

2013-14 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 Senate Bill 402 (S.L. 2013-360), the “2013 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 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 2013 Appropriations Act.

It is recommended that the proposed Allocations for Capital Improvements for 2013-14 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.

Capital Improvements Appropriations and Authorizations

The General Assembly appropriated \$4,000,000 from the General Fund for the following projects:

ASU	Health Sciences Building - Advance Planning	\$ 2,000,000
UNCA	Land Purchases	\$ 2,000,000

Allocations from the Reserve for Repairs and Renovations

For fiscal year 2013-14, the 2013 General Assembly appropriated \$150,000,000 to the Statewide Reserve for Repairs and Renovations, of which \$60,000,000 (40%) was allocated to the Board of Governors, as shown below.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 36.5.(a) Of the funds in the Reserve for Repairs and Renovations for the 2013-2014 and the 2014-2015 fiscal years, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) Forty percent (40%) shall be allocated to the Board of Governors of The University of North Carolina
- (2) Sixty percent (60%) shall be allocated to the Office of State Budget and Management.

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

SECTION 36.5.(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 each fiscal year 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 36.5.(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 each fiscal year by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

SECTION 36.5.(d) G.S. 143C-4-3(b), as rewritten by Section 6.12(l) of this act, reads as rewritten:

"(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only for the repair and renovation of (i) State facilities and related infrastructure that are supported from the General Fund. Fund or (ii) State Information Technology Services facilities and related infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the following types of projects:

- (1) Roof repairs and replacements;
- (2) Structural repairs;
- (3) Repairs and renovations to meet federal and State standards;
- (4) Repairs to electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
- (6) Improvements to meet fire safety needs;
- (7) Improvements to existing facilities for energy efficiency;
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- (9) Improvements and renovations to improve use of existing space;
- (10) Historical restoration;
- (11) Improvements to roads, walks, drives, utilities infrastructure; and
- (12) Drainage and landscape improvements.

Funds from the Repairs and Renovations Reserve shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards."

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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 (number of degree programs and net assignable square footage of lab space), size (gross square footage, net assignable square footage, and campus population), and the condition of campus facilities (current replacement value and facilities deficiencies) 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 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 also 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 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 also recommended that Chancellors consider projects to make campus public safety improvements consistent with the requirements of the 2013 Appropriations Act.

It is recommended that allocations to an institution may be transferred as needed among projects within that institution upon the request of the Chancellor with 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	\$ 2,982,626
East Carolina University	6,223,834
Elizabeth City State University	1,788,627
Fayetteville State University	1,788,627
North Carolina A&T State University	2,661,937
North Carolina Central University	1,807,823
North Carolina State University	12,206,701
The University of North Carolina at Asheville	1,788,627
The University of North Carolina at Chapel Hill	5,913,326*
The University of North Carolina at Charlotte	4,132,925
The University of North Carolina at Greensboro	4,254,199
The University of North Carolina at Pembroke	1,788,627
The University of North Carolina at Wilmington	2,664,083
The University of North Carolina School of the Arts	1,788,627
Western Carolina University	2,232,057
Winston-Salem State University	1,788,627
North Carolina School of Science and Mathematics	1,788,627
Reserve for UNC Affiliates and Contingencies	2,400,100

TOTAL ALLOCATIONS

\$60,000,000

** Due to other available funds, UNC-Chapel Hill has been reduced by 50%.*

Authorizations, Reductions, or Other Actions by the 2013 General Assembly for which No Board Action is required

Non-General Fund Capital Improvements Project Authorizations

In response to the Board's request, the 2013 General Assembly authorized capital projects funded from non-general fund sources totaling \$458,655,960 in Senate Bill 480.

Project Authorization

Appalachian State University

Anne Belk Hall Renovations	\$ 4,000,000
Soccer Field to Field Hockey Renovation	1,500,000

East Carolina University

Belk Residence Hall Demolition and Reconstruction - Supplement	16,000,000
Women and Children's Clinic Facility	71,605,960

North Carolina A&T State University

New Student Center	90,000,000
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North Carolina State University

Carmichael Locker Room Renovation	7,600,000
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The University of North Carolina at Chapel Hill

Rizzo Center Phase III Acquisition	36,000,000
Odum Village Replacement	25,000,000
Craige Parking Deck - Supplement	4,000,000

The University of North Carolina at Charlotte

Holshouser Hall Renovation	16,000,000
Oak Hall Renovation, Phase V	8,900,000
Residence Hall, Phase XIII	34,750,000

The University of North Carolina at Greensboro

Spartan Village Phase I Acquisition	67,000,000
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Western Carolina University

Upper Campus New Residence Hall	48,000,000
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Winston-Salem State University

Bowman Gray Stadium & Civitan Park Acquisition	7,500,000
New Residence Hall - Freshmen Living/Learning	20,800,000

Total	\$458,655,960
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Other Actions by the 2013 General Assembly

In addition, the following capital improvements-related special provisions from the 2013 Appropriations Act (S.L. 2013-360) are noted for information.

Section	Special Provisions
6.12.(I)	Allocation and Reallocation of [R&R] Funds
30.3	Repeal State-wide Capital Reserve
36.7	Reporting on Capital Projects
36.9	Authorize UNC Carryforward Funds to be used for Repairs and Renovations
36.10	Limit UNC Repairs and Maintenance Exemption

Additional Information

The table on the following page, *General Assembly Funding – Ten Year History*, a summary by institution of capital improvements appropriations from 2004 through 2013, is provided as supplementary information.

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

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Institutional Appropriations	2004	2004 ³ COPS	2005	2006	2007	2007 ³ COPS	2008 ²	2008 ³ Bonds	2009 ⁴	2010 ⁵ COPS	2011 ⁷	2012	2013	2004-2013
ASU	\$ 1,497,400	\$ -	\$ 3,132,800	\$ 6,367,700	\$ 3,296,700	\$ 34,000,000	-	\$ -	\$ 1,386,700	\$ -	\$ 1,453,300	\$ 506,200	\$ 4,982,626	\$ 56,623,426
ECU	2,391,700	60,000,000	6,112,400	9,297,700	31,555,400	-	-	96,797,906	3,339,300	-	3,124,900	1,065,200	6,223,834	219,908,340
ECSU	619,500	28,000,000	1,375,800	4,185,800	4,106,000	-	-	16,689,507	744,000	-	873,200	305,900	1,788,627	58,688,334
FSU	604,200	10,000,000	2,075,800	3,285,800	1,606,000	20,999,216	-	-	744,000	-	873,200	305,900	1,788,627	42,282,743
NCA&T	3,482,500	5,000,000	3,941,100	5,522,600	13,338,800	24,637,147	-	21,487,628	1,380,600	-	1,299,700	451,700	2,661,937	83,203,712
NCCU	9,984,642	-	1,715,300	9,102,000	4,536,700	-	-	22,536,039	896,800	-	905,500	305,900	1,807,823	51,790,704
NCSU	4,426,022	-	18,309,100	79,862,800	30,564,500	69,609,924	-	102,341,186	6,110,000	-	5,904,300	2,074,000	12,206,701	331,408,533
UNCA	742,100	35,000,000	1,375,800	2,701,800	1,606,000	8,449,786	-	-	744,000	-	873,200	305,900	3,788,627	55,587,213
UNC-CH	5,165,922	-	15,775,900	48,301,575	46,689,200	111,200,204	12,500,000	284,599,369	6,296,600	-	6,585,200	2,284,500	5,913,326 ⁸	545,311,796
UNCC	5,408,200	35,000,000	2,971,600	50,517,500	22,419,000	-	-	52,494,149	1,728,000	-	1,904,400	706,100	4,132,925	177,281,874
UNCG	3,930,800	5,000,000	4,604,100	7,394,900	5,716,100	24,637,147	-	42,670,000	1,485,300	-	2,073,300	714,900	4,254,199	102,480,746
UNCP	687,700	10,000,000	1,375,800	3,285,800	1,606,000	18,308,351	-	-	744,000	-	873,200	305,900	1,788,627	38,975,378
UNCW	1,376,700	-	4,297,400	29,753,400	1,989,700	32,899,699	-	-	971,200	-	1,291,100	482,700	2,664,083	75,725,982
UNCSA	564,400	5,000,000	1,375,800	3,285,800	1,606,000	23,043,890	-	21,780,944	744,000	-	873,200	305,900	1,788,627	60,368,561
WCU	966,900	9,279,037	1,743,000	5,451,800	4,390,400	37,687,800	-	-	957,400	-	1,097,900	390,800	2,232,057	64,197,094
WSSU	2,643,100	5,000,000	2,125,800	3,054,025	4,918,000	18,708,000	-	9,831,160	744,000	-	873,200	305,900	1,788,627	49,991,812
NCSSM	-	-	-	-	4,943,000	-	-	-	744,000	-	873,200	305,900	1,788,627	8,654,727
Subtotal	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	-	31,752,000	11,123,300	61,599,900	2,022,480,975
Non-Institutional Appropriations														
N.C. Arboretum	50,000	-	200,000	470,000	665,000	-	-	-	-	-	386,222	-	-	1,771,222
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)	3,285,000	-	1,567,500	13,191,827	14,296,500	31,357,684	-	20,000,000	6 1,240,100	-	936,500	462,162	2,400,100	88,737,373
Subtotal	3,335,000	180,000,000	1,767,500	16,661,827	14,961,500	31,357,684	-	20,000,000	1,240,100	-	1,322,722	462,162	2,400,100	273,508,595
TOTAL	47,826,786	387,279,037	74,075,000	288,032,827	199,849,000	455,538,848	12,500,000	691,227,888	31,000,000	-	33,074,722	11,585,462	64,000,000	2,295,989,570
Less: Repairs and Renovations	35,326,786	-	57,500,000	102,225,427	66,700,000	-	-	-	31,000,000	-	33,074,722	11,585,462	60,000,000	397,412,397
TOTAL	12,500,000	387,279,037	16,575,000	185,807,400	133,149,000	455,538,848	12,500,000	691,227,888	-	-	-	-	4,000,000	1,898,577,173

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. All but \$12.5 million were later reverted to the GF 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
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; 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. Prior to distribution, S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114,000,000 of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. On November 15, 2012, \$33,074,722 was allocated to the University for 2011 Repairs and Renovations.
8. Due to other available funds, UNC-Chapel Hill has been reduced by 50%.