



CAPITAL CONSTRUCTION FUNDING FOR FY 2011-12

by Julia Jackson

During the 2011 session, the General Assembly adopted legislation to provide funding for 41 capital projects, including 23 state-funded projects and 18 cash- and federally funded projects. The total FY 2011-12 appropriation for capital projects was \$162.5 million, including \$50.2 million for state-funded projects. This issue brief defines capital projects and explains the funding sources for such projects. The issue brief also provides an overview of the agencies that received state money for capital projects in FY 2011-12.

Types of Projects

The term "capital" collectively refers to three types of projects. **Capital construction** is the purchase of land, equipment, or the construction or renovation of facilities to address program needs. **Controlled maintenance** is the repair or replacement of utilities or equipment at state-owned, state-supported facilities. **Capital renewal** projects are capital construction projects that address controlled maintenance issues that have exceeded \$2 million in cost.

Sources of Revenue

The sources of revenue for capital projects are state funds, federal funds, and cash funds. Agencies use a variety of methods to fund projects from these sources, including debt financing, certificates of participation (COPs), and fees. The amount of state

and cash funds available for capital projects has decreased in recent years due to the economic recession, as well as budget-balancing measures in the 2009 and 2010 legislative sessions. Table 1 shows the change in capital funding from FY 2007-08 to present.

Table 1
Capital Funding Five-Year Trends
(in millions)

Fiscal Year	State Funds	Cash & Federal Funds	Total Funds
2007-08	\$259.3	\$603.9	\$863.2
2008-09	\$117.7	\$744.3	\$892.0
2009-10	\$43.4	\$731.5	\$774.9
2010-11	\$25.5	\$77.9	\$103.5
2011-12	\$50.2	\$112.3	\$162.5

State funds. The General Fund is the primary source of state funds for capital projects. Money from the General Fund is transferred to the Capital Construction Fund and allocated to specific capital projects through legislation. The Capital Construction Fund also yields revenue from interest earnings and from the unspent balances of expired capital projects that revert to the fund (agencies and institutions have three years to spend capital appropriations). Of the \$162.5 million provided for capital projects for FY 2011-12, about 31 percent (\$50.2 million) is from state funds.

Cash and federal funds. The remaining 69 percent (\$112.3 million) of the FY 2011-12 funding for capital projects is from cash and federal funds. Cash funding for capital projects comes from a combination of private donors and public sources, including fees collected for specific services performed by state or local government agencies. As a result of legislation in 2009, cash-funded higher education projects are no longer subject to appropriation. Any of these projects approved after January 1, 2010, are therefore not reflected in the cash totals.

Table 2 shows the distribution of funding sources for FY 2011-12 capital projects.

Table 2
Funding Sources for FY 2011-12 Capital Projects
(in millions)

Funding Source	Amount Funded	% of Total Funded
Capital Construction Fund	\$50.2	30.9%
Cash Funds	\$77.1	47.4%
Federal Funds	\$35.2	21.7%
Total	\$162.5	100.0%

State-Funded Appropriations

Of the \$50.2 million in state funds appropriated for capital projects, 10 state departments or agencies received 84 percent (\$42.0 million), while 6 higher education institutions received the remaining 16 percent (\$8.2 million).

Table 3 lists the number of projects funded in FY 2011-12 and the amount of money received by agencies and institutions of higher education. Projects funded include capital construction projects (CC), controlled maintenance projects (CM), and appropriations for lease payments for COPs.

Table 3
Recipients of State Funds for Capital Projects in
FY 2011-12 (in millions)

Agency	Amount	CC	CM	COPs
Corrections	\$20.3	0	2	1
Revenue	\$7.1	1	0	0
University of Colorado Denver	\$5.9	0	0	1
Military and Veterans Affairs	\$4.2	1	1	0
Higher Education	\$4.1	0	0	1
Personnel and Administration	\$3.0	0	3	0
Human Services	\$1.5	0	2	0
Office of Information Technology	\$0.9	0	1	0
Auraria Higher Education Center	\$0.9	0	1	0
University of Colorado at Boulder	\$0.6	0	1	0
Transportation	\$0.5	1	0	0
Colorado School of Mines	\$0.4	0	1	0
Cumbres & Toltec	\$0.3	1	1	0
Northeastern Junior College	\$0.3	0	1	0
Colorado Historical Society	\$0.2	0	1	0
University of Colorado at Colorado Springs	\$0.2	0	1	0
Total	\$50.2	4	16	3