

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 11, 2025

SUBJECT: 2026-27 Fixed Capital Outlay Legislative Budget Request

PROPOSED COMMITTEE ACTION

Approve the 2025-26 State University System Fixed Capital Outlay Legislative Budget Request, as presented, and authorize the Chancellor to make technical changes as needed.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution and Sections 1001.706, 1010.86 and 1013.64, Florida Statutes.

BACKGROUND INFORMATION

The annual State University System (SUS) Fixed Capital Outlay Legislative Budget Request (FCO LBR) represents the Board's request for Legislatively appropriated funds to build, renovate, remodel, and maintain facilities that will further the mission and strategic goals of each university and the system overall.

Each year, in preparation of the FCO LBR, each university board of trustees submits a Capital Improvement Plan (CIP) to the Board office, reflecting its prioritized capital projects for the next five (5) years. This information provides the proverbial building blocks for the FCO LBR, prepared in accordance with statutory requirements and Board-adopted guidelines. This year's budget request is comprised of the following:

- Public Education Capital Outlay (**PECO**): \$320.9M for 13 capital projects and \$97.4M for maintenance/repairs.
- Capital Improvement Trust Fund (**CITF**): \$53.7M
- Legislative "Back of Bill" (**BOB**) project authorizations
- Special Request – Funding for Deferred Capital Replacement and Renewal: \$400M

Public Education Capital Outlay (PECO)

PECO funding is split into two components: Capital Projects and Repairs/Maintenance.

PECO - Capital Projects

Section 1001.706(12), F.S., requires the use of a points-based system for ranking university capital projects into a prioritized list (the "*Preliminary Selection Group*") consisting of:

- 1) Each university's top two priority projects, and
- 2) Any PECO project for which State funds were previously appropriated but have not been completed.

The Board-adopted, statutorily-driven scoring methodology results in a prioritized list of PECO projects deemed eligible for funding (**see attached “Preliminary Selection Group”**). This year’s list includes 40 prioritized projects, 29 of which have received partial funding in prior legislative sessions. The list also includes a 3-year projection of PECO funding, based on data from the State’s latest PECO Revenue Estimating Conference further promulgated as preliminary PECO funding estimates by the Florida Department of Education. The FY26-27 projection provides approximately **\$321M for 13 capital projects**.

PECO - Repairs/Maintenance

Section 1013.64(1)(a), F.S., legislatively prioritizes an annual allocation of PECO funding for repairs/maintenance (i.e., deferred capital replacement and renewal. Informally known as “Sum of Digits” based on the statutorily-driven calculation, this is reflected as a ‘carve-out’ from projected PECO funding on the *Preliminary Selection Group* chart (described above). This year’s budget request is **\$97.4M (see attached chart Maintenance, Repair, Renovation & Remodeling Allocation aka “Sum of Digits”**). Note, the SUS has not received this component of PECO funding since FY18-19.

For comparative purposes, the table below reflects this year’s budget request against the last three years’ appropriations.

Public Education Capital Outlay (PECO)		2023-24	2024-25	2025-26	2026-27
Budget Request:	<u>Projected</u> PECO Funding	\$279M	\$367M	\$335M	\$418M
	"Sum of Digits" (maintenance/repairs)	(\$77M)	(\$100M)	(\$82M)	(\$97M)
	PECO for Capital Projects	\$202M	\$267M	\$253M	\$321M
	# of Capital Projects to be funded	6	10	8	13
Amount Appropriated:	<u>Actual</u> PECO Funding	\$616M	\$573M	\$427M	tbd
	"Sum of Digits" (maintenance/repairs)	(\$0)	(\$0)	(\$0)	tbd
	PECO for Capital Projects	\$616M	\$573M	\$427M	tbd
	# of Capital Projects funded	33	23	35	tbd

As reflected above, in recent years, appropriated funds (and the number of projects funded) have exceeded preliminary PECO estimates and resulting budget requests.

Capital Improvement Trust Fund (CITF)

Section 1010.86, F.S. requires the Board to administer the CITF, which includes accumulated student Capital Improvement Fees as well as interest earnings thereon. All funds, except those required for annual debt service and funding of childcare centers (i.e., “*Educational Research Centers for Child Development*” per s. 1011.48, F.S.), are used to fund fixed capital outlay projects meeting the requirements of Chapter 1013, F.S. Typical CITF-funded projects include student recreational amenities, student unions, and wellness centers. Appropriated funding is allocated to the universities pro-

rata based on actual remittances of fees, and each university's proposed CITF projects will be submitted to the Board next year for approval prior to funding.

This year's proposed request is **approximately \$53.7M** (see ***“Capital Improvement Fee Allocation and Request”***).

Legislative “Back of the Bill” project authorizations

Pursuant to ss. 1010.62 and 1013.171, F.S., certain debt-financed projects and public-private partnerships are preauthorized by the legislature, such as student housing, parking/transportation, and health care, whereas other projects, such as athletic facilities, hotels, conference centers, and grocery stores require specific legislative authorization. Said authorization is evidenced in the back sections of the General Appropriations Act; hence “Back of the Bill”. Legislative authorization does not supersede the Board's subsequent review and approval of such projects.

The proposed bill language and list of projects is attached (see ***“Back of Bill project authorization”***).

Special Legislative Request – Deferred Capital Replacement & Renewal Funding (General Revenue, non-recurring)

In 2021, university data indicated a ‘backlog’ of deferred capital replacement and renewal totaling \$1.6B systemwide. The following year, the Legislature appropriated approximately \$443M to the SUS for “Deferred Maintenance”, from the State's allocation of federal Coronavirus State Fiscal Recovery Funds. Furthermore, since 2021, the universities have allocated E&G operating carryforward to related projects (i.e., renovation, remodeling, repairs, and infrastructure) totaling over \$690M. Nevertheless, deferred capital replacement & renewal accrues at roughly \$200M annually across the SUS, so the ‘backlog’ still hovers around \$1B.

To address this issue, this year's FCO LBR includes a special budget request for \$400M from General Revenue to help address the ‘backlog’. If appropriated, universities would be allocated funding based on the same percentages derived from the “Sum of the Digits” model (see attached chart ***“Funding for Deferred Capital Replacement & Renewal in Educational Facilities”***).

Supporting Documentation Included: 1) PECO Preliminary Selection Group
2) PECO “Sum of Digits” Maintenance-Repair
3) CITF Request and Allocation
4) Legislative Project Authorization – Proviso and Project Information
5) Special Request – Funding for Deferred Capital Replacement & Renewal

Facilitators/Presenters:

Mr. Kevin Pichard