Corrections."*

[19] California Administrative Office of the Courts. September 2012. *"Governor Deukmejian Courthouse: An Evaluation of Agreement Development, Procurement Process & Performance During Design and Construction. A Performance Based Infrastructure Project, Long Beach, California."*

GOOD PRACTICES
IN CAPITAL FINANCING AND DEBT MANAGEMENT

- **The characteristics of capital projects should be analyzed to determine a suitable financing method.** By issuing long-term debt for costly infrastructure projects with long service lives, states can increase equity between generations without disrupting the operating budget. For projects financed with debt, the bond maturity or end of the debt repayment period should not exceed the useful life of the asset.
- **The number and types of state entities that can issue debt should be limited to increase fiscal control and decrease transaction costs.** Most state debt should be issued and managed through a centralized agency or financing authority to streamline debt management. Efficiencies of scale can be achieved by issuing or refinancing debt for many projects in a single, larger offering.
- **Develop clear debt policies that limit debt burdens to a percentage of revenue collections or the taxable base.** Policies regarding total outstanding debt and debt service ensure that prior spending commitments do not crowd out current and future operating budgets. Debt affordability criteria and debt assessments can provide useful information on the capacity to issue new debt.
- **When utilized appropriately, alternative capital financing options can provide effective solutions for capital needs.** Non-traditional capital financing models, including those that rely more heavily on the private sector, are generally more complex and less transparent. The costs and benefits to pursuing capital financing through alternative options should be analyzed and made clear.
- **Long-term leases represent future liabilities.** Long-term leases that are treated as an operating expense or as a capital expense should be reviewed in conjunction with other capital expenditures to have a more transparent and comprehensive view of future commitments.

Revolving loan funds are state funds that are borrowed by agencies for capital purposes, and upon loan repayment, the funds are loaned for another capital project.

More common alternative financing methods include, lease-purchase agreements (35 states), revolving loan funds (23 states), and certificates of participation (20 states). States often face decisions whether to own or lease a facility, and lease-purchase agreements represent a compromise between the two options. Lease-purchase agreements allow the state to lease a facility for a period of years with a commitment to purchase the space in the future. Revolving loan funds are state funds that are borrowed by agencies for capital purposes, and upon loan repayment, the funds are loaned for another capital project. This can reduce the transaction costs and interest costs that come with bond issuance. Certificates of participation are a type of financing that allows investors to directly purchase a share of lease payments rather than purchasing a bond. Most alternative financing methods, similar to bonds, are claims on future revenue collections and require repayment from general fund appropriations or specific taxes or fees. (See Table 38)

Irrespective of different budgeting treatments, long-term leases represent a future liability, and the fiscal commitments should be transparent.

Depending on the state or the specifics of a particular contract, long-term leases may be treated as an operating expense or a capital expense. Long-term leases may also be treated differently for budgeting purposes than for accounting purposes. Irrespective of different budgeting treatments, long-term leases represent a future liability, and the fiscal commitments should be transparent. The criteria set by generally accepted accounting principles can help states make decisions on the treatment of long-term leases for capital or operating purposes. Thirty-five states treat long-term leases as an operating expense, and 14 states treat long-term leases as a capital expense. And in nearly half of the states, long-term leases are subject to the same selection criteria as capital projects. States are also fairly evenly divided on whether or not they include long-term leases in the calculation of total outstanding debt. (See Table 39)

Table 30: Debt Issuance

State	Centralized Agency or Financing Authority is Primarily Responsible for Debt Issuance	Additional Explanation
Alabama*		
Alaska	X	G.O./revenue/lease/debt sold through centralized agency. Housing, economic development, student loan, bond bank, energy project debt all sold through public corporations.
Arizona		
Arkansas		Financing Structure and mechanisms in law.
California	X	
Colorado		Issued by individual Agencies as the State is not allowed to issue debt.
Connecticut	X	Office of the State Treasurer.
Delaware	X	
Florida	X	The State Board of Administration is the agency in Florida that issues debt.
Georgia	X	Georgia State Financing and Investment Commission
Hawaii	X	
Idaho	X	
Illinois	X	GOMB is the primary agency responsible to issue state debt although there is also a state finance authority for conduit debt.
Indiana	X	Indiana Finance Authority.
Iowa		Legislatively authorized debt can be issued by the Treasurer of State, Iowa Finance Authority and the Board of Regents.
Kansas	X	Kansas Development Finance Authority (this is not a state agency but an independent instrumentality).
Kentucky	X	The State Property & Buildings Commission and the Turnpike Authority of KY are the primary debt issuing authorities staffed by the Finance & Administration Cabinet's Office of Financial Management.
Louisiana	X	The Louisiana State Bond Commission centrally issues and administers all debt of the State and its agencies, as required by the Louisiana Constitution.
Maine	X	Office of the Maine State Treasurer.
Maryland	X	
Massachusetts	X	Debt of the Commonwealth is issued by the State Treasurer.
Michigan	X	State Building Authority.
Minnesota	X	Minnesota Management and Budget issues most state GO debt. There are some independent authorities in Minnesota that also have authority to issue state debt.
Mississippi	X	
Missouri	X	Debt issued through Board of Fund Commissioners.
Montana	X	
Nebraska	X	State Accounting for Master Lease arrangements; Board of Regents for Higher Education
Nevada	X	State Treasurer's Office.
New Hampshire	X	All State debt issued through the State Treasurer's Office.
New Jersey	X	
New Mexico	X	New Mexico issues debt through the State Board of Finance (centralized agency). In addition the Department of Transportation and the New Mexico Finance Authority have the authority to issue bonds.
New York	X	The Division of the Budget ("DOB") coordinates the State's debt issuance process for all State-supported bond sales, except for those issued by the Office the State Comptroller ("OSC"). Each fiscal year, the DOB prepares a proposed bond sale calendar that outlines the year's debt issuances to finance the capital projects authorized in the five-year Capital Program and Financing Plan. The calendar is developed based on the State's capital commitments and liquidity needs. For each bond sale, DOB establishes a timetable for deliverables, works collaboratively to structure the sales, and evaluates actual outcomes. New York State-supported bonds are issued primarily through three authorized issuers: The Dormitory Authority of the State of New York, the Empire State Development Corporation and the Thruway Authority. Also, the Comptroller of the State of New York issued debt for general obligation and LGAC purposes.
North Carolina	X	

NOTE: *See Notes to Table 30 on page 103.

Table 30: Debt Issuance

State	Centralized Agency or Financing Authority is Primarily Responsible for Debt Issuance	Additional Explanation
North Dakota	X	
Ohio	X	Ohio Public Facilities Commission.
Oklahoma	X	The Oklahoma State Bond Advisor's Office and the Oklahoma Capitol Improvements Authority issue debt for capital projects.
Oregon	X	The State Treasurer has over-all responsibility for issuance of state debt. The Department of Administrative Services (DAS) issues debt for most state equipment and facilities, The university system and community colleges issue state debt independent of DAS. Other agencies (Transportation, Housing, Environmental Quality, Economic Development, Energy, etc.) issue program specific debt.
Pennsylvania	X	
Rhode Island	X	The State Budget Office, in cooperation with the General Treasurer's Office, oversees the issuance of state debt and is responsible for ongoing tracking of debt issuances.
South Carolina	X	The Office of State Treasurer is the centralized agency for issuing all debt for state agencies and higher education institutions. That debt includes all general obligation debt as well as debt backed by revenue sources of the individual higher education institutions.
South Dakota	X	South Dakota Building Authority.
Tennessee	X	
Texas	X	Debt is primarily issued through the Texas Public Finance Authority. The Texas Department of Transportation and some higher education institutions also issue debt.
Utah	X	State Treasurer.
Vermont	X	State Treasurers Office.
Virginia	X	Debt is primarily issued by financing authorities such as the Virginia College Building Authority, the Virginia Public Building Authority, and the Virginia Public School Authority.
Washington	X	Once the legislature appropriates general obligation bond capacity, the State Finance Committee (Governor, Lieutenant Governor, and Treasurer) authorize the sale of bonds. The State Treasurer conducts bond sales and is the centralized agency responsible for management of all bonds.
West Virginia		
Wisconsin	X	
Wyoming		
District of Columbia	X	
Total	**43**	

NOTE: *See Notes to Table 30 on page 103.

Table 31: General Obligation Debt Issuance and Voter Approval

State	State requires Voter Approval Through a Statewide Referendum for General Obligation Debt Issuance
Alabama	X
Alaska	X
Arizona	
Arkansas	X
California	X
Colorado*	
Connecticut	
Delaware	
Florida	X
Georgia	
Hawaii	
Idaho	
Illinois	
Indiana	
Iowa*	
Kansas	X
Kentucky	X
Louisiana	
Maine*	X
Maryland	
Massachusetts	
Michigan	X
Minnesota*	
Mississippi	
Missouri	X
Montana	
Nebraska*	
Nevada	
New Hampshire*	
New Jersey	X
New Mexico	X
New York	X
North Carolina	X
North Dakota	
Ohio	X
Oklahoma	X
Oregon*	
Pennsylvania*	
Rhode Island	X
South Carolina	
South Dakota*	
Tennessee	
Texas*	X
Utah	
Vermont	
Virginia*	
Washington*	
West Virginia	X
Wisconsin	
Wyoming	
District of Columbia	
Total	**19**

NOTE: *See Notes to Table 31 on page 103.

Table 32: State Policies Regarding Total Outstanding General Obligation Debt

State	State Has a Constitutional, Statutory, and/or Policy Limit Regarding Total Outstanding General Obligation Debt	Brief Description of the General Obligation Debt Limit Provision
Alabama		
Alaska	X	Policy is linked to revenue.
Arizona	X	The constitution states, debt "shall never exceed the sum of three hundred and fifty thousand dollars."
Arkansas		Statutory limits can exist.
California		
Colorado		
Connecticut	X	No bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the general assembly except such as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the general assembly but which have not been issued and (2) the total amount of such indebtedness which has been issued and remains outstanding, to exceed one and six tenths times the total general fund tax receipts of the State for the fiscal year in which any such authorization will become effective, as estimated for such fiscal year by the joint standing committee of the general assembly having cognizance of finance, revenue and bonding in accordance with section 2.35.
Delaware	X	Statutory Limit —The aggregate principal amount of new tax-supported obligations of the State which may be authorized in any one fiscal year may not exceed 5.0 percent of estimated net budgetary General Fund revenue for that fiscal year.
Florida		Per Chapter 215.98, Florida Statutes, the Legislature declares that it is the policy of this state to exercise prudence in undertaking the authorization and issuance of debt. In order to implement this policy, the Legislature desires to authorize the issuance of additional state tax-supported debt only when such authorization would not cause the ratio of debt service to revenue available to pay debt service on tax-supported debt to exceed 6.0 percent. If the 6.0 percent target debt ratio will be exceeded, the authorization of such additional debt must be accompanied by a legislative statement of determination that such authorization and issuance is in the best interest of the state and should be implemented. The Legislature shall not authorize the issuance of additional state tax-supported debt if such authorization would cause the designated benchmark debt ratio of debt service to revenues available to pay debt service to exceed 7.0 percent unless the Legislature determines that such additional debt is necessary to address a critical state emergency.
Georgia	X	By Constitution, maximum FY debt is limited to 10.0 percent of prior FY treasury receipts. The target ratio is 7.0 percent per the State Debt Management Plan (policy).
Hawaii	X	Principal and interest may not exceed debt limit of 18.5% of general fund revenues for past 3 years.
Idaho	X	No general obligation debt allowed.
Illinois	X	There is a statutory limit on authorization for debt issuance.
Indiana	X	
Iowa	X	Iowa Constitution allows up to $250,000 may be issued in general obligation debt.
Kansas	X	
Kentucky	X	KY's Constitution limits general obligation debt to $500,000 and requires voter approval for such debt. KY has not issued general obligation debt in the last 50 years. KY issues appropriation backed lease revenue debt for which debt service appropriations are renewed biennially.
Louisiana	X	Statute limits total G.O. Bonds relative to average annual bond earnings.
Maine	X	The informal policy limit on debt is that the debt service does not exceed 5.0 percent of the General Fund or Highway Fund revenues.
Maryland	X	8.0 percent of available revenues.
Massachusetts	X	There is a statutory limit regarding general obligation debt which grows 5.0 percent each year.
Michigan*		
Minnesota	X	Policy: Total tax-supported principal outstanding should not exceed 3.25 percent of total state personal income.
Mississippi	X	No more than one and one-half (1 1/2) times the sum of all revenue collected during any one of the preceding four fiscal years, whichever year might be higher.
Missouri		
Montana	X	The legislature must approve the amount to be bonded.

NOTE: *See Notes to Table 32 on page 104.

Table 32: State Policies Regarding Total Outstanding General Obligation Debt

State	State Has a Constitutional, Statutory, and/or Policy Limit Regarding Total Outstanding General Obligation Debt	Brief Description of the General Obligation Debt Limit Provision
Nebraska	X	State Constitution, Section XIII-1, prohibits General Obligation Debt. Revenue Bonds are allowed for Higher Education and road construction, under specific circumstances.
Nevada	X	Constitution limits general obligation debt to 2.0 percent of total statewide assessed value with some exceptions such as debt issued for natural resources.
New Hampshire		
New Jersey	X	Combined debt cannot exceed 1.0 percent of total appropriations unless authorized by law and brought to voters for approval at a general election.
New Mexico	X	General obligation debt is constitutionally limited to 1.0 percent of net taxable property values.
New York	X	The Debt Reform Act of 2000 limits the amount of new State-supported debt to 4.0 percent of State personal income and new State-supported debt service costs to 5.0 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued since April 1, 2000, which includes general obligation debt.
North Carolina	X	In 2004 the NC General Assembly adopted legislation creating the Debt Affordability Advisory Committee to annually advise the Governor and the General Assembly of the estimated debt capacity of the state for the upcoming 10 years.
North Dakota*	X	Up to $2.0 million unsecured and up to $10.0 million secured by real estate.
Ohio	X	Unless specifically exempted, debt service payments on debt backed by the General Revenue Fund may not exceed 5.0 percent of prior year revenue.
Oklahoma	X	
Oregon	X	There is a constitutional limitation on amount of outstanding debt for each individual GO program based on a percentage of value of real property in the state. Revenue bond programs typically have a statutory limit on level of outstanding debt. Oregon Law established The State Debt Policy Advisory Commission that establishes targets/limits for new amounts of General Fund supported debt from all sources (and Lottery Bond debt). The longstanding policy is that the amount of new GF-supported debt is limited to no more than an amount that would result in GF debt service being equal to 5.0 percent of projected GF revenue. Lottery debt is limited to a 4x coverage ratio (projected revenues must be > 400% of projected debt service).
Pennsylvania	X	Per Constitution, outstanding debt is limited to 1.75 times the average five-year tax revenues.
Rhode Island	X	The Public Finance Management Board has established guidelines overseeing the issuance of debt.
South Carolina	X	Constitutional and statutory. Both provisions limit the outstanding general obligation debt is limited such that debt service does not exceed 6.0 percent of prior year general fund revenues. Of that 6.0 percent, 5.0 percent is for capital improvement bonds, 0.5 percent is for economic development bonds and 0.5 percent is for research university infrastructure bonds. These limits do not include highway bonds or institution bonds for higher education.
South Dakota		
Tennessee	X	There is a statutory requirement on how much debt can be issued based on the estimated growth in state revenues.
Texas	X	Article 3 Section 49J limits state debt payable from the general revenue fund. This limit for general obligation debt service serves to limit total outstanding general obligation debt.
Utah	X	Constitutional 1.5 percent of total fair market value of taxable property.
Vermont		
Virginia	X	There is a constitutional limit based on a percentage of average annual revenue derived from income and sales taxes: 1.15 X average annual income and sales tax revenues for three immediately preceding fiscal years.
Washington*	X	With certain exceptions included in the table notes, the amount of state general obligation debt that may be incurred is limited by the Constitution.
West Virginia		
Wisconsin	X	General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of 0.75 percent, and a cumulative debt limit of 5.0 percent, of the aggregate value of all taxable property in the state.
Wyoming		
District of Columbia		
Total	**38**	

NOTE: *See Notes to Table 32 on page 104.

Table 33: State Policies Regarding General Obligation Debt Service

State	State Has a Constitutional, Statutory, and/or Policy Limit Regarding General Obligation Debt Service	Description of the General Obligation Debt Service Provision
Alabama		
Alaska	X	Policy linked to revenue.
Arizona		
Arkansas		
California		
Colorado		
Connecticut		
Delaware	X	Statutory Limit—No tax-supported obligations of the State and no Transportation Trust Fund (TTF) debt obligations of the Delaware Transportation Authority may be incurred if the aggregate maximum annual payments on all such outstanding obligations exceed 15.0 percent of the estimated aggregate budgetary General Fund revenue, plus Trust Fund revenue for the fiscal year following the fiscal year in which such obligation is incurred. No general obligation debt may be incurred if the maximum annual debt service payable in any fiscal year on all such outstanding obligations will exceed the estimated cumulative cash balances for the fiscal year following the fiscal year in which such obligation is incurred.
Florida	X	Bond programs with a specific tax pledge and the full faith and credit of the state have constitutional or statutory coverage provisions.
Georgia	X	See description in Table 34.
Hawaii	X	Principal and interest may not exceed debt limit of 18.5% of general fund revenues for past 3 years.
Idaho		
Illinois	X	There is a limit based on a percentage of prior year appropriation.
Indiana		
Iowa	X	Iowa Constitution allows up to $250,000 may be issued in general obligation debt.
Kansas		
Kentucky	X	It has been a policy goal to keep outstanding appropriation backed lease revenue debt service at approx. 6.0 percent of total revenue.
Louisiana	X	Statute limits total debt to limit debt service relative to total annual revenue.
Maine	X	The informal policy limit on debt is that the debt service does not exceed 5.0 percent of the General Fund or Highway Fund revenues.
Maryland	X	Net tax-supported debt at 4.0 percent of personal income.
Massachusetts	X	The Administration's policy is to limit total debt service, which includes some general and non-general obligation debt to 8.0 percent of budgeted revenues each year.
Michigan		
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		Does not apply. The State Constitution prohibits General Obligation Debt at the State level.
Nevada	X	State of Nevada general obligation debt is paid from a dedicated property tax rather than its general fund. The state's debt management policy has an objective to have a reserve within the Consolidated Bond Interest and Redemption Fund balance at the end of each fiscal year equal to at least 50.0 percent of the next fiscal year's debt service.
New Hampshire	X	NH RSA 6-C:2 limits any additional tax supported debt if the projected annual debt service exceeds 10.0 percent of unrestricted general fund revenues. Ceiling can be exceeded only by a 3/5 vote of the Legislature.
New Jersey		
New Mexico		Although the total debt outstanding is limited to 1.0 of net taxable property values by the State Constitution, debt service on that debt is not formally limited. When voters approve projects to be financed with general obligation debt, they agree to be taxed at whatever property tax mill rate is necessary to repay the associated debt.

NOTE: *See Notes to Table 33 on page 105.

Table 33: State Policies Regarding General Obligation Debt Service

State	State Has a Constitutional, Statutory, and/or Policy Limit Regarding General Obligation Debt Service		Description of the General Obligation Debt Service Provision
New York		X	The Debt Reform Act of 2000 limits the amount of new State-supported debt to 4.0 percent of State personal income and new State-supported debt service costs to 5.0 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued since April 1, 2000, which includes general obligation debt.
North Carolina		X	The Debt Affordability Advisory Committee has adopted the ratio of debt service as a percentage of revenues as the controlling metric that determines the State's debt capacity.
North Dakota*		X	10.0 percent of 1 cent sales tax.
Ohio		X	Unless specifically exempted, debt service payments on debt backed by the General Revenue Fund may not exceed 5.0 percent of prior year revenue.
Oklahoma			
Oregon		X	See description in Table 34.
Pennsylvania		X	Capital Budget Authorization limits the annual bond purchases.
Rhode Island		X	Debt service should not exceed 7.5 percent of state general revenue.
South Carolina		X	See description in Table 34.
South Dakota			
Tennessee		X	The first year general obligation debt service requirement is budgeted on a recurring basis beginning with the year bonds are authorized.
Texas		X	Under Article 3 Section 49J of the Texas Constitution, the maximum annual debt service in any fiscal year on state debt payable from the general revenue fund may not exceed 5.0 percent of an amount equal to the average of the unrestricted general revenue fund revenues for the three preceding fiscal years.
Utah			
Vermont			
Virginia			There is no limit on debt service specifically for general obligation debt. There is an affordability guideline that is applicable for debt service for all tax-supported debt. See description in Table 36.
Washington*		X	With certain exceptions listed in Table 36 notes, the amount of state general obligation debt that may be incurred is limited by the Constitution.
West Virginia			
Wisconsin			
Wyoming			
District of Columbia		X	District legislation caps the debt service (for any year over the 6-year CIP period) at 12.0 percent of the planned General Fund expenditures. The Home Rule Act has a more liberal requirement of 17.0 percent.
Total		**25**	

NOTE: *See Notes to Table 33 on page 105.

Table 34: State Debt Affordability Criteria

State	State Has Debt Affordability Criteria	Description of the Debt Affordability Criteria
Alabama	X	
Alaska	X	Percentage of revenue.
Arizona		
Arkansas		
California		
Colorado		
Connecticut		
Delaware		
Florida	X	Net tax supported debt service as a percentage of revenues available.
Georgia	X	Per Debt Management Plan, the target ratio for debt is less than 3.5 percent of personal income and less than $1,200 debt per capita.
Hawaii		
Idaho		
Illinois	X	Affordability is determined primarily based on the estimated revenues that go towards debt service.
Indiana		
Iowa		
Kansas		
Kentucky	X	It has been a policy goal to keep outstanding debt service at approximately 6.0 percent of total revenue
Louisiana		
Maine		Though not used as criteria, total outstanding debt as a percent of personal income is calculated.
Maryland	X	Net tax-supported debt at 4% of personal income.
Massachusetts	X	8.0 percent of budgeted revenues.
Michigan		
Minnesota	X	Policy: Total tax-supported principal outstanding should not exceed 3.25 percent of total state personal income.
Mississippi		
Missouri		
Montana	X	It is considered before additional debt is considered.
Nebraska		
Nevada	X	Nevada maintains a Debt Capacity and Affordability model to evaluate the state's ability to pay debt service on its bonds and its ability to issue additional bonds. The state's debt management policy has an objective to have a reserve within the Consolidated Bond Interest and Redemption Fund balance at the end of each fiscal year equal to at least 50.0 percent of the next fiscal year's debt service.
New Hampshire	X	Internal criteria only, NH has extensive debt affordability study conducted by outside experts annually.
New Jersey		
New Mexico		The State Board of Finance publishes an annual debt affordability study that tracks and projects outstanding debt as a percent of personal income as well as other metrics, but no firm policy is established limiting that figure. The debt affordability study includes debt issued by the State Board of Finance, the Department of Transportation, and lease-appropriation debt. The debt affordability study also compares New Mexico's debt ratios to its peer states with similar ratings.
New York	X	The Debt Reform Act of 2000 limits the amount of new State-supported debt to 4.0 percent of State personal income and new State-supported debt service costs to 5.0 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued since April 1, 2000.
North Carolina	X	The net tax-supported debt to personal income ratio has been established with a target of 2.5% and a maximum ceiling of 3%.
North Dakota		
Ohio		
Oklahoma		
Oregon		
Pennsylvania	X	Per Constitution, outstanding debt is limited to 1.75 times the average five-year tax revenues.

Table 34: State Debt Affordability Criteria

State	State Has Debt Affordability Criteria	Description of the Debt Affordability Criteria
Rhode Island	X	Tax supported debt should not exceed 6.0 percent of personal income.
South Carolina		
South Dakota		
Tennessee		
Texas	X	As of August 31, 2012, the Constitutional Debt Limit (CDL) for outstanding debt was 1.34 percent of the three-year average of unrestricted General Revenue Funds.
Utah		
Vermont	X	
Virginia	X	The debt affordability measure is based on maintaining the annual debt service on all tax-supported debt at no more than five percent of forecast tax revenues.
Washington		
West Virginia		
Wisconsin		
Wyoming	X	1.0 percent of assessed value of taxable property.
District of Columbia		
Total	**20**	

Table 35: Financing Capital Projects

State	State Maintains a Formal or Informal Pay-As-You-Go Policy for Financing Capital Projects	Additional Explanations on Formal or Informal Pay-As-You Go Policies and Bond Financing Capital Projects
Alabama		
Alaska		Alaska relies heavily on pay-as-you-go.
Arizona		
Arkansas		
California		
Colorado		
Connecticut		
Delaware	X	
Florida	X	Florida uses both pay-as-you-use and pay-as-you-go. Department of Management Services (DMS) and the State University System (SUS) both issue bonds for new construction and sometimes for major repairs. Agencies along with DMS and SUS use the "pay as you go" through the appropriation of capital and expense budgets.
Georgia		
Hawaii		
Idaho	X	
Illinois	X	Agencies typically manage their own pay-as-you-go capital projects so long as revenues are sufficient to fund the projects. The affordability of those projects are reviewed by GOMB.
Indiana		
Iowa	X	For the most part, Iowa is a pay-as-you-go state for capital projects.
Kansas		
Kentucky		
Louisiana	X	G.O. Bonds and lines of credit are often issued in similar amounts annually.
Maine	X	Capital project requests are made in each biennial budget bill.
Maryland		
Massachusetts		
Michigan	X	Bond financing is reserved for major capital projects. A recently implemented statutory reform requires that when major projects are authorized for construction, the debt service for the project must also be appropriated in the budget so that the capital spending/budgeting decisions are made concurrently. The preference is to pay for special maintenance projects on a pay-go basis.
Minnesota	X	The state can only issue bonds to finance capital bonding projects and/or programs with the state's general obligation bonds that have been signed into law. Every year, the agency requests how much money for those projects is needed to fund them for the next year. The state only issues bonds for those projects or portions of projects that need money within the next year.
Mississippi	X	The State Bond Commission approves the issuance of Bonds on an annual basis, and considers the financing needs for the next 12–15 months.
Missouri	X	In general, the state maintains a pay-as-you-go policy; however, bond issuances are occasionally used to fund capital projects.
Montana		
Nebraska	X	Debt financing is limited to Higher Education revenue bonds and Higher Education Financing Authority instruments. All other capital projects financed on a pay-as-you-go policy.
Nevada	X	Nevada's debt management policy states bonding should be used only after considering alternative funding sources, such as pay-as-you-go funding from current revenues, Federal and State grants, and special assessments.
New Hampshire		New Hampshire funds the vast majority of capital projects through bonding.
New Jersey		

Table 35: Financing Capital Projects

State	State Maintains a Formal or Informal Pay-As-You-Go Policy for Financing Capital Projects	Additional Explanations on Formal or Informal Pay-As-You Go Policies and Bond Financing Capital Projects
New Mexico		General obligation bonds are limited by policy to 10 years, and only 10-year bonds are issued. Severance tax bonds are statutorily allowed to be issued for up to 10 years, but the Board also routinely issues short-term severance tax notes to use additional severance tax revenues to finance capital projects on a pay-as-you-go basis.
New York		Based on availability of funds and type of project.
North Carolina	X	Historically, capital improvement projects have been funded with tax revenue over collections and/or state agency reversions.
North Dakota	X	Debt is incurred for capital projects only when current state general and special fund revenues are inadequate to meet the capital budget needs.
Ohio		
Oklahoma	X	
Oregon		As the primary landlord for state agencies, the Department of Administrative Services (DAS) traditionally funds certain types of capital projects on a pay-as-you-go basis using rent revenues. Such projects include major building envelope repairs, roof or carpet replacements, HVAC system upgrades, etc.
Pennsylvania	X	Only for projects financed by general revenues; included within the Governor's Executive Budget.
Rhode Island	X	Constitution establishes the Rhode Island Capital Plan Fund which is to be used for pay-as-you-go capital projects. Funding is derived from surplus funds in the Budget Reserve (rainy day) fund per prescribed formula.
South Carolina	X	For projects not funded with some sort of bond funds, the funding for the projects must be available to the agencies or institutions at the time the projects are approved. Projects cannot be approved for construction with the promise of funding at a future time. Therefore, when projects are submitted for approval by Joint Bond Review Committee and Budget and Control Board, the agency submitting it must already have the availability of the funds for expenditure before the construction budget is approved.
South Dakota		
Tennessee		
Texas	X	Article III, Section 49a, of the Texas Constitution sets out the "pay-as-you-go" limit. It requires that bills making appropriations be sent to the Comptroller of Public Accounts (CPA) for certification those appropriations are within available revenue. Capital projects must be within this "pay-as-you-go" limit as well when they are part of appropriations.
Utah		
Vermont	X	Informal—situational.
Virginia		
Washington		
West Virginia	X	School Building Authority - $22.0 million of Lottery appropriations are designated "Pay As You Go".
Wisconsin		
Wyoming		
District of Columbia	X	Certain identified dedicated revenue streams are moved through Paygo to capital projects during formulation. Further, we use available/unneeded operating budgets and transfer the budget through Paygo to capital projects.
Total	**22**	

Table 36: Sources of Revenue for Repayment of Debt Issued to Finance Capital Projects

State	General Fund	Specific Taxes or Fees	Cash Reserves Not in the General Fund	Revenue Generated from the Capital Project
Alabama	X	X		X
Alaska	X	X		X
Arizona	X	X	X	X
Arkansas	X	X	X	X
California	X	X		
Colorado*	X			
Connecticut	X	X		
Delaware	X			
Florida	X	X		X
Georgia	X			
Hawaii	X	X		X
Idaho	X	X		
Illinois	X	X		
Indiana	X	X		X
Iowa		X		X
Kansas	X	X		X
Kentucky	X	X		X
Louisiana	X			X
Maine*	X	X		
Maryland		X		
Massachusetts	X	X		X
Michigan	X			
Minnesota	X			
Mississippi	X			X
Missouri	X	X	X	X
Montana	X	X		
Nebraska	X	X		X
Nevada		X		X
New Hampshire	X	X		X
New Jersey	X	X		
New Mexico	X	X	X	
New York	X	X		X
North Carolina	X	X	X	X
North Dakota	X	X		
Ohio	X			
Oklahoma	X	X	X	X
Oregon	X	X		X
Pennsylvania	X	X	X	
Rhode Island	X	X		
South Carolina	X	X	X	X
South Dakota	X	X	X	X
Tennessee	X	X	X	X
Texas	X	X		X
Utah	X	X		
Vermont	X			
Virginia	X	X		X
Washington	X			
West Virginia	X	X		X
Wisconsin	X	X		X
Wyoming	X	X		X
District of Columbia	X	X		X
Total	**47**	**40**	**10**	**29**

NOTE: *See Notes to Table 36 on page 105.

Table 37: Interim Borrowing Instruments used for Capital Purposes

State	Treasury Loans	Tax Anticipation Notes	Bond Anticipation Notes	Commercial Paper	Other
Alabama*					
Alaska*			X		X
Arizona					
Arkansas	X				
California	X			X	
Colorado*					X
Connecticut					
Delaware					
Florida*					
Georgia*					
Hawaii	X				
Idaho					
Illinois					
Indiana			X	X	
Iowa				X	
Kansas			X		
Kentucky			X	X	
Louisiana					
Maine			X		
Maryland					
Massachusetts			X	X	
Michigan				X	
Minnesota					
Mississippi	X		X	X	
Missouri				X	
Montana*					
Nebraska*					
Nevada					
New Hampshire*			X		X
New Jersey*					
New Mexico					
New York					
North Carolina					
North Dakota*					X
Ohio					
Oklahoma					
Oregon		X			
Pennsylvania			X		
Rhode Island*			X		
South Carolina*	X		X	X	
South Dakota					
Tennessee				X	
Texas		X	X	X	
Utah					
Vermont					
Virginia	X				
Washington					
West Virginia					
Wisconsin*					
Wyoming					
District of Columbia		X			
Total	**6**	**2**	**12**	**11**	**4**

NOTE: *See Notes to Table 37 on page 106.

Table 38: Alternative Capital Financing Methods

State	Certificates of Participation (COP)	Lease-Purchase Agreements	Public-Private Partnerships	Tax Increment Financing (TIF)	Revolving Loan Funds	Private Sector Development Bonds	Other
Alabama*		X		X			
Alaska	X	X			X		
Arizona	X	X	X				
Arkansas					X		
California*		X					X
Colorado*	X	X					X
Connecticut		X	X	X	X		
Delaware*		X					X
Florida	X	X	X		X		
Georgia			X				
Hawaii	X	X	X				
Idaho							
Illinois			X	X	X		
Indiana		X	X		X		
Iowa							
Kansas	X	X	X	X	X		
Kentucky		X	X		X		
Louisiana							
Maine	X	X					
Maryland		X	X		X		
Massachusetts		X		X	X		
Michigan	X	X	X				
Minnesota*	X	X					X
Mississippi	X	X	X				
Missouri				X	X		
Montana					X		
Nebraska		X	X				
Nevada*	X	X			X		
New Hampshire		X					
New Jersey	X	X	X				
New Mexico*		X		X	X	X	
New York		X					
North Carolina	X	X			X		
North Dakota		X					
Ohio	X				X		
Oklahoma		X	X				
Oregon		X					
Pennsylvania							
Rhode Island*	X	X			X		
South Carolina	X		X	X	X		
South Dakota	X				X		
Tennessee*							X
Texas		X	X		X	X	
Utah							
Vermont	X	X	X	X	X		
Virginia		X	X		X		
Washington	X	X					
West Virginia		X	X	X	X		
Wisconsin	X	X				X	
Wyoming							
District of Columbia	X	X		X			
Total	**20**	**35**	**20**	**10**	**23**	**3**	**5**

NOTE: *See Notes to Table 38 on page 106.

Table 39: Long-Term Leases

State	Long-Term Leases Primarily Treated as an Operating Expense	Long-Term Leases Primarily Treated as a Capital Expense	Long-Term Leases Are Subject to Selection Criteria Similar to Capital Projects	Long-Term Leases Included in the Calculation of Total Outstanding Debt
Alabama*		X		Sometimes
Alaska		X	X	Sometimes
Arizona		X		X
Arkansas*		X	X	X
California	X			
Colorado	X		X	
Connecticut	X			
Delaware	X		X	Sometimes
Florida	X		X	Sometimes
Georgia*		X		Sometimes
Hawaii	X		X	
Idaho	X			
Illinois	X		X	X
Indiana	X			X
Iowa	X		X	
Kansas*	X		X	
Kentucky*	X		X	X
Louisiana	X			
Maine	X			X
Maryland*		X	X	X
Massachusetts		X	X	X
Michigan		X	X	
Minnesota		X		X
Mississippi	X		X	
Missouri	X			
Montana	X			X
Nebraska	X		X	X
Nevada*	X			
New Hampshire*				X
New Jersey	X			Sometimes
New Mexico	X			X
New York	X			
North Carolina	X			X
North Dakota	X		X	
Ohio*		X	X	X
Oklahoma		X		X
Oregon*	X			Sometimes
Pennsylvania*	X			
Rhode Island*		X		X
South Carolina*	X			X
South Dakota*	X		X	X
Tennessee	X		X	
Texas*	X		X	X
Utah	X			
Vermont	X			
Virginia		X	X	X
Washington	X		X	
West Virginia		X	X	X
Wisconsin*	X			
Wyoming	X			
District of Columbia*	X			Sometimes
Total	**35**	**14**	**23**	**22**

NOTE: *See Notes to Table 39 on page 107.

CHAPTER 4: TABLE NOTES

Debt Management and Capital Financing

Notes to Table 30: Debt Issuance

Alabama	There are multiple financing authorities with the authority to issue debt.

Notes to Table 31: General Obligation Debt Issuance and Voter Approval

Colorado	Colorado doesn't have any General Obligation debt or revenue bonds because of limitations of TABOR.
Iowa	Iowa Constitution allows for up to $250,000 to be issued in general obligation debt after a public referendum.
Maine	The Constitution of Maine, Article IX, Sections 14 through 14-D, address the authority and procedure for issuance of bonds. Section 14 states that the Legislature can approve bonds up to $2 million without voter approval.
Minnesota	Voter approval is not required, but legislative vote must have 60.0 percent majority to incur general obligation debt. Other types of debt require only simple majority.
Nebraska	General Obligation debt cannot be issued at the state level in Nebraska.
New Hampshire	General obligation debt issuance is authorized by legislature through statute.
Oregon	Approval by voters through a statewide referendum initially establishes the GO program. Thereafter, the Legislative Assembly authorizes amounts to be issued for a biennium within the constitutional limitations on total debt outstanding permitted for a given program.
Pennsylvania	Most general obligation debt issuances do not, but some specialized activities were approved through voter referendum.
South Dakota	There is no general obligation debt for our state.
Texas	The state requires the issuance to be authorized by a constitutional amendment, approved by 2/3 of the state legislature, and receive voter approval through a referendum.
Virginia	Pure general obligation debt repaid from general fund appropriations requires voter approval. General obligation debt repaid from auxiliary revenues (e.g. dorm fees, tolls) that use the general obligation as a back-up ("double barreled" debt) can be authorized by the legislature without a referendum.
Washington	Voter approval is only required if the Legislature wishes to issue general obligation debt outside of the Washington State debt limit set by the Constitution.

CHAPTER 4: TABLE NOTES

Debt Management and Capital Financing

Notes to Table 32: State Policies Regarding Total Outstanding General Obligation Debt

Michigan	Michigan's capital budget is not predicated on the issuance of general obligation debt. Rather our debt financing consists of revenue bonds issued via the State Building Authority. The revenue vehicle for the retirement of the bonds is a lease established between the state and the State Building Authority for the use of the intended facility. The State Building Authority has a cap of $2.7 billion. Its current bond ratings are as follows: Moody's Aa3, Standard & Poor's A+, Fitch AA-.
New York	The State has financed approximately 75 percent of its bonded capital expenditures over the past five years with Personal Income Tax Revenue Bonds, which are rated AAA by Standard and Poor's. That compares to less than 10.0 percent that were financed with general obligation bonds.
North Dakota	The state does not issue G.O. debt.
Washington	With certain exceptions noted below, the amount of state general obligation debt that may be incurred is limited by the Constitution. The constitutional debt limitation prohibits the issuance of new debt if the aggregate debt contracted by the state would exceed the amount for which payments of principal and interest in any Fiscal Year would require the state to expend more than 9.0 percent of the arithmetic mean of general state revenues for the three immediately preceding Fiscal Years. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. Under the Constitution, "general state revenues" includes all state money received in the state treasury, with certain exceptions, including (1) fees and revenues derived from the operation of any undertaking, facility, or project; (2) moneys received as gifts, grants, donations, aid, or assistance when the terms require the application of such moneys otherwise then for general purposes of the state; (3) retirement system moneys and performance bonds and deposits; (4) trust fund money, including money received from taxes levied for specific purposes; and (5) proceeds from sale of bonds or other indebtedness. Legislation adopted in 2011 directs that the Committee set a more restrictive working debt limit for budget development purposes. The working limit phases down to 7.75 percent by Fiscal Year 2022, starting in Fiscal Year 2016. The Committee may adjust that working debt limit due to extraordinary economic conditions. In November 2012, voters approved an amendment to the constitutional limit specifying that (1) beginning July 1, 2014, general state revenues will be averaged over the six immediately preceding fiscal years; (2) for the purpose of the calculation, the definition of general state revenue will be expanded to include property taxes received by the state; and (3) the 9.0 percent constitutional limit on debt service will be reduced to 8.0 percent by July 1, 2034 (in downward steps to 8.5 percent starting July 1, 2014, to 8.25 percent starting July 1, 2026, and finally to 8.0 percent starting July 1, 2034). The amendment was intended to stabilize and smooth the state's ability to borrow; gradually reduce the state's long-term debt burden; and lower the share of the operating budget used to pay principal and interest on debt. In some years, the new constitutional limits are anticipated to be more restrictive than the previously approved statutory working debt limits. Principal and interest requirements on the following types of obligations are excluded from the calculation of the constitutional debt limitation: (1) obligations payable from excise taxes levied on motor vehicle fuels, license fees, income received from the investment of the permanent common school fund and revenue received from license fees on motor vehicles; (2) debt that has been refunded or defeased; (3) debt authorized by law for a single work or object and approved by a majority of those voting in a general or special election; (4) certificates of indebtedness issued to meet temporary deficiencies in the state treasury (described above under "General Obligation Debt Authority"); (5) principal requirements of bond anticipation notes; (6) financing contracts, including certificates of participation therein; (7) obligations issued to pay "current expenses of state government"; (8) obligations payable solely from the revenues derived from the ownership or operation of any particular facility or project; (9) obligations payable solely from gifts, grants, donations, aid or assistance that is limited to expenditure on specific purposes; and (10) any state guarantee of voter-approved general obligation debt of school districts in the state.

CHAPTER 4: TABLE NOTES

Debt Management and Capital Financing

Notes to Table 33: State Policies Regarding General Obligation Debt Service

North Dakota	Statutory debt service relates to appropriation debt.
Washington	With certain exceptions noted below, the amount of state general obligation debt that may be incurred is limited by the Constitution. The constitutional debt limitation prohibits the issuance of new debt if the aggregate debt contracted by the state would exceed the amount for which payments of principal and interest in any Fiscal Year would require the state to expend more than 9.0 percent of the arithmetic mean of general state revenues for the three immediately preceding Fiscal Years. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. Under the Constitution, "general state revenues" includes all state money received in the state treasury, with certain exceptions, including (1) fees and revenues derived from the operation of any undertaking, facility, or project; (2) moneys received as gifts, grants, donations, aid, or assistance when the terms require the application of such moneys otherwise then for general purposes of the state; (3) retirement system moneys and performance bonds and deposits; (4) trust fund money, including money received from taxes levied for specific purposes; and (5) proceeds from sale of bonds or other indebtedness. Legislation adopted in 2011 directs that the Committee set a more restrictive working debt limit for budget development purposes. The working limit phases down to 7.75 percent by Fiscal Year 2022, starting in Fiscal Year 2016. The Committee may adjust that working debt limit due to extraordinary economic conditions. In November 2012, voters approved an amendment to the constitutional limit specifying that (1) beginning July 1, 2014, general state revenues will be averaged over the six immediately preceding fiscal years; (2) for the purpose of the calculation, the definition of general state revenue will be expanded to include property taxes received by the state; and (3) the 9.0 percent constitutional limit on debt service will be reduced to 8.0 percent by July 1, 2034 (in downward steps to 8.5 percent starting July 1, 2014, to 8.25 percent starting July 1, 2026, and finally to 8.0 percent starting July 1, 2034). The amendment was intended to stabilize and smooth the state's ability to borrow; gradually reduce the state's long-term debt burden; and lower the share of the operating budget used to pay principal and interest on debt. In some years, the new constitutional limits are anticipated to be more restrictive than the previously approved statutory working debt limits. Principal and interest requirements on the following types of obligations are excluded from the calculation of the constitutional debt limitation: (1) obligations payable from excise taxes levied on motor vehicle fuels, license fees, income received from the investment of the permanent common school fund and revenue received from license fees on motor vehicles; (2) debt that has been refunded or defeased; (3) debt authorized by law for a single work or object and approved by a majority of those voting in a general or special election; (4) certificates of indebtedness issued to meet temporary deficiencies in the state treasury (described above under "General Obligation Debt Authority"); (5) principal requirements of bond anticipation notes; (6) financing contracts, including certificates of participation therein; (7) obligations issued to pay "current expenses of state government"; (8) obligations payable solely from the revenues derived from the ownership or operation of any particular facility or project; (9) obligations payable solely from gifts, grants, donations, aid or assistance that is limited to expenditure on specific purposes; and (10) any state guarantee of voter-approved general obligation debt of school districts in the state.

Notes to Table 36: Sources of Revenue for Repayment of Debt Issued to Finance Capital Projects

Colorado	In general, Colorado does not really have any financial obligations that are secured exclusively by revenue generated by the capitol project. Colorado doesn't have any General Obligation debt or revenue bonds because of limitations of TABOR. Some of the state's COPs have dedicated revenue streams to pay the annual lease payments - but from an investor/credit standpoint, COPs are a pledge of the State's general fund or other available State revenues, subject to annual appropriation.
Maine	Other—GARVEE is a type of alternative financing that is paid with federal highway transportation funds received.

CHAPTER 4: TABLE NOTES

Debt Management and Capital Financing

Notes to Table 37: Interim Borrowing Instruments used for Capital Purposes

Alabama	The state of Alabama does not typically use short-term financing for capital purposes.
Alaska	Alaska rarely uses interim borrowing instruments.
Colorado	Other—Colorado has two interim borrowing instruments that are organized by Treasury: GTRANS (for the state) and ETRANS (on behalf of school districts). These are issued on an annual basis based on projected cash flow needs.
Georgia	Interim borrowing is not used in Georgia.
Florida	Florida does not use any of the interim borrowing instruments in Table 39.
Montana	N/A.
Nebraska	None.
New Hampshire	Other—Very rarely, New Hampshire does issue BANS.
New Jersey	No interim borrowing instruments are used for capital purposes.
North Dakota	Other—Loans from the Bank of North Dakota.
Rhode Island	BANS have been used in the past, although not in recent years.
South Carolina	While the reported instruments are used, the use of all three of the interim borrowing instruments in Table 39 is rare in South Carolina. Most borrowing is done through bond issuance.
Wisconsin	The state uses commercial paper, but not for interim borrowing purposes.

Notes to Table 38: Alternative Capital Financing Methods

Alabama	Lease-purchase agreements are used at the state level; tax increment financing is used at the local level.
California	Other—California relies on General Obligation bonds and also lease-revenue bonds, which are similar to Certificates of Participation.
Colorado	Other—The state has no GO or revenue bonds outstanding. Colorado does use COPs and lease-purchase agreements for buildings, state fleet vehicles, energy performance contracts, etc. There are no P3 bonds or tax increment financing associated with the State. There are a small handful of small-scale revolving loan funds/development bonds managed by OEDIT and other groups, but they are very minimal in scope.
Delaware	Other—Energy savings bonds.
Minnesota	Other—Appropriation bonds. In Minnesota, TIF is a local government financing tool. The state does not use TIF.
Nevada	Nevada has Water Pollution Control and Safe Drinking Water State Revolving Funds.
New Mexico	The state does allocate private activity bond cap to eligible issuers, and local governments approve Industrial Revenue bonds.
Rhode Island	Rhode Island has been exploring the use of public-private partnerships, but has not entered such an agreement to date.
Tennessee	Other—Some higher education debt is financed from campus sources for capital projects that will generate revenues such as housing fees to help pay debt on dormitories.

CHAPTER 4: TABLE NOTES

Debt Management and Capital Financing

Notes to Table 39: Long-Term Leases

Alabama	Long-term leases are primarily treated as a capital expense for CAFR purposes, although not for bond purposes.
Arkansas	Treatment of leases varies depending upon specifications in contract.
District of Columbia	Except for a limited number of specific leases, DC treats them as operating leases.
Georgia	Long-term leases generally will be reflected in the CAFR as a long-term liability, with the annual lease payments included in the FY operating budget.
Kansas	Agencies that want to sign leases must obtain legislative approval but do not require specific appropriation authority in a bill.
Kentucky	Authorization for real property leases in excess of $200,000 per year must be in the capital budget, but are treated as an operating expense.
Maryland	Leases are treated as a capital expenses if the lease meets accounting definition of capital lease.
Nevada	Long-term leases are treated as operating expenses in the budget. Most long-term leases are capital leases and included in the Consolidated Annual Financial Report (CAFR)'s calculation of long-term liabilities, but are not included in the calculation of the state's debt limit.
New Hampshire	The treatment of leases depends on the criteria applied for accounting purposes. (Useful life of the asset, % of life, etc.)
Ohio	In addition to general obligation debt, Ohio also has special purpose debt which are supported by long-term leases.
Oregon	Long-term leases will be treated as capital expenses if they meet the criteria for such classification in generally accepted accounting principles. Agencies submit capital leasing needs during the budget development process. The legislature approves an overall total for capital leases as "other financing agreements" in the "Bond Authorization Bill". However, capital leases are not approved on an individual project basis by the legislature. Capital leases over $100,000 must be approved by the State Treasurer and DAS Director. Capital leases will be included in calculation of total outstanding debt if material and serviced primarily through a General Fund appropriation.
Pennsylvania	Long-term leases are capitalized in accordance with GASB standards.
Rhode Island	Lease-purchase agreements where the state will ultimately own the asset are treated as capital. Long-term leases that do not result in state ownership are treated as operating
South Carolina	Most leases of buildings do not exceed ten years and are treated as operating expenses. While capital leases are provided for in the definition of what constitutes a state permanent improvement, these effectively are not used in SC because any lease expenditures from capital leases are considered toward the state's debt limit and the General Assembly and State Treasurer have prohibited capital leases or lease purchase agreements because they do count toward the state's debt limit.
South Dakota	The funds to pay for bonds or leases are included in our operating budget.
Texas	If a long-term lease does not meet the definition of a capital lease, the lease is treated as an operating expense. Capital leases are included in the long-term liabilities reported in the Texas Comprehensive Annual Financial Report.
Wisconsin	Leases may be operating or capital. For budgeting purposes, they would be included in the operating budget.

CHAPTER 5:
CAPITAL ASSET MANAGEMENT

Most states maintain a database of existing capital assets that serves as a repository for tracking and recording the status of state owned properties and assets. By keeping current and reliable records of state owned assets, states are better able to set capital priorities and conduct capital needs assessments. The capital inventory can also enhance capital improvement planning, capital budget development, and lead to more accurate operating and maintenance cost projections. The majority of states maintain a statewide capital management system, although several states have decentralized databases that are kept at the agency level.

By keeping current and reliable records of state owned assets, states are better able to set capital priorities and conduct capital needs assessments.

For states with centralized systems, record keeping responsibilities also generally fall on agencies that are required to update the database and submit annual or biennial reports for review. A single database for state capital assets can streamline the record keeping process by making the inventory more manageable and accessible across agencies. Connecticut's new open data website has made state data on capital assets even more accessible by providing the public with a map of all state owned properties and leases. To remain useful, centralized and decentralized databases require the active participation of agencies to update and record the status of new and old assets. The frequency of database updates can range across states from continuously to every three years. Databases that are updated in real time generally have regular reporting requirements for auditors to review the quality and accuracy of information contained in the database. Additionally, states such as New York require a physical inventory every few years to verify the accuracy of the database. And 31 states include capital assets under lease-purchase agreements in the capital database. (See Table 40)

To remain useful, centralized and decentralized databases require the active participation of agencies to update and record the status of new and old assets.

States also collect and record different types of data to assess the condition of capital assets, the degree of use and the need for replacement. The most common types of information included in capital asset databases are the age of facility (year of completion), its condition, and the capacity of the facility. Thirteen states report on a capital asset's degree of use. For example, Virginia includes information on whether the building is occupied, out of service or vacant. Nearly a third of states include information on operating and maintenance costs. And states also collect other information about capital assets, such as the number of full-time employees supported by the structure, the role of county taxes or information for insurance purposes. (See Table 41)

GOOD PRACTICES IN CAPITAL ASSET MANAGEMENT AND VALUATION

- **Maintain an inventory of capital assets that is updated regularly and audited periodically for accuracy, deficiencies and consistency.** Data collected through a capital inventory system, such as year of completion, condition and degree of use should correspond to the physical characteristics of capital assets. The information that is collected and recorded should also be used to inform capital management decisions.
- **A centralized database for state capital assets can streamline the record keeping process.** Multiple inventory systems can impede information sharing, increase inconsistencies and may result in duplicative management processes. By contrast, centralized inventory systems are more adaptable to change, and are more likely to reduce data inconsistencies and improve the overall management of capital assets.
- **Capital asset valuation provides capital managers and state officials with better decision-making tools.** Capital planning efforts can be improved by accounting for an asset's replacement cost, depreciation, equivalent market value, or original cost of construction. Multiple valuation methods can be used to address different decision criteria needs.

The most common types of information included in capital asset databases are the age of facility (year of completion), its condition, and the capacity of the facility. The valuation of state capital assets can also assist with the capital decision-making process.

The valuation of state capital assets can also assist with the capital decision-making process. For instance, decisions to invest in a new building or make major renovations can be made easier by having readily available data on historical and replacement costs. States use a variety of methods to determine a value for capital assets, with more than half using multiple valuation methods. The most common valuation methods employed by states are based on replacement value, the original cost of construction, and incorporate generally accepted rules of depreciation. About one-third of states incorporate market based value assessments, and a number of states including Florida, Georgia and New Hampshire have separate valuation metrics for insurance purposes. Some states such as Alabama and Massachusetts also record the value of capital assets that have been donated to the state such as land or a university building. By valuing state assets with more than one method, states are able to base financial and managerial decisions on more information, which can lead to better decision outcomes and greater efficiency in the use of resources. (See Table 42)

By valuing state assets with more than one method, states are able to base financial and managerial decisions on more information, which can lead to better decision outcomes and greater efficiency in the use of resources.

Table 40: State Capital Asset Databases

State	State Maintains a Database Containing an Inventory of Capital Assets	Frequency of Database Updates	Facilities Under Lease-Purchase Agreements are Included in the Capital Asset Database
Alabama	X	Monthly.	X
Alaska			
Arizona	X	Continuous and ongoing.	X
Arkansas	X		X
California	X		X
Colorado			
Connecticut	X	Annually.	
Delaware	X		
Florida*	X	Annually.	X
Georgia	X	Annually and as-needed due to events and transactions.	X
Hawaii*			
Idaho	X		X
Illinois	X	At least annually.	
Indiana	X		X
Iowa			
Kansas*	X	Regularly and annually.	
Kentucky*	X	Regularly and annually.	X
Louisiana	X	Ongoing / As needed.	
Maine*	X		
Maryland	X	Every 3 years.	
Massachusetts	X	At the time a capital asset transaction occurs.	X
Michigan	X	Annually.	X
Minnesota*	X	Real-time.	X
Mississippi	X	The data is updated on an annual basis.	
Missouri	X	The database is updated continually.	X
Montana	X	Yearly.	
Nebraska	X	Annually.	X
Nevada*	X	Facilities group tries to inspect buildings twice a decade.	X
New Hampshire	X		X
New Jersey	X	Daily.	X
New Mexico*	X		X
New York*	X	Ongoing and at least on a biennial basis.	X
North Carolina*	X		X
North Dakota	X		
Ohio	X	Annually.	
Oklahoma	X	Annually.	X
Oregon*	X	Biennially.	
Pennsylvania	X		X
Rhode Island	X	On going.	X
South Carolina*			
South Dakota*	X	Daily and depreciation runs completed quarterly.	X
Tennessee	X	Regularly	X
Texas*	X	Daily.	X
Utah	X	Yearly	X
Vermont	X		
Virginia	X	Ongoing basis with one full review and update annually.	X
Washington*	X	Ongoing.	X
West Virginia	X	Daily.	X
Wisconsin*			
Wyoming	X		X
District of Columbia	X	Annually at the end of the fiscal year.	X
Total	**44**		**31**

NOTE: *See Notes to Table 40 on page 114.

Table 41: Data Included in the Capital Asset Inventory

State	Age of Facility (Year of Completion)	Condition of Facility	Degree of Use	Capacity of Facility	Maintenance/ Operating Costs	Replacement Costs	Other
Alabama*							X
Alaska*							X
Arizona	X					X	
Arkansas	X	X	X	X	X	X	
California	X	X		X			
Colorado							
Connecticut	X	X		X			
Delaware	X	X		X			
Florida*	X	X	X		X		X
Georgia	X	X	X	X		X	
Hawaii							
Idaho	X	X		X			
Illinois	X	X		X		X	
Indiana*	X						X
Iowa							
Kansas	X	X		X		X	
Kentucky*	X			X		X	X
Louisiana	X	X				X	
Maine	X			X			
Maryland*							X
Massachusetts	X	X	X	X		X	
Michigan*	X	X	X	X	X	X	
Minnesota*	X	X	X	X	X	X	X
Mississippi	X	X				X	
Missouri*	X	X		X		X	X
Montana	X					X	
Nebraska	X	X		X			
Nevada*	X					X	X
New Hampshire*							X
New Jersey	X	X		X		X	
New Mexico*	X	X	X	X	X	X	X
New York*	X	X	X	X	X	X	X
North Carolina	X	X			X	X	
North Dakota	X					X	
Ohio	X	X		X	X		
Oklahoma	X		X	X		X	
Oregon	X	X				X	
Pennsylvania	X						
Rhode Island	X			X		X	
South Carolina*	X	X				X	X
South Dakota	X						
Tennessee	X	X		X	X		
Texas	X	X	X	X	X		
Utah	X	X		X	X	X	
Vermont	X			X	X	X	
Virginia*	X	X	X	X		X	X
Washington*		X		X			X
West Virginia	X	X	X	X	X		
Wisconsin	X	X		X		X	
Wyoming	X	X	X	X	X		
District of Columbia*	X						X
Total	**42**	**31**	**13**	**30**	**14**	**27**	**15**

NOTE: *See Notes to Table 41 on page 115.

Table 42: Valuation Methods Used to Estimate the Value of Capital Assets in the State Inventory

State	Replacement Value	Original Cost of Construction	Market Value	Generally Accepted Accounting Principles Including Depreciation	N/A. State Does Not Estimate the Value of Capital Assets	Other
Alabama*						X
Alaska*	X					
Arizona	X					
Arkansas				X		
California					X	
Colorado					X	
Connecticut		X		X		
Delaware				X		
Florida*	X					X
Georgia*	X	X				X
Idaho					X	
Illinois	X	X				
Indiana	X	X	X	X		
Iowa						
Kansas	X	X		X		
Kentucky	X		X	X		
Louisiana	X	X	X			
Maine		X		X		
Maryland	X					
Massachusetts*	X	X	X	X		
Michigan		X	X	X		
Minnesota*	X					
Mississippi	X					
Missouri	X					
Montana	X	X				
Nebraska				X		
Nevada*	X					X
New Hampshire*						X
New Jersey	X	X	X	X		
New Mexico	X	X	X	X		
New York		X	X			
North Carolina	X	X				
North Dakota	X					
Ohio	X		X			
Oklahoma	X		X			
Oregon	X			X		
Pennsylvania		X		X		
Rhode Island		X		X		
South Carolina	X					
South Dakota				X		
Tennessee	X		X	X		
Texas*		X	X	X		
Utah	X	X	X			
Vermont	X					
Virginia*	X	X	X	X		X
Washington					X	
West Virginia		X		X		
Wisconsin	X	X		X		
Wyoming	X		X	X		
District of Columbia		X	X	X		
Total	**30**	**21**	**15**	**22**	**4**	**6**

NOTE: *See Notes to Table 42 on page 116.

CHAPTER 5: TABLE NOTES

Capital Asset Management

Notes to Table 40: State Capital Asset Data Bases

Alaska	The state is interested in pursuing such a system but has not yet received funding. Individual agencies have rudimentary databases or spreadsheets for tracking capital assets but there is not yet a comprehensive statewide system.
Florida	The inventory is called the Florida Land and Record Inventory System and is updated/validated on an annual basis.
Hawaii	Regarding Tables 42-44. Each department maintains their own asset inventory. As such, updating may occur at different times and inventories may include most types of data listed in Table 43, using most, if not all, of the noted valuation methods in Table 44.
Kansas	Most agencies update the database as expenditures are incurred. However, they are required to have all financial transactions processed prior to the close of each fiscal year. This includes additions, adjustments, transfers, and retirements.
Kentucky	Finance & Administration Cabinet's Dept of Facilities database is updated with every new alteration, construction, demolition or transfer. For insurance and GASB reporting purposes, databases are updated annually.
Maine	The inventory of capital assets is maintained in the fixed asset component of the accounting system which is updated as capital purchases are made. Once an asset under a lease-purchase agreement is purchased, it is capitalized.
Minnesota	Department of Administration maintains data on most capital assets. Nineteen agencies provide information. Data can be updated on real-time basis.
Nevada	Nevada also has a facility condition asset inventory which lists major maintenance projects listed for each building, with their cost.
New Mexico	The Public Schools Facility Authority maintains a data base with an inventory of school facilities. A capital assets database exists and is maintained by the respective higher education institution.
New York	The database is maintained by the State's Office of General Services on a perpetual basis, with additions, deletions and modifications being submitted by the individual agencies. To verify the accuracy of this inventory, each agency is responsible on at least a biennial basis to perform a physical inventory of its capital assets.
North Carolina	The State currently doesn't have any lease purchase agreements, but they would be captured if there were any.
Oregon	This is done for land and facilities with a value over $1 million (agencies maintain detail of facilities with values less than $1 million). It is updated biennially.
South Carolina	South Carolina is decentralized in its provisions for capital assets which is the responsibility of approximately 60 plus agencies and higher education institutions. However, the one state data base with inventory of capital assets is the database maintained by the Budget and Control Board Insurance Reserve Fund for insurance purposes. It includes replacement value of the each state asset for insurance purposes.
South Dakota	Assets can be entered at any time during the year thus it is a "live" update. Depreciation runs are done quarterly with two in the last quarter.
Texas	The database called State Property Accounting or (SPA) is updated on a daily basis as the agencies are free to update their capital assets in the system every day.
Washington	Most agencies use a state-wide capital asset management system to maintain and report on their capital assets. It is updated as often as an agency wishes.
Wisconsin	Capital assets are not inventoried in a centralized database. State building information is, but other capitalized iwtems are tracked by the responsible agency.

CHAPTER 5: TABLE NOTES

Capital Asset Management

Notes to Table 41: Data Included in the Capital Asset Inventory

Alabama	Other—Balance Sheet Account, Historical Cost, Acquisition Date, Activity Charged, Description, Responsible Party (if applicable), and Location.
Alaska	Agencies track various types of information. See Table 45.
District of Columbia	Other—Historical expenditure data.
Florida	Other—County tax role information, square footage, and number of employees.
Indiana	A system for this is in the process of being built to add the characteristics in Table 43.
Kentucky	Other—Construction type.
Maryland	Other—Physical inventory and replacement value.
Michigan	Information on the state capital asset inventory is currently contained in multiple databases (i.e. a financial & management/operational oriented). The state is currently in the process of procuring an enterprise resource management system with the intent to potentially consolidate all capital asset data.
Minnesota	Other—Facility CAD drawings also maintained. State agencies are at various point in providing data on facilities under their custodial control.
Missouri	Other—Cost to repair and bring to good condition. Deferred maintenance costs.
Nevada	Other—Replacement cost (or, for historic buildings, restoration cost) included in Risk Management's inventory for insurance purposes.
New Hampshire	Currently, data on State Owned Real Property is reported annually by agencies and includes historical cost, location, square footage and acreage. A database is currently under development to report and track title restrictions and encumbrances on real property.
New Mexico	Other—A detail listing of building instructional and general square footage and FTE for public schools and higher education institutions. The State recently contracted for an inventory and assessment of all state owned facilities.
New York	Other—In addition to buildings, the data also include equipment, land inventory, infrastructure and land improvements.
South Carolina	The information referred to in this response is the information included in the database of state assets for insurance purposes, maintained by the State Insurance Reserve Fund.
Virginia	Other—Size in square feet; number of floors, existence of sprinkler system, value of contents; whether occupied, out of service, or vacant.
Washington	Other—Acquisition date and acquisition cost.

CHAPTER 5: TABLE NOTES

Capital Asset Management

Notes to Table 42: Valuation Methods Used to Estimate the Value of Capital Assets in the State Inventory

Alabama	Other—Historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.
Alaska	Replacement value is tracked outside of a capital asset system.
Florida	Other—The valuation method for estimating the value of capital assets is developed by the Department of Financial Services and is based off the insurance replacement value.
Georgia	Other—Also insured value of the asset.
Massachusetts	Market value is considered if an asset is donated to the state.
Minnesota	Replacement value is determined through the facility condition assessment process and maintained in the database.
Nevada	Other—Replacement cost (or, for historic buildings, restoration cost) included in Risk Management's inventory for insurance purposes.
New Hampshire	Other—State owned real property is reported at historical cost. The State's Risk Management unit does determine replacement value for insurance purposes on certain assets.
Texas	These valuation methods are performed by the state agencies, but reported to the State Property Accounting inventory maintained by the Comptroller's Office.
Virginia	Other—Also, consultation with insurers and appraisal services as needed.

CONCLUSION

State decisions surrounding capital infrastructure will continue to evolve and adapt to changes in the economy, demographics, technology and citizen expectations about the role government. The extent to which states rely on past capital expenditures or pre-existing infrastructure may determine how rapidly they can react to changing demands. For some budget planners, this may entail balancing the acquisition of new assets with rising maintenance costs to keep existing assets working longer. However, over the long-term, funding for new capital investments will remain critical to better meet the nation's demand for infrastructure. Citizens and their elected officials will need to preserve available resources for infrastructure projects with the highest priorities.

At times, immediate budgetary pressures can and do take precedence over spending for capital projects that produce a stream of future benefits. More informed capital budgeting practices can assist with resource allocation decisions, to reach a better balance between present and future spending needs. This report highlights the differences and similarities in state capital budgeting practices, providing an opportunity for states to reexamine current methods in today's limited resource environment. Steps can be taken to improve budgeting and planning for capital expenditures, but this is only part of the solution. Additional efforts from budget planners must also be met by commitments from citizens and elected officials to enhance future economic prosperity, health and safety, environmental conservation and the next generation's workforce. As states continue to face budgetary constraints, capital budgeting and the prioritization of capital needs will continue to remain important for future infrastructure investments.

National Association of State Budget Officers
444 North Capitol Street NW, Suite 642
Washington, D.C. 20001
(202) 624-5382