

# Overview of Capital Outlay Funding

**SB 29 (Governor's Amendments to 2022-24 Budget)**

**SB 30 (Governor's 2024-26 Budget)**

January 26, 2024

# Capital Outlay Planning Process & Six-Year Project Advisory Committee



In 2008, the requirement for a six-year capital outlay plan was codified.

Provides for a more business-like approach to capital budgeting; and

Produces a more consistent, reliable, and predictable capital outlay program.



“Six-PAC” reviews, analyzes and recommends projects to the Governor annually for inclusion in the six-year plan.

Tasked by the General Assembly to manage transfers from the 2022 Capital Supplement Pool for cost overruns and authorizing projects in the 2022 Higher Education Pool to proceed to construction.



Part 2 and Part 4 of the Appropriation Act includes additional conditions for the administration of capital outlay projects.

# Capital Outlay Funding Process

## Pool Process

- Funds general fund capital projects in a pool that receives a total appropriation equal to the sum of all the projects in the pool.
- Projects receive an initial cost estimation, added to a planning pool, have further cost refinements in design, and inclusion in a construction pool.
- Funds are administratively moved between projects as cost estimates are refined.
- Shortfalls are addressed by transferring excess funds among pools or from future supplements (allowed through budget language).

## Stand-Alone Projects

- Projects are authorized and funded separately from the pool process.
- These projects are generally either:
  - Funded entirely with nongeneral funds (e.g., higher education dorms);
  - Improvement projects fully or partially funded with general fund;
  - Umbrella projects (several maintenance reserve projects for one or more facilities); or
  - Designated infrastructure accounts (e.g., DCR state parks deferred maintenance).

# Proposed Budgets

# SB 29 Capital Outlay Changes

- Proposes to revert \$5.0 million GF for unused Dredging Projects at the Virginia Port Authority;
- Adds \$740,000 NGF for the Department of Forestry to acquire additional land at Charlotte State Forest; and,
- Converts *VSU Water Storage Tank and Campus Water Distribution Piping and Campus Water Sewer Upgrades* project from a pool project to a standalone project.
  - Project was originally authorized in 2013. Chapter 2, 2022 Special Session I, supplemented the project with \$3.4 million.

# SB 30 Capital Outlay Program

Proposes \$1.2 billion as GF and GF tax-supported debt.

Proposed Capital Outlay Funding by Fund Type (HB/SB 30) (\$ in millions)	
General Fund	\$916.6
VPBA / VCBA GF Tax-Supported Bonds	334.9
9(c) Revenue Bonds	124.3
9(d) Revenue Bonds	9.3
Nongeneral Fund Cash	<u>749.9</u>
<b>Total</b>	<b>\$2,135.0</b>

# SB 30 GF Supported Projects Focus on Deferred Maintenance, Improvements to Existing Facilities, or Maintenance Reserve

Capital Outlay Funding by Project Type (\$ in millions)					
Major Category	GF Cash	GF Debt	NGF Cash	NGF Debt	Total
Supplements	\$250.0	\$50.0	\$0.0	\$0.0	<b>\$300.0</b>
Maintenance Reserve	404.0	0.0	0.0	0.0	<b>404.0</b>
Deferred Maintenance	85.0	102.0	14.0	0.0	<b>201.0</b>
Improvements	50.0	179.4	633.1	38.1	<b>900.6</b>
New Construction	0.0	0.0	30.0	95.5	<b>125.5</b>
Acquisition	0.0	3.5	15.7	0.0	<b>19.2</b>
Planning	24.0	0.0	57.2	0.0	<b>81.2</b>
Equipment	<u>103.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<b><u>103.5</u></b>
<b>Total</b>	<b>\$916.6</b>	<b>\$334.9</b>	<b>\$749.9</b>	<b>\$133.6</b>	<b>\$2,135.0</b>

- \$300.0 million GF and GF debt to supplement previously authorized projects for cost overruns;
- \$404.0 million GF for Maintenance Reserve allocations in FY 2025 only;
- \$229.4 million GF and GF debt for improvements and renovations at existing facilities
- \$81.3 million GF for equipment for capital projects coming online within the next 18 months;
- \$22.2 million GF for Tech Talent Investment Program (Amazon HQ2) equipment;
- \$187.0 million GF and GF debt for deferred maintenance type projects; and,
- New construction is limited to a 9(c) bond project at VSU for student housing and an indoor small arms firing range at DMA funded with funds from the Coastal Virginia Offshore Wind project.

# SB 30 Maintenance Reserve

- Proposes \$404.0 million for maintenance reserve in FY 2025 only.
  - Typically, maintenance reserve would be split-funded in both years. By placing the funding in the first year only, it creates a base budget problem in the next biennium.
- Proposes \$4.0 million of the DGS allocation to be used to convert legislative offices in the GAB parking deck to retail space.
- Recommends to transfer EVMS allocations, and prior year balances, to ODU upon the merging of those institutions.
- Recommends language allowing Military Affairs to use maintenance reserve for a National Guard Youth Program.



# SB 30 Proposed Deferred Maintenance and Improvements

Deferred Maintenance Umbrella Projects (\$ in millions)	
Institution	GF Debt
George Mason University	\$12.0
Old Dominion University	12.0
Radford University	8.0
University of Mary Washington	5.5
University of Virginia	12.0
University of Virginia – Wise	1.5
Virginia Commonwealth University	12.0
Virginia Community College System	<u>24.0</u>
<b>Total</b>	<b>\$87.0</b>

GF Debt = VCBA / VPBA 9(d) tax-supported bond

Stand Alone Improvement Projects (\$ in millions)		
Project Title	GF Cash	GF Debt
FMA (DGS Managed): Renovate & Repair Fort Monroe	\$50.0	\$0.0
DGS: Renovate Office Space for Monroe Building Tenants & Demolish Monroe	50.0	0.0
DBHDS: Renovate, Repair, & Upgrade Facilities	35.0	0.0
DBHDS: Improve Safety & Security at Eastern State Hospital	0.0	24.3
DOC: Capital Infrastructure Fund	0.0	15.0
NSU: Improve Campus Infrastructure	0.0	14.1
VSU: Improve South Entrance & Campus Security	0.0	12.0
VT: Improve Campus Accessibility	0.0	8.0
DCR: Replace Underground Storage Tanks- Phase I	0.0	3.0
DMA: Improve Readiness Centers	0.0	3.0
DCR: Address Climate Control in State Park Yurts	<u>0.0</u>	<u>1.6</u>
<b>Total</b>	<b>\$135.0</b>	<b>\$81.0</b>

# SB 30 Planning Pool and Pool Supplements

Central Capital Planning Pool		
<u>Agency</u>	<u>Project</u>	<u>Planning Stage</u>
Department of General Services	Renovate Library Building	Schematic Design
University of Virginia - Wise	Renovate Darden Hall	Schematic Design
Department of Behavioral Health and Developmental Services	Child and Adolescent Psychiatric Treatment Facility	Planning
		<b>Total</b>
		<b>GF</b>
		<b>NGF</b>
		<b>\$26.6 million</b>
		<b>\$24.0 million</b>
		<b>\$2.6 million</b>

Supplements	
<u>Pool</u>	<u>Amount</u>
2022 Supplement Pool for Cost Overruns	\$250.0 million GF
2022 State Agency Capital Pool - State Police Training Academy (caps project cost to \$100.0 million)	\$50.0 million VPBA tax-supported debt
<b>Total</b>	<b>\$300.0 million</b>

# SB 30 Proposed Capital Construction Pools

2024 State Agency Capital Pool	
<u>Agency</u>	<u>Project</u>
Jamestown-Yorktown Foundation	Replace Walkways and Improve Lighting
Jamestown-Yorktown Foundation	Replace Roofs at Jamestown Settlement and Emerson Central Support Complex
Department of Behavioral Health and Developmental Services	Address heating and hot water requirements at Hiram Davis Medical Center and Central State Hospital building 94
Department of Juvenile Justice	Renovate Bon Air Juvenile Correctional Center and Oak Ridge Juvenile Correctional Facility
<b>Total</b>	<b><u>\$42.9 million</u></b>
<b>VPBA Tax-Supported</b>	<b><u>\$42.9 million</u></b>

2024 State Agency Capital Pool	
<u>Agency</u>	<u>Project</u>
William and Mary	Renovate Historic Campus (18678)
Virginia Military Institute	Replace Windows in Old and New Barracks (18604)
Longwood University	Replace Steam Distribution Systems To Four Campus Buildings
James Madison University	Improve East Campus Infrastructure Phase 3 (18738)
Richard Bland College	Replace HVAC System for Statesman Hall
Christopher Newport University	Replace Integrated Science Center Fume Hoods and Pressurization Valves and Controls
<b>Total</b>	<b><u>\$80.1 million</u></b>
<b>VCBA Tax-Supported</b>	<b><u>\$70.5 million</u></b>
<b>NGF</b>	<b><u>\$0.2 million</u></b>
<b>9(d) revenue bonds</b>	<b><u>\$9.3 million</u></b>

# SB 30 Proposed NGF Education Projects

Agency	Project (\$ in millions)	NGF Cash	9(c) Bonds	9(d) Bonds	Total
WM	Supplement Renovate Dormitories project		\$5.0		<b>\$5.0</b>
JMU	Blanket Property Acquisition	3.0			<b>3.0</b>
JMU	Renovate Spotswood Hall		23.8		<b>23.8</b>
VCU	Construct New School of Dentistry (Planning)	5.2			<b>5.2</b>
VMI	Renovate Crozet Hall	46.9			<b>46.9</b>
VMI	Renovate Patchin Field Soccer & Lacrosse Stadium and Paulette Hall	21.7			<b>21.7</b>
VSU	Construct New Student Housing		95.5		<b>95.5</b>
VSU Extension	Renovate Wilder Cooperative Extension Building	<u>5.9</u>			<b><u>5.9</u></b>
<b>Total Education</b>		<b>\$82.6</b>	<b>\$124.3</b>	<b>\$0.0</b>	<b>\$206.9</b>

# SB 30 Proposed NGF Other Projects

Agency	Project (\$ in millions)	NGF Cash	9(c) Bonds	9(d) Bonds	Total
DCR	Acquisition of land for state parks	\$2.7			<b>\$2.7</b>
DWR	Acquire Land and Property	10.0			<b>10.0</b>
DMA	Provide federal fund appropriation for maintenance reserve projects	2.0			<b>2.0</b>
DMA	Construct Indoor Small Arms Firing Range and Military-Owned Vehicle Parking Lot at the State Military Reservation (Dominion Coastal Virginia Offshore Wind)	30.0			<b>30.0</b>
DMA	Improve Readiness Centers (\$3.0 million GF)	9.0			<b>9.0</b>
DMA	Construct Microgrid Emergency Backup Generator at the State Military Reservation	49.3			<b>49.3</b>
DMA	Convert Southwest Virginia Readiness Center to a Regional Field Maintenance Shop	6.4			<b>6.4</b>
DVS	Expand Suffolk Veterans Cemetery (Treasury Loan \$5.0 million)				

# SB 30 Proposed NGF Transportation Projects

Agency	Project (\$ in millions)	NGF Cash	9(c) Bonds	9(d) Bonds	Total
DMV	Maintenance Reserve	\$2.0			<b>\$2.0</b>
DMV	Renovate DMV Headquarters	14.8			<b>14.8</b>
VDOT	Maintenance Reserve	10.0			<b>10.0</b>
VDOT	Continue to Acquire, Design, Construct and Renovate Agency Facilities (\$94,840 GF)	70.0			<b>70.0</b>
VPA	Cargo Handling Facilities	223.0			<b>223.0</b>
VPA	Expand Empty Yard	223.0			<b>223.0</b>
VPA	Maintain Berths and Wharfs	<u>12.2</u>			<u><b>12.2</b></u>
<b>Total Transportation</b>		<b>\$555.0</b>			<b>\$555.0</b>

# SB 30 Proposed Bond Transfers

Redirect Excess Bond Balances		
Initial Authorization	Fund Source	Amount
<b>Virginia College Building Authority</b>		
Longwood University Construct Addition and Renovate Bedford Hall	VCBA Bond	\$284.00
Norfolk State University Information Technology Infrastructure	VCBA Bond	320.52
VT Extension Relocate Hampton Roads Agricultural Research and Extension Center	GF	135,089.62
Department of Forestry Acquire Conway Robinson State Forest Border Tract	GF	<u>2,500,000</u>
<b>Transfer to 2016 VCBA Capital Construction Pool</b> (Chapters 759 and 769, 2016 Acts of Assembly and amended by Item C-48, Chapter 2, 2018 Acts of Assembly, Special Session I)		<b>\$2,635,089.62</b>
<b>Virginia Public Building Authority</b>		
Department of Conservation and Recreation Land Acquisition	VPBA Bond	\$74,151.09
Virginia Museum of Fine Arts Repair and Replace Deteriorating Plywood in the Mellon Galleries	VPBA Bond	2,130.08
Department of Juvenile Justice "Remove Abandoned Underground Fuel Tanks	VPBA Bond	25,134.58
Department of Corrections Women's Multi-Custodial CC	VPBA Bond	23,980.47
Department of Corrections Locking Systems and Cell Door Replacement	VPBA Bond	10,697.76
Department of Corrections Remedy Environmental Deficiencies	VPBA Bond	416,081.92
Wilson Workforce and Rehabilitation Center Emergency Replacement of HVAC System Mary Switzer Building	VPBA Bond	<u>1,478,000</u>
<b>Transfer to 2019 VPBA Capital Construction Pool</b> (Chapters 854, 2019 Acts of Assembly)		<b>\$2,030,175.90</b>

# Proposed Capital Funding Language Changes – Six PAC

- **Six-Year Capital Plan Advisory Committee.** Proposes language in Item 2-0 related to Six-Year Capital Plan Advisory Committee to include:
  - Requiring the Committee to submit the six-year plan as a report to the Governor and General Assembly based on the projects authorized for planning in Appropriation Act;
  - Currently, the plan is introduced as legislation and does not always reflect the projects authorized in the enrolled Appropriation Act.
  - Allowing the Committee to meet electronically and at least four times;
  - Requiring the Committee to review and recommend if state-supported projects that have not proceeded to construction within five years should remain authorized or be rescinded; and
  - Exempting written communications among Committee members and staff from FOIA.
    - The exemptions applies specifically to the availability of funding authorized in capital pools, estimated total capital outlay project costs, supplemental capital pool funding, project authorization, and the transfer of appropriations.



# Proposed Capital Funding Language Changes – Part 4

- **Tier III E&G Match.** Proposes the Tier III higher education institutions cover 25 percent of the cost of capital projects that support Education and General (E&G) programs.
  - Would not apply to projects that: (i) address maintenance, life safety, security, or infrastructure; or (ii) are for the Virginia Institute of Marine Science (VIMS), UVA-Wise, or Virginia Co-op Extension and Agricultural Experiment Station.
  - Typically, a 50/50 split of GF/NGF is required for research space, and NGF contributions from an institution for any auxiliary-use space, for project design components outside of state-approved scope, and for other purposes as determined on a project-specific basis as set-out in a project's funding authorization.
- **Lease and Finance Purchase Authorizations.** Proposes language clarifying the criteria for lease and financed purchase agreements that require approval in the Appropriation Act and allowing the Governor to authorize proposed building projects or acquisition of property through a financed purchase that are not authorized by the Appropriation Act or other legislation:
  - 1) if the nongeneral fund share of lease obligations does not exceed the agency's expected nongeneral fund revenues; or,
  - 2) if the general fund share of annual lease obligations does not result in the agency exceeding its current available annual general fund appropriation.
- **Capital Outlay Funding Framework.** Proposes language in Part 4 to establish new capital outlay funding requirements to include:
  - Requiring that one percent of GF revenues be targeted to address deferred maintenance at existing state facilities; and,
  - Limiting annual GF-supported capital spending (GF cash + tax-supported debt) to one percent of the total of annual GF revenue plus annual debt capacity plus any non-reappropriated prior-year unexpended GF balances.

# Member Amendments

**SFAC Capital Outlay & Transportation Subcommittee**  
**Senate Member Proposed Capital Outlay Amendments 2024 Session**

Line #	Amendment #	Patron	Short Title	GF FY 2024	GF FY2025	NGF FY2025	GF FY2026	NGF FY2026	Total FY2025	Total FY2026	Notes
1	C-18.50 #1s (SB 29)	Durant	UMW - Acquire and Renovate Multi-Use Building (Language)								
2	C-52.60 #1s (SB 29)	French	DHR - Supplement Construct Clermont Farm Barn Replacement	\$1,300,000							
3	C-4.10 #1s	Deeds	WM - Renovate James Monroe's Highland		\$2,700,000				\$2,700,000		
4	C-5.10 #1s	McPike	GMU - Planning Interdisciplinary Science and Engineering Building		\$7,400,000				\$7,400,000		
5	C-5.20 #1s	McPike	GMU - Construct Student Innovation Factory Building		\$36,000,000				\$36,000,000		
6	C-7.10 #1s	McPike	JMU - Construct Health and Behavioral Services		\$3,937,982	\$3,937,982			\$7,875,964		
7	C-8.10 #1s	Locke	NSU - Construct Living and Learning Center		\$129,332,812				\$129,332,812		
8	C-8.20 #1s	Bagby	NSU - Construct Health, Wellness, and Physical Education Building		\$2,000,000				\$2,000,000		
9	C-8.30 #1s	Bagby	NSU - Address Deferred Maintenance		\$1,200,000		\$1,200,000		\$1,200,000	\$1,200,000	
10	C-11.10 #1s	Durant	UMW - Renovate Simpson Library and Farmer Hall		\$13,000,000		\$10,000,000		\$13,000,000	\$10,000,000	
11	C-12.10 #1s	Deeds	UVA - Improvements Student Health and Wellness Facility		\$2,900,000				\$2,900,000		
12	C-13.10 #1s	Pillion	UVA-Wise - Planning Construct Research Building		\$4,400,000				\$4,400,000		
13	C-16.10 #1s	Jordan	VCCS - Workforce Trades and Innovation Center Paul D. Camp Community College		\$600,000				\$600,000		
14	C-19.10 #1s	DeSteph	VT Ext. - Improve Agricultural Research and Extension Centers		\$1,500,000				\$1,500,000		
15	C-21 #1s	Bagby	VSU - Improve South Entrance and Campus Security		\$5,300,000				\$5,300,000		
16	C-21.10 #1s	Bagby	VSU - Address Deferred Maintenance		\$1,200,000		\$1,200,000		\$1,200,000	\$1,200,000	
17	C-21.20 #1s	Locke	VSU - Waterproof Campus Buildings		\$10,342,500				\$10,342,500		
18	C-21.20 #2s	Deeds	VSU - Renovate Virginia Hall		\$3,000,000				\$3,000,000		
19	C-21.30 #1s	Locke	VSU - Renovate Summerseat for Urban Agriculture Center		\$12,714,000				\$12,714,000		
20	C-22.10 #1s	Carroll Foy	Gunston Hall - East Yard Project		\$2,500,000				\$2,500,000		
21	C-22.20 #1s	Surovell	Gunston Hall - Planning Construct New Visitor Center		\$5,000,000				\$5,000,000		

**SFAC Capital Outlay & Transportation Subcommittee**  
**Senate Member Proposed Capital Outlay Amendments 2024 Session**

Line #	Amendment #	Patron	Short Title	GF FY 2024	GF FY2025	NGF FY2025	GF FY2026	NGF FY2026	Total FY2025	Total FY2026	Notes
22	C-22.30 #1s	Carroll Foy	Gunston Hall - Construct New Archaeology Center and Maintenance Facility		\$5,000,000				\$5,000,000		
23	C-22.40 #1s	Locke	JYF - Renovate Susan Constant		\$4,712,381				\$4,712,381		
24	C-24.10 #1s	Obenshain	DBHDS - Wilson Workforce Improvements to Entrances		\$2,906,183				\$2,906,183		
25	C-25 #1s	Marsden	DCR - State Park Land Acquisitions								
26	C-25 #2s	Perry	DCR - State Park Land Acquisitions								
27	C-26 #1s	Marsden	DCR - Natural Area Preserves Land Acquisition								
28	C-29.10 #1s	Marsden	DCR - State Park Improvements			\$65,000,000		\$65,000,000	\$65,000,000	\$65,000,000	
29	C-29.20 #1s	Pillion	DCR - Renovate Pool Natural Tunnel State Park		\$4,000,000				\$4,000,000		
30	C-29.30 #1s	McPike	DCR - Widewater State Park Phase II Construction		\$10,000,000				\$10,000,000		
31	C-29.40 #1s	Pillion	DCR - Clinch River State Park Phase IA Construction		\$14,800,000				\$14,800,000		
32	C-29.50 #1s	Pillion	DCR - Abrams Creek Trail and Falls		\$600,000				\$600,000		
33	C-29.60 #1s	Marsden	DCR - Natural Heritage Preservation			\$30,000,000		\$30,000,000	\$30,000,000	\$30,000,000	
34	C-30.10 #1s	Obenshain	DWR - Repair and Upgrade Lake Shenandoah Dam		\$3,000,000				\$3,000,000		
35	C-44.10 #1s	Reeves	DMA - Virginia National Guard Museum		\$5,321,100		\$62,112,700		\$5,321,100	\$62,112,700	
36	C-46 #1s	Surovell	Maintenance Reserve - Gunston Hall								
37	C-47 #1s	Locke	Equipment Pool - CNU Integrated Science Center, Phase III		\$2,816,000				\$2,816,000		
38	C-48 #1s	Hashmi	Planning Pool - SMV Pre-planning Interior Space Refurbishment		\$250,000				\$250,000		
39	C-48 #2s	Locke	Planning Pool - ODU Engineering & Arts Building		\$12,000,000				\$12,000,000		
40	C-50 #1s	Diggs	2024 Public Education Pool - VIMS Construct Marine Operations Administration Complex								
41	C-50 #2s	Obenshain	2024 Public Education Pool - JMU Renovate Johnston Hall								
42	C-50 #3s	Bagby	2024 Public Education Pool - NSU Renovate/Replace Fine Arts Building								

**SFAC Capital Outlay & Transportation Subcommittee**  
**Senate Member Proposed Capital Outlay Amendments 2024 Session**

Line #	Amendment #	Patron	Short Title	GF FY 2024	GF FY2025	NGF FY2025	GF FY2026	NGF FY2026	Total FY2025	Total FY2026	Notes
43	C-50 #4s	Deeds	2024 Public Education Pool - UVA Construct Center For the Arts								
44	C-50 #5s	Carroll Foy	2024 Public Education Pool - VMI Construct Moody Hall								
45	C-50 #6s	Locke	2024 Public Education Pool - CNU Replace Plant Operations and Warehouse Building								
46	C-50 #7s	Hackworth	2024 Public Education Pool - VCCS Replace Buchanan and Tazewell Halls, Southwest Virginia CC								
47	C-51 #1s	Surovell	2024 State Agency Pool - Gunston Hall Construct New Visitor Center								
48	C-51 #2s	Head	2024 State Agency Pool - VMNH Construct Waynesboro Campus (GF)								
49	C-51 #3s	Head	2024 State Agency Pool - VMNH Construct Waynesboro Campus (NGF)								
<b>50</b>			<b>Subtotal Pool Requests</b>		<b>\$571,095,000</b>	<b>\$190,000,000</b>	<b>\$45,700,000</b>				
51	C-53.20 #1s	Ebbin	DEQ - Local Water Quality and Supply Projects			\$30,000,000			\$30,000,000		
52	C-53.50 #1s	Marsden	DEQ - WQIF Wastewater Grants			\$200,000,000		\$200,000,000	\$200,000,000	\$200,000,000	
53			<b>Total</b>	<b>\$1,300,000</b>	<b>\$881,527,958</b>	<b>\$518,937,982</b>	<b>\$120,212,700</b>	<b>\$295,000,000</b>	<b>\$639,370,940</b>	<b>\$369,512,700</b>	
54			<b>Total State Supported GF Requests</b>	<b>\$1,663,040,658</b>							