FISCAL SNAPSHOT

CAPITAL OUTLAY PROJECT OVERVIEW

Date: March 2026 **Analyst: Perry Zielak**

Summary

Large state agency, community college and public university capital projects are subject to the capital outlay process established through statute, primarily the Management and Budget Act, 1984 PA 431 and the State Building Authority Act, 1964 PA 183. State agency projects are financed 100% through state resources, community college projects require a 50% match requirement, while university projects have a 25% match requirement. Typically, higher education capital outlay projects have a $30.0 million state share cap.

Background

The majority of Capital Outlay projects have followed the process below. A more detailed summary of the Capital Outlay process can be found here.

Submission of Fiscal Year Priority Project

Must submit to State Budget Office (SBO) by November 1 for evaluation	Universities, Community Colleges, and State Agencies participate

Evaluation and Ranking of Priority Projects by SBO

Reviewed and evaluated based on statutory criteria (MCL 18.1242)	Recommendations included in Executive Recommendation

Approval of Project Planning Authorization

Included as a $100 line item in an appropriations bill; includes initial cost estimate	Provides institution 24 months to draft plans and schematic designs that will be submitted to DTMB

Approval of Project Construction Authorization

Included as a $100 line item in an appropriation bill; sets project cost and scope parameters	Provides institution 36 months to construct approved project pursuant to approved schematic design

Project Scope and Cost Adjustments

Changes to the cost or scope of the project after construction authorization must be approved by legislative act

Recent Activity

There were no planning or construction authorizations provided for in the FY 2025-26 budget. The most recent Capital Outlay actions took place in 2024 PA 121, the FY 2024-25 budget bill, when three planning authorizations and two construction authorizations were granted. Ten planning authorizations granted during the FY 2023-24 budget would reach the 24-month deadline for construction authorization on September 30, 2026. Nine of the projects have been recommended for construction authorization by SBO.

The Bottom Line

Capital Outlay projects will typically follow the outlined process, but do not necessarily have to follow all of the steps. The legislature can grant construction authorization to a project that was not scored by SBO. Similarly, projects that are highly scored by SBO may not be approved by the legislature. The Capital Outlay process does not follow a timeline, and projects can be granted planning or construction authorization at any time. However, planning and construction authorizations tend to be included in annual budget appropriations.