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Legislative  
Council  
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**MEMORANDUM**

February 2, 2011

**TO:** Capital Development Committee

**FROM:** Kori Donaldson, Research Associate, (303) 866-4976

**SUBJECT:** FY 2011-12 Capital Construction Requests and Projected Revenue

This memorandum provides an overview of projected revenue available in FY 2011-12 for capital construction and controlled maintenance projects. It also summarizes the state-funded capital construction requests for FY 2011-12. Table 1, beginning on page 2, provides an overview of projected revenue versus requests for capital projects in FY 2011-12. Table 1 shows a **\$414.1 million revenue shortfall** to fund all capital requests.

**Revenue**

As of January 27, 2011, there is projected to be about **\$2.1 million available** for FY 2011-12 capital construction projects from the Capital Construction Fund (CCF). Typically, there is an uncommitted fund balance from prior fiscal years available for appropriation. However, based on a fund report generated by the Office of the State Controller, there is currently a negative fund balance. This is due, in part, to two pending legislative commitments, including an emergency supplemental request and a transfer authorized during the 2010 legislative session. Other moneys will accrue or be transferred to the fund during FY 2010-11 for use for FY 2011-12 projects. These funds come from projected CCF interest earnings in FY 2010-11, and unappropriated money in the Corrections Expansion Reserve Fund (CERF). In January 2011, the CDC voted to recommend a transfer of about \$130,000 in current year interest earnings to address a shortfall in expected revenue for a FY 2010-11 certificates of participation (COP) payment.

**Capital Construction Requests**

**State-funded requests.** As of January 27, 2011, there are **35** state-funded requests for FY 2011-12, including 7 from state departments and 28 from higher education institutions. Table 2, beginning on page 3, lists the number of projects, by type, and the associated total request amounts.

**Table 1**  
**FY 2011-12 Capital Construction Fund (CCF) Revenue**  
**and State-Funded Capital Requests**

<b>REVENUE</b>	
<i>CCF Balance – July 1, 2010<sup>1</sup></i>	<b>(\$180,000)</b>
Projected available FY 2010-11 CCF interest <sup>2</sup>	1,003,000
Corrections Expansion Reserve Fund money available July 1, 2011	1,304,714
<b><i>Projected CCF Balance – June 30, 2010</i></b>	<b>\$2,127,714</b>
<b>REQUESTS</b>	
<b>State Departments</b>	
<i>Colorado State Penitentiary II COP Payment</i>	\$18,434,900
<i>Continuation Projects</i>	22,537,567
<b>Subtotal - State Department Projects</b>	<b>\$40,972,467</b>
<b>Higher Education</b>	
<i>Anschutz COP Payment</i>	\$5,912,536
<i>Higher Education COP Payment<sup>3</sup></i>	4,066,510
<i>New Requests</i>	302,996,691
<b>Subtotal - Higher Education Projects</b>	<b>\$312,975,737</b>
<b>Controlled Maintenance Estimate</b> <i>(state departments and higher education institutions)</i>	
<i>Level 1 (44 projects)</i>	\$22,732,928
<i>Level 2 (45 projects)</i>	24,324,089
<i>Level 3 (31 projects)</i>	15,258,859
<b>Subtotal - Controlled Maintenance Projects</b>	<b>\$62,315,876</b>
<b>TOTAL - Requests</b>	<b>\$416,264,080</b>
<b>SURPLUS / (SHORTFALL)</b>	<b>(\$414,136,366)</b>

1. This figure reflects two pending legislative commitments, including: (1) a FY 2010-11 emergency supplemental request for \$2.9 million from the Department of Corrections for the Colorado State Penitentiary II COP payment. The request was considered and approved by the CDC at its June 16, 2010, meeting; and (2) a \$335,000 transfer authorized in House Bill 10-1327 from the Emergency Controlled Maintenance account to the General Fund.

2. This figure reflects a recommended \$131,563 transfer from current year interest earnings to offset a shortfall in Tobacco Master Settlement Fund moneys for the FY 2010-11 Various Projects at the Anschutz Medical Campus COP project. The CDC's recommendation was approved by the Joint Budget Committee on January 14, 2011.

3. The source of revenue identified for this COP payment is moneys earned from federal mineral leasing. Projections included in the December 20, 2010, Legislative Council Staff economic forecast indicate that there will not be sufficient moneys available from this source to make the full FY 2011-12 payment; therefore, the project is being partially requested from state funds.

**Table 2**  
**FY 2011-12 State-Funded Capital Construction Requests**

Project Type	Number of Projects	Amount (in millions)
Continuation state department projects	6	\$22.5
COP payments	3	\$28.4
Higher education projects	24	\$288.1
Higher education projects not approved or recommended by CCHE	2	\$14.9
<b>Subtotal Capital Construction</b>	<b>35</b>	<b>\$353.9</b>
Controlled Maintenance, Levels 1 through 3	120	\$62.3
<b>Grand Total Capital Construction and Controlled Maintenance</b>	<b>155</b>	<b>\$416.2</b>

The Governor's Office of State Planning and Budgeting (OSPB) recommends funding seven state-funded projects for FY 2011-12, including three COP payments, about half of the projected Level 1 Controlled Maintenance request (\$10.5 million, through score 5), and three continuation projects. A General Fund transfer of \$51.8 million will be required in order to fully fund the OSPB recommendation.

**Cash-funded requests.** In addition to the 36 state-funded projects for FY 2011-12, there are **20** state department cash-funded requests. Higher education cash-funded requests are submitted separately, and are not calculated in the FY 2011-12 total cash-funded request amounts with the exception of the cash-funded component of the two higher education COPs. The total cash funds requested for all projects is \$67.1 million. An additional \$41.5 million is requested in federal funds spending authority.

More specific information about any of the state- or cash-funded requests is available upon request to Legislative Council Staff.