2020 Capital Outlay Seminar

For Nonstate Entities

Simonne R. Whitmore, State Capital Outlay Administrator
Office of Facility Planning and Control

September 2020
Objectives

- Provide an overview of the phases of the Capital Outlay Process
- Explain what qualifies as a Capital Outlay expenditure
- Explain the information required in a capital outlay request
- Explain the difference between an appropriation and funding
- Explain general obligation bond priorities
The Capital Outlay Process

The process of developing, enacting and executing the state capital outlay budget
Capital Outlay Expenditures

expenditures for acquiring lands, buildings, equipment, or other permanent properties,

or for their preservation or development of permanent improvement.
Examples of Projects that Qualify
Examples of Projects that DON’T Qualify
Development

Enactment

Execution
The Development Phase

Begins with the submission of Capital Outlay Requests (CORs)

FPC reviews the CORs for compliance with statutory requirements

DOA develops an initial budget which becomes the Capital Outlay Bill, Original House Bill 2
Capital Outlay Requests

- Are submitted electronically through the eCORTS systems
- Must be submitted by 11:59 pm, November 1st each year
- Are required to be updated if new funding is needed or if contracts have not been issued within 24 months of the deadline
- Must include certain statutorily required information
Additional Nonstate Entity Requirements

- A Letter of Support
- A minimum 25% local match
- Updated information on amount of match expended
How to Apply for Capital Outlay Funding

- Select a project that qualifies for Capital Outlay expenditures
- Get access to eCORTS
- Make sure that your request contains the statutorily required information
- Submit your request on time
- Follow-up with your legislator regarding a letter of support for your project.
Statutorily Required Information

- an analysis of need with corroborative data,
- a reasonable estimate of the date when the project will be needed,
- the project's proposed location,
- the estimated construction cost,
- the estimated local match requirement and amount of local funds expended on the project,
- the cost of equipping and furnishing the project,
<table>
<thead>
<tr>
<th>Statutorily Required Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>the cost of opening and operating the facility for the first year,</td>
</tr>
<tr>
<td>the estimated annual operating and maintenance costs of the facility, and the method and source of financing for each of the next five years,</td>
</tr>
<tr>
<td>the estimated completion date of the project</td>
</tr>
<tr>
<td>identification and description of other similar facilities and projects in the given area and an evaluation of their capabilities to meet needs, and</td>
</tr>
<tr>
<td>the order of priority.</td>
</tr>
</tbody>
</table>
eCORTS

Capital Outlay Request Tracking System

Capital Outlay Requests Due Sunday, November 1, 2020
Legislative Letters of Support Due Sunday, November 1, 2020 – Can be emailed to capitaloutlay@la.gov or faxed to (225) 342-7624.
The Enactment Phase

- Governor submits Original House Bill 2 to the legislature by the 8\textsuperscript{th} day of the legislative session
- Legislature amends the Bill
- Governor signs the Bill
- The Bill becomes “the Act”
Following Bill Enactment

HLS 201ES-12

2020 First Extraordinary Session
HOUSE BILL NO. 2
BY REPRESENTATIVE BISHOP AND SENATOR ALLAIN

CAPITAL OUTLAY: Provides for the comprehensive Capital Outlay budget (Item 97)

1
2
3

AN ACT

To provide with respect to the capital outlay budget and the capital outlay program for state
government, state
Appropriations
Example Appropriation

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>(123)</td>
<td>A</td>
<td>Offices for Southern Louisiana Health Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td>B</td>
<td>Planning and Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td>C</td>
<td>(East Baton Rouge)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td>D</td>
<td>Payable from General Obligation Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td></td>
<td>E</td>
<td>Priority 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>$2,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appropriations are made...

...to a specific entity, for a specific purpose
Appropriated vs Funded

Being *in the Act*

is NOT the same as

*receiving funding*
Appropriations versus Funding

**Appropriations**
Authority to Receive Funding

**Funding**
Commitment of funds
General Obligation Bonds
General Obligation Bond Appropriations

General Obligation Bonds

- Priority 1 | Cash Appropriation | Reauthorized
- Priority 2 | Cash Appropriation | New
- Priority 3 | Cash Appropriation | New
- Priority 4 | Cash Appropriation | New
- Priority 5 | Non-Cash Approp. | New / Reauth.
Priority 1

Always a reauthorization of appropriations
with **PRIOR** lines of credit
Priority 2

New authorization for CASH
To be spent in the fiscal year of the Act
Priorities 3 and 4

**New** authorization for **CASH** **NOT** to be spent in **the** fiscal year of the Act
Priority 5

New or reauthorized BUDGET AUTHORITY
Can only be granted a NONCASH line of credit
Execution

Development

Enactment
There isn’t a quick check!
The Execution Phase

- The Execution Phase begins with the funding of appropriations contained in the Capital Outlay Act.
- This phase includes obligating and expending the capital outlay funding.
- Nonstate Entity Capital Outlay Projects are administered by the Office of Facility Planning and Control.
- The FPC project manager is responsible for ensuring that the funds are expended in compliance with all statutory and contractual requirements.
Cooperative Endeavor Agreements
Moving Nonstate Entity Projects Forward

- Nonstate Entity projects are administered by FPC
- Entities must enter into a contract with the State that defines the terms of the agreement that will allow the use of State funds for the project
- This contract is called a Cooperative Endeavor Agreement (CEA)
- Entities must submit a completed CEA Data Form each year to provide the information needed for any updates or communications from FPC
When do funds become available?

- Nov 2020: Funds Requested
- June 2021: Funds Appropriated
- Sep 2021: Project Funded
- Oct 2021: Cooperative Endeavor Agreement Executed
- Nov 2021: Funds Available
Plan Ahead

Capital Outlay is not designed to be a quick fix.
Advancing a Capital Outlay Project

1. Submit a Capital Outlay Request
2. Receive an Appropriation in the Capital Outlay Act
3. Receive Funding of the Appropriation
4. Execute the Cooperative Endeavor Agreement
5. Proceed with Project
6. Receive Disbursement of Funds
What to Expect After the Legislative Session

- Appropriations Memos are distributed
- General Obligation Bond appropriations are considered for funding
- Lines of Credit are granted by the State Bond Commission
- Notification of Line of Credit Status Memos are distributed
- Cooperative Endeavor Agreement (CEA) documents are generated and executed
Contact Capital Outlay Staff

- [http://www.doa.louisiana.gov/fpc/fpc.htm](http://www.doa.louisiana.gov/fpc/fpc.htm)
- Email: [CapitalOutlay@la.gov](mailto:CapitalOutlay@la.gov)
- Phone: 225.342.0823

Lanetta Barthelemy, Analyst
Marc Parenti, Analyst
Angela Parker, Analyst
Meagan Sibley, Analyst
Simonne Whitmore, Capital Outlay Administrator