

CAPITAL BUDGET SUBMISSION

The Capital Budget submission is to be prepared in Excel using the template provided on the Office of the Budget intranet website.

DEFINITIONS

Capital Budget Project: Any building, structure, facility, original equipment, physical improvement, or land acquisition where the project has an estimated useful life of not less than five years, but preferably fifteen years or longer, and has an estimated financial cost greater than \$100,000. All capital projects fitting this definition, regardless of funding source, must be requested and subsequently included with proposed capital itemizations in the Governor's Executive Budget.

Dollar guidelines for making capital budget requests:

1. Funding for minor capital projects costing between \$100,000 and \$600,000 must also be included in the agency's general operating budget and appropriately classified under maintenance, repairs, or fixed asset commitment items.
2. Funding for all current revenue funded capital projects, regardless of amount, must also be included in the agency's general operating budget request and appropriately classified under maintenance, repairs, or fixed asset commitment items.
3. All other new construction, land acquisition, or renovations to existing assets and structures, with a cost of \$600,000 or more should be requested as bond funded projects.

Capital Budget Submission: Along with the operating budget requests, the capital budget submission must include all capital projects for which an agency would like to request funding in their general operating budget or include in the proposed capital itemization bill.

Capital Facilities Fund: This fund is used to meet the financial costs of capital projects authorized by capital budget itemization acts. Revenue for this fund comes principally from the sale of general obligation debt and interest earnings. This fund has at least one account for each category of capital projects. Interest earned on investment or deposit of monies in the fund is credited to the account in the fund to which such invested or deposited money was originally credited.

Capital Itemization Bill: Legislation that includes capital projects that need enacted authorization to be bond funded. The initial draft of the bill is proposed with the Governor's Executive Budget and is based on agency capital budget submissions. The draft is subsequently introduced by a member of the General Assembly. During the legislative process, agencies are permitted to submit proposed changes to be introduced as amendments to the bill. Legislators can also add projects that they deem appropriate through an amendment.

Itemized Capital Project: A capital project that has been included in a Capital Itemization Bill passed by the General Assembly and signed by the Governor. Once the itemization bill is signed, the project is authorized and may be released and funded through bond proceeds. Capital projects funded with current revenues must be itemized in the Governor's Executive Budget.

Project Funding: Capital projects can be funded through bond proceeds or current revenues. In limited cases, agencies may request that a project be listed as bond or current revenue funded so both options are available. Projects funded through bond proceeds must be included in an enacted Capital Itemization Bill. Capital projects that are requested to be funded from current revenues must be submitted through agency operating budgets and itemizations must be presented in the Governor's Executive Budget.

Rolling Stock: Transit vehicles such as buses, vans, freight and passenger railcars, and locomotives, as well as vehicles used for support services.

Unallocated Funds: Unused project authorization which becomes available when a project is completed under budget, or a project is canceled. Any unexpended authorization remaining in the project's allocation under either of the above two conditions are transferred to the Unallocated Funds Account to be used for inflation adjusted costs as described in Act 45.

CATEGORIES OF AGENCY CAPITAL PROJECTS

Public Improvement Projects include various types of renovation projects, new buildings, nonstructural improvements, and land acquisition. The Department of General Services administers design and construction for most of these projects. Current revenue projects are generally managed by agencies. Projects between \$100,000 and \$600,000 should be procured through the Job Order Contracting process unless work will be procured through the Micro Business Reserve (MCBR) program or completed by in-house staff.

Furniture, Fixture, and Equipment Projects provide for equipping newly completed public improvement projects with original movable furniture, fixtures, and equipment through the Department of General Services. Replacement furniture, fixtures, and equipment for use in existing buildings is purchased through department budgets.

Transportation Assistance Projects include the purchase of rolling stock as well as construction or improvement of facilities operated by mass transportation agencies throughout the Commonwealth; the acquisition, construction, and equipping of rural and intercity common carrier surface transportation systems; and air transportation systems. These projects are administered by the Department of Transportation.

Flood Control Projects include flood control works and improvements to prevent floods and to preserve, control, and regulate the flow of rivers and streams. These projects are administered by the Department of Environmental Protection.

Highway Projects include the design, purchase of rights-of-way, construction, and reconstruction of highways and bridges on the state highway system. These projects are administered by the Department of Transportation.

ENERGY PROJECTS OR PROPERTY

All projects including energy related components, including but not limited to; solar, wind, geothermal, heat pumps, energy storage (in the form of batteries or other technologies), hydropower, electric vehicles, electric charging stations; will need to be identified within the submission. The Office of Budget Operations, the Department of General Services, and PA GreenGov Council will work with your agency to determine if grant funding or tax credits might be available to assist with these projects.

FUTURE OPERATING BUDGETS

Most capital investments involve the renovation or replacement of existing facilities. Therefore, the projects will generally not significantly affect the department's future operating budgets nor affect the services provided by the agency. Consequently, any operating cost impact is derived from such items as efficiencies in energy consumption and necessary maintenance. These items, when viewed in terms of the total department or program budget, generally tend to be negligible. An exception is when a large-scale project is implemented or a significant increase in the capital base occurs which will dramatically change efficiencies and other components of an operating budget.

CAPITAL BUDGET TEMPLATE SUBMISSION INSTRUCTIONS

The Capital Template must be completed for all proposed new capital project itemizations, as well as for any existing authorized projects that require additional funding. Complete documentation and justification are necessary to allow determination of projects to be included in the Governor's Executive Budget and the proposed Capital Itemization Bill. All capital project requests must be grouped by facility or entity and listed in county order within each funding source. **New** for this year, please indicate the fiscal year in which the project will begin based on agency priorities.

The Capital Template is available on the Office of the Budget intranet website [Budget and Rebudget Submissions](#) within the templates folder.

IMPORTANT NOTE: Regardless of Funding Type (bond or current revenue) all new or increased capital project itemization requests must be submitted to the Office of Budget Operations to assure proper itemization. If there was no Capital Itemization Bill enacted with the prior budget, any project itemization requests submitted in the prior budget cycle must be resubmitted with this request. The Office of Budget Operations will coordinate distribution to the Department of General Services.

Bond Project Tab should include new projects and increases to existing projects to be funded through the Capital Facilities Fund via General Obligation bond issuances.

Current Revenue Project Tab should include new projects or increases to existing capital projects to be funded solely through operating or fixed assets budgets as submitted within agency appropriation requests.

Bond or Current Revenue Project Tab should include new projects and increases to existing projects that could be funded by either source above.

On all project tabs, designate any projects that include energy components by indicating in the appropriate column of the capital template.

As mentioned above, most capital projects do not include significant future increases in operating costs. However, if the project results in a new versus replacement facility or a significant increase in the capital base occurs which will dramatically change efficiencies and other components of an operating budget, the expected change in operating expenses should be quantified and included on the capital template.