Colorado
Legislative
Council
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ISSUE BRIEF

Number 07-08 | A Legislative Council Publication | July 31, 2007

CAPITAL CONSTRUCTION FUNDING FOR FY 2007-08

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The General Assembly adopted two bills during the 2007 session to provide $806.5 million for 191 capital projects, including $268.5 million for 131 state-funded projects and $538.0 million for 60 cash-funded projects. By comparison, the General Assembly authorized $135.4 million for 88 state-funded projects last budget year (FY 2006-07), and approved $92.2 million for 85 state-funded projects the previous budget year (FY 2005-06).

This *Issue Brief* describes the types of projects that received state money for FY 2007-08 (the current budget year). The *Issue Brief* also describes the sources of revenue for capital projects, and provides a four-year outlook on future capital needs versus revenue projected to be available.

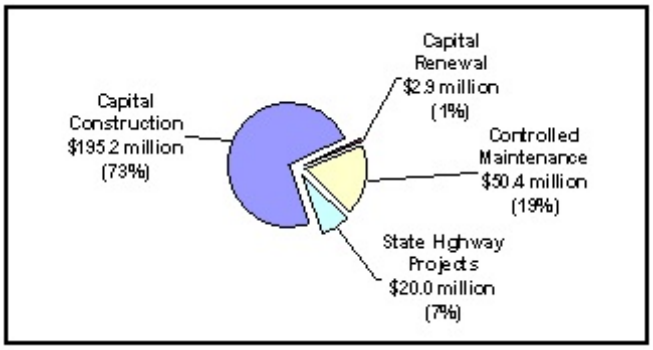
Figure 1
State Money Appropriated by Bill
($ in millions)

Bill	Amount	# of Projects	Type of Project
SB 07-239	$20.0	1	State highway construction
	$43.0	85	Controlled maintenance
	$175.5	16	Capital construction
SB 07-263	$7.4	16	Controlled maintenance
	$2.9	2	Capital renewal
	$19.7	11	Capital construction
Total	**$268.5**	**131**	

Types of Projects

The term "capital" collectively refers to three types of projects. ***Capital construction*** is the purchase of land or the construction or renovation of facilities to address program or service needs. ***Controlled maintenance*** is the repair or replacement of utilities or equipment at state-owned, state-funded facilities. ***Capital renewal*** refers to projects that exceed $2 million in controlled maintenance costs, or have grown in scope and are better addressed building by building, rather than system by system.

Figure 2
State Money Appropriated by Project Type



Appropriations

State departments received about 51.5 percent ($138.4 million) of state money appropriated for capital projects, while higher education institutions received about 48.5 percent ($130.1 million). *Figure 1* summarizes by bill state money appropriated for capital projects. *Figure 2* depicts these appropriations by project type.

Figure 3 lists the number of capital construction (CC) projects and controlled maintenance (CM) projects funded, and the amount of state money received by major institutions of higher education and state departments. Capital renewal projects are included with the capital construction project totals.

Figure 3
State Money Appropriated by Agency
($ in millions)

Agency	Funding	# of CC Projects	# of CM Projects
Department of Corrections	$52.4	3	10
Department of Human Services	$37.7	5	6
Auraria Higher Education Center	$31.6	1	2
University of Colorado System	$29.0	4	14
Colorado State University System	$26.9	3	9
Department of Transportation *	$20.0	1	0
Community Colleges System	$13.4	4	19
Mesa State College	$8.5	1	2
Adams State College	$6.3	1	2
Western State College	$5.0	1	3
Colorado School of Mines	$4.8	1	4
Dept. of Personnel & Admin.	$4.7	0	12
Fort Lewis College	$2.7	1	2
University of Northern Colorado	$1.1	0	2
Colorado Historical Society	$0.8	1	2
Cumbres & Toltec Railroad	$0.1	0	1
All Other State Departments	$23.6	3	11
Total	**$268.5**	**30**	**101**

*The department submitted a request for 23 regional bridge and surface treatment projects; funding will cover at least 3 of those projects. However, the department's request is counted as 1 project.

Sources of Revenue

The state's General Fund is the main source of state revenue for capital projects. Money from the General Fund is transferred into the Capital Construction Fund and allocated to specific capital projects through legislation. The Capital Construction Fund also yields revenue from interest earnings and the unspent balances of expired capital projects that revert to the fund (agencies have three years to spend capital appropriations); this revenue can be appropriated for capital projects too. *Figure 4* gives an overview of state revenue sources for the projects cited in Figure 3.

Cash funding for capital projects comes from a combination of private donors and public sources, including the federal government and fees collected for specific services performed by state or local government agencies.

Figure 4
State Revenue Sources
($ in millions)

Source — Authorizing Bill(s)	Amount
General Fund	**$254.2**
HB 06-1373 (Transfer for Forensics Unit in Pueblo)	$22.9
SB 07-240 (Transfer for Projects Authorized in the 2007 Budget Bill)	$55.7
SB 07-222 (Transfer for Projects Authorized in SB 07-263)	$30.0
SB 07-239 (Transfer of 1/3 Excess General Fund Reserves, Pursuant to HB 02-1310)	$145.6
Capital Construction Fund	**$14.3**
SB 07-239 (interest earnings)	$9.9
SB 07-239, SB 07-181 (fund balance)	$4.4
Total	**$268.5**

Four-Year Outlook on Need Versus Revenue

Over the next four budget years, state-funded capital need is projected to exceed available revenue by $2.49 billion. *Figure 5* compares the need reported by agencies in fall 2006 with revenue projected to be available for state-funded capital projects over the next four years.

Figure 5
State-Funded Need vs. Revenue
FY 2008-09 through FY 2011-12
($ in millions)

State-Funded Need	FY 08-09	4-Year Total
Controlled Maintenance	$111.1	$378.6
Capital Construction	571.7	2,348.3
Total Capital Need	**$682.8**	**$2,726.9**
Anticipated Revenue Sources	**FY 08-09**	**4-Year Total**
General Fund	$72.0	$182.8
Cap. Const. Fund Interest Earnings	13.4	28.9
Fitzsimons Trust Fund	5.2	20.6
Total Capital Revenue	**$90.6**	**$232.3**
SHORTFALL	**($592.2)**	**($2,494.6)**