

## 2012-13 Allocations – Capital Improvements

While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for Repairs and Renovations projects are appropriated to the Board of Governors for allocation to the institutions. This appropriation is included in House Bill 950 (S.L. 2012-142), “2012 Appropriations Act.” By statute, the Board is directed to allocate such funds in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations and in accordance with any specifications in the Appropriations Act. These recommended allocations, as applicable, meet all the directives cited in the 2012 Appropriations Act.

It is recommended that the proposed Allocations for Capital Improvements for 2012-13 be approved. It is also recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

One item, Allocations from the Reserve for Repairs and Renovations, requires Board action and is designated with an “A” in this document.

### *Allocations from the Reserve for Repairs and Renovations*<sup>A</sup>

The 2012 General Assembly appropriated \$23,170,924 to the Statewide Reserve for Repairs and Renovations, of which \$11,585,462 (50%) was allocated to the Board of Governors, as shown below.

#### **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

**SECTION 26.4.(a)** Of the funds in the Reserve for Repairs and Renovations for the 2012-2013 fiscal year, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) Fifty percent (50%) shall be allocated to the Board of Governors of The University of North Carolina.
- (2) Fifty percent (50%) shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(e). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

**SECTION 26.4.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used

by the Board of Governors for the installation of fire sprinklers in university residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the university's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

- (1) The safety and well-being of the residents of campus housing programs.
- (2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.
- (3) The level of previous authorizations to constituent institutions for the construction or renovation of residence halls funded from the General Fund, or from bonds or certificates of participation supported by the General Fund, since 1996.
- (4) The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all residence halls.
- (5) The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each constituent institution's housing system, the constituent institution's ability to pay for fire protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

**SECTION 26.4.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

In 1994, the Board of Governors adopted a formula for the allocation of repair and renovation appropriations to the campuses. The formula takes into account the institutional mission, size, and condition of campus facilities in determining institutional allocations, with the principal responsibility for the selection of specific projects resting with the Chancellors. High priority projects that would not otherwise be funded through institutional allocations are deducted from the available funds prior to applying the formula to determine campus allocations. The Board's formula has been updated to reflect the recommendations resulting from the 2004 review of the model and uses the most recent data available.

It is recommended that the following allocations be made from the Reserve for Repairs and Renovations. It is recommended that Chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the President who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

It is also recommended that Chancellors at institutions that do not have all residence halls protected by fire sprinkler systems consider using a portion of their allocation to fund remaining projects if other funds are not available. It is further recommended that Chancellors consider projects to make campus public safety improvements consistent with the requirements the 2012 Appropriations Act.

It is further recommended that allocations to an institution may be transferred as needed among projects within that institution upon the request of the Chancellor and the approval of the President. It is also recommended that the President be authorized to make further allocations from the reserve.

***Allocations:***

Appalachian State University	\$ 506,200
East Carolina University	1,065,200
Elizabeth City State University	305,900
Fayetteville State University	305,900
North Carolina A&T State University	451,700
North Carolina Central University	305,900
North Carolina State University	2,074,000
The University of North Carolina at Asheville	305,900
The University of North Carolina at Chapel Hill	2,284,500
The University of North Carolina at Charlotte	706,100
The University of North Carolina at Greensboro	714,900
The University of North Carolina at Pembroke	305,900
The University of North Carolina at Wilmington	482,700
The University of North Carolina School of the Arts	305,900
Western Carolina University	390,800
Winston-Salem State University	305,900
North Carolina School of Science and Mathematics	305,900
Reserve for UNC Affiliates and Contingencies	462,162

<b>TOTAL ALLOCATIONS</b>	<b>\$11,585,462</b>
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**Authorizations, Reductions, or Other Actions by the 2012 General Assembly for which No Board Action is required**

***Non-General Fund Capital Improvements Project Authorizations***

In response to the Board's request, the 2012 General Assembly authorized capital projects funded from non-general fund sources totaling \$248,394,410 and planning for projects totaling \$17,700,000 in Senate Bill 444. The projects are listed on the following page.

**Project Authorization****Appalachian State University**

Winkler Residence Hall Renovation	\$ 3,000,000
Belk Residence Hall	9,765,000

**East Carolina University**

Belk Residence Hall Demolition and Reconstruction	40,000,000
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**North Carolina State University**

Phytotron Energy Savings Performance Contract	6,200,000
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**The University of North Carolina at Asheville**

Mountain Area Health Education Center (MAHEC) Facility Acquisition	4,750,000
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**The University of North Carolina at Chapel Hill \***

Chilled Water Infrastructure Improvements	11,700,000
Steam and Hot Water Infrastructure Improvements	12,000,000
Craige Parking Deck – Supplement	8,000,000

**The University of North Carolina at Charlotte**

Campus Infrastructure Development	49,500,000
Residence Hall Phase XII	38,407,410
Cedar/Hickory/Sycamore (Phase IV-A) Renovation	10,000,000

**The University of North Carolina at Greensboro**

1600 W. Lee Street Parking Lot Improvements	3,432,000
Reynolds and Grogan Residence Hall Renovation	16,640,000

**Winston-Salem State University\***

Restore the Core – Phase I (Hill Hall)	13,500,000
New Student Housing Building 1 Acquisition	14,500,000
North Campus Acquisitions and Improvements	7,000,000

<b>Total</b>	<b>\$248,394,410</b>
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**Planning Authorization****North Carolina A&T State University**

New Student Center	5,000,000
Williams Dining Hall Kitchen Replacement	500,000

**North Carolina Central University**

New - Student Health Services Center – Phase 1	700,000
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**The University of North Carolina at Chapel Hill**

Athletic Facilities Master Plan and Phase 1 Improvements	5,000,000
Odum Village Replacement	5,000,000

**Winston-Salem State University**

Restore the Core – Phase II (Hauser, Pegram, Physical Plant)	1,500,000
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<b>Total</b>	<b>\$17,700,000</b>
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*\*During the course of deliberation, the following three BOG-approved projects were removed from consideration: UNC-CH's Collaborative Science Building, UNC-CH's Infrastructure Improvements – Phase 2, and WSSU's South Campus Acquisitions and Improvements.*

### ***Reductions by the 2012 General Assembly***

The 2011 General Assembly appropriated \$124,000,000 to the Reserve for Repairs and Renovations for the University and state agencies. Senate Bill 797 (S.L. 2012-2) and House Bill 14 (S.L. 2012-57) authorized the Director of the Budget to use up to \$114,000,000 (\$20,000,000 and \$94,000,000, respectively) of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. Unneeded funds will be transferred back to the Reserve for reallocation.

### ***Other Actions by the 2012 General Assembly***

In addition, the following capital improvements-related special provisions are noted for information.

<b>Section</b>	<b>Special Provisions</b>
9.4	UNC/Repeal Obsolete or Redundant Reporting Requirements
26.5	Reporting on Capital Projects
26.6	UNCW Social & Behavioral Science Building
26.10	Authorize Carryforward Funds to be used for Capital Projects

### ***Additional Information***

The table on the following page, *General Assembly Funding – Ten Year History*, a summary by institution of capital improvements appropriations from 2003 through 2012, is provided as supplementary information.

**The University of North Carolina - Capital Improvements  
General Assembly Funding - Ten Year History**

Institutional Appropriations	2003	2003 COPS	2004	2004 <sup>3</sup> COPS	2005	2006	2007	2007 <sup>3</sup> COPS	2008 <sup>2</sup>	2008 <sup>3</sup> Bonds	2009 <sup>4</sup>	2010 <sup>5</sup> COPS	2011 <sup>7</sup>	2012	2003-2012
ASU	\$ 246,200	\$ 7,663,400	\$ 1,497,400	\$ -	\$ 3,132,800	\$ 6,367,700	\$ 3,296,700	\$ 34,000,000	-	\$ -	\$ 1,386,700	\$ -	\$ -	\$ 506,200	\$ 58,097,100
ECU	387,500	12,062,500	2,391,700	60,000,000	6,112,400	9,297,700	31,555,400	-	-	96,797,906	3,339,300	-	-	1,065,200	223,009,606
ECSU	106,400	3,313,200	619,500	28,000,000	1,375,800	4,185,800	4,106,000	-	-	16,689,507	744,000	-	-	305,900	59,446,107
FSU	102,700	3,197,800	604,200	10,000,000	2,075,800	3,285,800	1,606,000	20,999,216	-	-	744,000	-	-	305,900	42,921,416
NCA&T	247,900	7,716,400	3,482,500	5,000,000	3,941,100	5,522,600	13,338,800	24,637,147	-	21,487,628	1,380,600	-	-	451,700	87,206,375
NCCU	181,500	12,154,205	9,984,642	-	1,715,300	9,102,000	4,536,700	-	-	22,536,039	896,800	-	-	305,900	61,413,086
NCSU	778,000	24,214,800	4,426,022	-	18,309,100	79,862,800	30,564,500	69,609,924	-	102,341,186	6,110,000	-	-	2,074,000	338,290,332
UNCA	119,200	3,710,200	742,100	35,000,000	1,375,800	2,701,800	1,606,000	8,449,786	-	-	744,000	-	-	305,900	54,754,786
UNC-CH	897,387	27,934,500	5,165,922	-	15,775,900	48,301,575	46,689,200	111,200,204	12,500,000	284,599,369	6,296,600	-	-	2,284,500	561,645,157
UNCC	226,900	11,584,500	5,408,200	35,000,000	2,971,600	50,517,500 <sup>1</sup>	22,419,000	-	-	52,494,149	1,728,000	-	-	706,100	183,055,949
UNCG	337,700	10,510,100	3,930,800	5,000,000	4,604,100	7,394,900	5,716,100	24,637,147	-	42,670,000	1,485,300	-	-	714,900	107,001,047
UNCP	113,400	6,432,400	687,700	10,000,000	1,375,800	3,285,800	1,606,000	18,308,351	-	-	744,000	-	-	305,900	42,859,351
UNCW	149,100	4,641,500	1,376,700	-	4,297,400	29,753,400	1,989,700	32,899,699	-	-	971,200	-	-	482,700	76,561,399
UNCSA	95,900	2,985,900	564,400	5,000,000	1,375,800	3,285,800	1,606,000	23,043,890	-	21,780,944	744,000	-	-	305,900	60,788,534
WCU	165,300	5,144,000	966,900	9,279,037	1,743,000	5,451,800	4,390,400	37,687,800	-	-	957,400	-	-	390,800	66,176,437
WSSU	108,400	3,373,300	2,643,100	5,000,000	2,125,800	3,054,025	4,918,000	18,708,000	-	9,831,160	744,000	-	-	305,900	50,811,685
NCSSM	-	-	-	-	-	-	4,943,000	-	-	-	744,000	-	-	305,900	5,992,900
Subtotal	4,263,487	146,638,705	44,491,786	207,279,037	72,307,500	271,371,000	184,887,500	424,181,164	12,500,000	671,227,888	29,759,900	-	-	11,123,300	2,080,031,267
<b>Non-Institutional Appropriations</b>															
N.C. Arboretum	20,000	81,000	50,000	-	200,000	470,000	665,000	-	-	-	-	-	-	-	1,486,000
UNC Health Care	-	-	-	180,000,000	-	3,000,000	-	-	-	-	-	-	-	-	183,000,000
Other (UNC-GA, NCSSM, UNC-TV, NCSEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps, Equipment)	311,700	10,377,600	3,285,000	-	1,567,500	13,191,827	14,296,500	31,357,684	-	20,000,000 <sup>6</sup>	1,240,100	-	-	462,162	96,090,073
Subtotal	331,700	10,458,600	3,335,000	180,000,000	1,767,500	16,661,827	14,961,500	31,357,684	-	20,000,000	1,240,100	-	-	462,162	280,576,073
<b>TOTAL</b>	<b>4,595,187</b>	<b>157,097,305</b>	<b>47,826,786</b>	<b>387,279,037</b>	<b>74,075,000</b>	<b>288,032,827</b>	<b>199,849,000</b>	<b>455,538,848</b>	<b>12,500,000</b>	<b>691,227,888</b>	<b>31,000,000</b>	<b>-</b>	<b>-</b>	<b>11,585,462</b>	<b>2,360,607,340</b>
Less: Repairs and Renovations	4,595,187	157,097,305	35,326,786	-	57,500,000	102,225,427	66,700,000	-	-	-	31,000,000	-	-	11,585,462	466,030,167
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>12,500,000</b>	<b>387,279,037</b>	<b>16,575,000</b>	<b>185,807,400</b>	<b>133,149,000</b>	<b>455,538,848</b>	<b>12,500,000</b>	<b>691,227,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,894,577,173</b>

Notes:

1. This amount includes \$45,827,400 from 2006 COPs.
2. The 2008 General Assembly appropriated \$99,612,826 for capital projects and \$32.1 million for repairs and renovations to the Board of Governors. All but \$12.5 million were later reverted to the General Fund to help balance the 2008-09 State Budget.
3. The 2009 General Assembly reduced selected, previously approved 2004, 2007 and 2008 bond funded projects to reflect lower estimated levels of inflation.
4. The 2009 General Assembly funded repairs and renovations with a combination of federal stimulus funds (\$12 million) and bonds to be repaid by the State (\$50 million) of which 50% (\$31 million) was allocated to the Board of Governors; UNC-CH's Biomedical Research Imaging Center was previously scheduled to be funded from the General Fund in 2009-10 and 2010-11. BRIC will now be funded from bonds at \$223 million.
5. The 2010 General Assembly provided UNC with special indebtedness funding of \$60 million for repairing and renovating facilities and infrastructure and \$22 million for acquiring equipment for teaching and research in the fields of health, science, engineering and technology and completing related capital improvements. These authorizations were repealed by S.L. 2011-66.
6. The 2008 General Assembly provided UNC with special indebtedness funding of \$25 million for system-wide land acquisitions. This authorization was reduced to \$10 million by S.L. 2011-66.
7. S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114,000,000 (\$20,000,000 and \$94,000,000, respectively) of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year.