



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

August 27, 2015

## **BUDGET LETTER -- CAPITAL OUTLAY**

**TO: University and Community College Presidents**

**Fiscal Year 2017 Capital Outlay Budget Information  
Due Date: October 30, 2015**

Michigan universities and community colleges are requested to participate in the capital outlay budget development process in preparation for the Fiscal Year 2017 Executive Budget Recommendation. There are two submissions related to this process, one statutorily-required and the other voluntary. The Management and Budget Act, Public Act 431 of 1984, as amended, requires universities and community colleges to present a Five-Year Capital Outlay Plan no later than November 1 of each year. Universities and community colleges may also elect to submit a capital outlay project request for state cost participation. However, no capital outlay project request will be given consideration for planning without its inclusion in the corresponding Five-Year Capital Outlay Plan. The details of these submissions are further outlined below.

### **Five-Year Capital Outlay Plan**

The Five-Year Capital Outlay Plan is intended to provide state policymakers with the most current information available on institutional priorities and needs. The Five-Year Capital Outlay Plan should be revised as appropriate, and approved annually by the institution's governing body. It is to evaluate all capital priorities in light of current programming efforts, anticipated programming changes, and the current capital base. At a minimum, the Five-Year Capital Outlay Plan should cover fiscal year 2017 through fiscal year 2021. It is to include both self-funded projects, and those in which future state cost participation may be requested. The Department of Technology, Management and Budget, has developed a set of minimum criteria the comprehensive planning documents are to incorporate. These criteria are listed in Attachment A and remain unchanged from fiscal year 2016. Institutions may amend their Five-Year Capital Outlay Plan during the fiscal year by providing notification of the revision to the State Budget Office and other recipients.

The Five-Year Capital Outlay Plans are to be submitted in electronic format to the members of the Joint Capital Outlay Subcommittee, fiscal agencies and State Budget Office. Electronic posting of the plan on the institution's Internet site will fulfill this requirement provided e-mail notification is provided no later than the date

specified to the aforementioned recipients. Please refer to the subsection entitled "Submission to the State Budget Office" for specific instructions related to this submittal.

### **Fiscal Year 2017 Capital Project Request**

Requests for capital outlay projects are to be a logical extension of information contained in the comprehensive Five-Year Capital Outlay Plan. Capital project requests should focus on addressing specific academic or research needs of the institution. To facilitate state cost participation, all capital project requests must comply with the State Building Authority Act, Public Act 183 of 1964, as amended, regarding the use of State Building Authority bond revenues. Projects should be narrowly focused on a specific facility or programmatic need. Projects requested to renovate and/or construct multiple, independent facilities will not be considered, nor will projects related to self-liquidating facilities, such as dormitories, performance halls, parking garages or athletic facilities.

A university or community college request for a capital project will be carefully reviewed and evaluated, and balanced against other competing capital outlay and statewide budget priorities for inclusion in the Executive Budget Recommendation. A scoring panel convened by the State Budget Office will review and evaluate the top priority capital project request from each institution relative to a set of minimum statutory criteria (MCL 18.1242), which includes the following:

- a. Investment in existing facilities and infrastructure.
- b. Life and safety deficiencies.
- c. Occupancy and utilization of existing facilities.
- d. Integration of sustainable design to enhance the efficiency and operations of the facility.
- e. Estimated cost.
- f. Institutional support.
- g. Estimated operating costs.
- h. Impact on tuition, if any.
- i. Impact on job creation in this state.
- j. History of prior appropriations received by the institution through the capital outlay process.

*Note: The State Budget Office may also consider additional criteria that it believes will enhance the objective evaluation of projects.*

If new capital outlay projects are included in the Fiscal Year 2017 Executive Budget Recommendation, only planning authorization will be recommended. If planning is authorized by the Legislature in a subsequent appropriations act, the

university or community college shall prepare professional preliminary design documents to secure support for construction. Once professional planning documents have been reviewed and approved for authorized projects, state funding will provide a maximum of 75% for universities and 50% for community colleges, of the total cost of each project. As in prior years, the state share of financing for recommended large-scale projects may be capped at an amount less than the aforementioned levels.

A planning authorization approval does not guarantee support for a future construction authorization. A full assessment of the State Building Authority bond cap vis-à-vis available state budget resources will be completed before advancing projects beyond the planning stage. Projects whose final planning costs significantly exceed original estimates will be carefully scrutinized, and may require additional program and scope refinement. Institutions with a current planning authorization should continue to identify the project as their top priority request pending the enactment of a construction authorization.

Due to continued budgetary pressures, universities and community colleges may submit only their top priority capital outlay request. Attachment B contains the sample format for submitting a Fiscal Year 2017 capital outlay budget request, which has not been revised from the year prior. If you desire a copy of the revised electronic template in Microsoft Word, please e-mail Kris Kokx at [kokxk@michigan.gov](mailto:kokxk@michigan.gov) with your request. Please refer to the subsection entitled "Submission to the State Budget Office" for specific instructions related to this submittal.

### **Submission to the State Budget Office**

Electronic submission guidelines for the Five-Year Capital Outlay Plan and Fiscal Year 2017 Capital Outlay Project Request are as follows:

1. **Five-Year Capital Outlay Plan:** To comply with the statutory requirement, institutions are to post their Five-Year Capital Outlay Plans in a searchable electronic format (preferably PDF) on a publically viewable location on the institution's internet site. The documents are to be archived on the internet site for a period of no less than three years. Please submit the specific internet site address of the posting via e-mail to the individuals on the ***Distribution List (below)*** no later than ***Friday, October 30, 2015***.
2. **Fiscal Year 2017 Capital Project Request:** Electronic versions of Attachment B representing the Fiscal Year 2017 Capital Project Request (preferably PDF) may be submitted ***concurrently*** with the Five-Year Plan internet site address via an e-mail attachment to the individuals on the ***Distribution List (below)*** no later than ***Friday, October 30, 2015***.

In order to confirm successful transmission of the electronic submittal, the State Budget Office will reply via e-mail indicating receipt of the documents. If you do not receive a reply within a reasonable timeframe, please contact Lisa Shoemaker, Capital Outlay Coordinator, at (517) 335-7192 or [shoemakerl@michigan.gov](mailto:shoemakerl@michigan.gov).

**Distribution List**

**Joint Capital Outlay Subcommittee:**

Rep. Nancy Jenkins (Chair)	<a href="mailto:NancyJenkins@house.mi.gov">NancyJenkins@house.mi.gov</a>
Rep. Al Pscholka	<a href="mailto:AIPscholka@house.mi.gov">AIPscholka@house.mi.gov</a>
Rep. Jon Bumstead	<a href="mailto:JonBumstead@house.mi.gov">JonBumstead@house.mi.gov</a>
Rep. Phil Potvin	<a href="mailto:PhilPotvin@house.mi.gov">PhilPotvin@house.mi.gov</a>
Rep. Aaron Miller	<a href="mailto:AaronMiller@house.mi.gov">AaronMiller@house.mi.gov</a>
Rep. Adam Zemke	<a href="mailto:AdamZemke@house.mi.gov">AdamZemke@house.mi.gov</a>
Sen. Darwin Booher (Vice-Chair)	<a href="mailto:sendbooher@senate.michigan.gov">sendbooher@senate.michigan.gov</a>
Sen. Mike Nofs	<a href="mailto:senmnofs@senate.michigan.gov">senmnofs@senate.michigan.gov</a>
Sen. Tonya Schuitmaker	<a href="mailto:sentschuitmaker@senate.michigan.gov">sentschuitmaker@senate.michigan.gov</a>
Sen. Geoff Hansen	<a href="mailto:senghansen@senate.michigan.gov">senghansen@senate.michigan.gov</a>
Sen. Peter MacGregor	<a href="mailto:senpmacgregor@senate.michigan.gov">senpmacgregor@senate.michigan.gov</a>
Sen. Vincent Gregory	<a href="mailto:senvgregory@senate.michigan.gov">senvgregory@senate.michigan.gov</a>
Sen. Curtis Hertel, Jr.	<a href="mailto:senchertel@senate.michigan.gov">senchertel@senate.michigan.gov</a>

**Fiscal Agencies:**

Bill Bowerman	<a href="mailto:bbowerman@senate.michigan.gov">bbowerman@senate.michigan.gov</a>
Ben Gielczyk	<a href="mailto:bgielczyk@house.mi.gov">bgielczyk@house.mi.gov</a>

**State Budget Office:**

Lisa Shoemaker	<a href="mailto:shoemakerl@michigan.gov">shoemakerl@michigan.gov</a>
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Thank you in advance for your submission. We look forward to working with you in developing the Fiscal Year 2017 Executive Budget Recommendation. If you have questions regarding your submission, please contact Lisa Shoemaker, Capital Outlay Coordinator, at (517) 335-7192 or [shoemakerl@michigan.gov](mailto:shoemakerl@michigan.gov).

Sincerely,



John S. Roberts  
State Budget Director

University and Community College Presidents  
August 27, 2015  
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**Attachments**

cc: Rep. Nancy Jenkins, Chair, JCOS  
Sen. Darwin Booher, Vice-Chair, JCOS  
Chief Financial Officers  
Governmental Relations Officers  
President's Council  
Michigan Community College Association

Senate Fiscal Agency  
House Fiscal Agency  
State Building Authority  
DTMB, Facilities Administration  
Office of Economic Development

## Recommended Five-Year Master Plan Components Michigan Universities and Community Colleges

### I. Mission Statement

Summary description of the overall mission of the institution.

### II. Instructional Programming

As part of the Five-Year Capital Outlay Plan, each college and university shall provide an overview of current academic programs and major academic initiatives. This "instructional programming" component should:

- a. Describe existing academic programs and projected programming changes during the next five years, in so far as academic programs are affected by specific structural considerations (i.e., laboratories, classrooms, current and future distance learning initiatives, etc.);
- b. Identify the unique characteristics of each institution's academic mission:  
*For Universities:*  
Major research institution, technical/vocational center, geographic service delivery area(s), community presence activities, etc.  
*For Community Colleges:*  
Two-year degree and certificated technical/vocational training, workforce development activities, adult education focus, continuing or lifelong educational programming, partnerships with intermediate school district(s), community activities; geographic service delivery area(s), articulation agreements or partnerships with four-year institutions, etc.
- c. Identify other initiatives which may impact facilities usage;
- d. Demonstrate economic development impact of current/future programs (i.e., technical training centers, life science corridor initiatives, etc.).

### III. Staffing and Enrollment

Colleges and universities must include staffing and enrollment trends in the annual Five-Year Capital Outlay Plan. This component should:

- a. Describe current full and part-time student enrollment levels by academic program and define how the programs are accessed by the student (i.e., main or satellite campus instruction, collaboration efforts with other institutions, Internet or distance learning, etc.);
- b. Project enrollment patterns over the next five years (including distance learning initiatives);
- c. Evaluate enrollment patterns over the last five years;
- d. Provide instructional staff/student and administrative staff/student ratios for major academic programs or colleges;

- e. Project future staffing needs based on five-year enrollment estimates and future programming changes;
- f. Identify current average class size and projected average class size based on institution's mission and planned programming changes.

#### **IV. Facility Assessment**

A professionally developed comprehensive facilities assessment is required. The assessment must identify and evaluate the overall condition of capital facilities under college or university control. The description must include facility age, use patterns, and an assessment of general physical condition. The assessment must specifically identify:

- a. Summary description of each facility (administrative, classroom, biology, hospital, etc.) according to categories outlined in "net-to-gross ratio guidelines for various building types," DTMB-Office of Design and Construction Capital Outlay Design Manual, appendix 7. If facility is of more than one "type", please identify the percentage of each type within a given facility.
- b. Building and/or classroom utilization rates (Percentage of rooms used, and percent capacity). Identify building/classroom usage rates for peak (M-F, 10-3), off-peak (M-F, 8-10 am, 3-5 pm), evening, and weekend periods.
- c. Mandated facility standards for specific programs, where applicable (i.e. federal/industry standards for laboratory, animal, or agricultural research facilities, hospitals, use of industrial machinery, etc.);
- d. Functionality of existing structures and space allocation to program areas served;
- e. Replacement value of existing facilities (insured value of structure to the extent available);
- f. Utility system condition (i.e., heating, ventilation, and air conditioning (HVAC), water and sewage, electrical, etc.);
- g. Facility infrastructure condition (i.e. roads, bridges, parking structures, lots, etc.);
- h. Adequacy of existing utilities and infrastructure systems to current and 5-year projected programmatic needs;
- i. Does the institution have an enterprise-wide energy plan? What are its goals? Have energy audits been completed on all facilities, if not, what is the plan/timetable for completing such audits?
- j. Land owned by the institution, and include a determination of whether capacity exists for future development, additional acquisitions are needed to meet future demands, or surplus land can be conveyed for a different purpose.
- k. What portions of existing buildings, if any, are currently obligated to the State Building Authority and when these State Building Authority leases are set to expire.

In the event that comprehensive, current physical facility assessments are not available, the Five-Year Capital Outlay Plan must include data from the most

recent physical facility assessment and describe the schedule by which a new assessment will be completed.

## **V. Implementation Plan**

The Five-Year Capital Outlay Plan should identify the schedule by which the institution proposes to address major capital deficiencies, and:

- a. Prioritize major capital projects requested from the State, including a brief project description and estimated cost, in the format provided. (Adjust previously developed or prior years figures utilizing industry standard CPI indexes where appropriate).
- b. If applicable, provide an estimate relative to the institution's current deferred maintenance backlog. Define the impact of addressing deferred maintenance and structural repairs, including programmatic impact, immediately versus over the next five years.
- c. Include the status of on-going projects financed with State Building Authority resources and explain how completion coincides with the overall Five-Year Capital Outlay Plan.
- d. Identify to the extent possible, a rate of return on planned expenditures. This could be expressed as operational "savings" that a planned capital expenditure would yield in future years.
- e. Where applicable, consider alternatives to new infrastructure, such as distance learning.
- f. Identify a maintenance schedule for major maintenance items in excess of \$1,000,000 for fiscal year 2017 through fiscal year 2021.
- g. Identify the amount of non-routine maintenance the institution has budgeted for in its current fiscal year and relevant sources of financing.

FISCAL YEAR 2017  
CAPITAL OUTLAY PROJECT REQUEST

*Institution Name:*

*Project Title:*

*Project Focus:*      Academic      Research      Administrative/Support

*Type of Project:*    Renovation      Addition      New Construction

*Program Focus of Occupants:*

*Approximate Square Footage:*

*Total Estimated Cost:*

*Estimated Start/Completion Dates:*

*Is the Five-Year Plan posted on the institution's public internet site?*      Yes      No

*Is the requested project the top priority in the Five-Year Capital Outlay Plan?*      Yes      No

*Is the requested project focused on a single, stand-alone facility?*      Yes      No

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**Describe the project purpose.**

**Describe the scope of the project.**

*Please provide detailed, yet appropriately concise responses to the following questions that will enhance our understanding of the requested project:*

- 1. How does the project enhance Michigan's job creation, talent enhancement and economic growth initiatives on a local, regional and/or statewide basis?**
- 2. How does the project enhance the core academic and/or research mission of the institution?**
- 3. How does the project support investment in or adaptive re-purposing of existing facilities and infrastructure?**

4. Does the project address or mitigate any current health/safety deficiencies relative to existing facilities? If yes, please explain.
5. How does the institution measure utilization of its existing facilities, and how does it compare relative to established benchmarks for educational facilities? How does the project help to improve the utilization of existing space and infrastructure, or conversely how does current utilization support the need for additional space and infrastructure?
6. How does the institution intend to integrate sustainable design principles to enhance the efficiency and operations of the facility?
7. Are match resources currently available for the project? If yes, what is the source of the match resources? If no, identify the intended source and the estimated timeline for securing said resources?
8. If authorized for construction, the state typically provides a maximum of 75% of the total cost for university projects and 50% of the total cost for community college projects. Does the institution intend to commit additional resources that would reduce the state share from the amounts indicated? If so, by what amount?
9. Will the completed project increase operating costs to the institution? If yes, please provide an estimated cost (annually, and over a five-year period) and indicate whether the institution has identified available funds to support the additional cost.
10. What impact, if any, will the project have on tuition costs?
11. If this project is not authorized, what are the impacts to the institution and its students?

**12. What alternatives to this project were considered? Why is the requested project preferable to those alternatives?**