

2020-21 Capital Improvement Budget Allocations

A. 2020-21 Allocations from the Reserve for Repairs and Renovations

For fiscal year 2020-21, the 2020 General Assembly appropriated \$85,250,000 from the State Capital Infrastructure Fund to the statewide Reserve for Repairs and Renovations, of which \$33,100,000 (40%) is allocated to the Board of Governors. If funds are deposited pursuant to House Bill 1023, 2019 Regular Session, an additional \$15,000,000 will be transferred to the statewide Reserve for Repairs and Renovations, of which \$6,000,000 is allocated to the Board of Governors.

On September 20, 2019, the Board of Governors approved the R&R allocation model. The model was based on the following factors: (1) gross square footage, (2) total number of buildings, (3) building condition, (4) number of full-time enrolled (FTE) students, and (5) availability of other resources. The allocation model also considers the availability of other resources for capital projects, including carry-forward funds, F&A fund balances, infrastructure fees, and other funding for R&R earmarked projects and negatively weights the ability to pay. The allocation model included a minimum funding level, identified as a “floor”, and reserves 2.5% funds for R&R projects at the UNC System Office buildings or other affiliates (NC Arboretum and UNC-TV). The allocation model that was adopted equally weights the physical building factors with the FTE and availability of other funding.

The R&R funding to be allocated to each constituent institution based on the funding approved by the 2020 General Assembly and the approved R&R allocation model is shown below:

2020-21 Allocations – Reserve for Repairs and Renovations	Total Funding
Appalachian State University	\$2,000,000
East Carolina University	\$2,374,654
Elizabeth City State University	\$2,000,000
Fayetteville State University	\$2,000,000
North Carolina A&T State University	\$2,000,000
North Carolina Central University	\$2,000,000
North Carolina State University	\$4,188,101
University of North Carolina at Asheville	\$2,000,000
University of North Carolina at Chapel Hill	\$3,559,745
University of North Carolina at Charlotte	\$2,000,000
The University of North Carolina at Greensboro	\$2,000,000
The University of North Carolina at Pembroke	\$2,000,000
University of North Carolina Wilmington	\$2,000,000
University of North Carolina School of the Arts	\$2,000,000
Western Carolina University	\$2,000,000
Winston-Salem State University	\$2,000,000
North Carolina School of Science and Mathematics	\$2,000,000
University of North Carolina System Office (2.5%)	\$977,500
TOTAL ALLOCATIONS	\$39,100,000

If the additional funds pursuant to House Bill 1023 are not transferred, then the available R&R funding will be \$33,100,000. Since the funds are not sufficient to allocate the minimum floor amount to each constituent institution, it is recommended that the 2.5% percent, or \$827,506, be allocated to the System

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Office and that the remaining amount of \$32,373,494 be equally divided among the 17 universities. Each university would receive \$1,898,382.

It is recommended that 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 allocations may be transferred as needed among projects within an institution upon request through existing approval processes. It is also recommended that the president be authorized to make further allocations from the reserve.

B. Capital Project Authorizations by the 2020 General Assembly for which no Board Action is required (for information only)

1. Capital Improvement Appropriations and Authorizations

The General Assembly appropriated \$58,750,000 from various funds for the following capital improvement projects:

ECSU	HVAC System	S.L. 2020-57 (S. 750)	\$4,000,000
ECSU	Chiller	S.L. 2020-57 (S. 750)	\$2,000,000
FSU	Dormitory Demolition and Removal	S.L. 2020-81 (S. 212)	\$2,500,000
NC State	STEM Building	S.L. 2020-81 (S. 212)	\$14,000,000
UNCA	Woods Residence Hall Reimbursement	S.L. 2020-81 (S. 212)	\$750,000
UNC-CH	Business School	S.L. 2020-81 (S. 212)	\$14,000,000
UNC-CH	Nursing School	S.L. 2020-81 (S. 212)	\$5,000,000
WCU	Steam Plant Replacement – Phase II	S.L. 2020-33 (S. 806)	\$16,500,000

2. Non-General Fund Capital Improvement Projects Authorizations

The General Assembly authorized capital projects funded from non-general fund sources totaling \$48,500,000 in S.L. 2020-66 (S. 733).

SECTION 2. The capital improvement projects and their respective costs authorized by this act, to be acquired or constructed and financed as provided in Section 1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 5 of this act, by a financing arrangement to the extent authorized in Section 3 of this act, or by any combination thereof, are as follows:

Project Authorization	Amount
University of North Carolina at Chapel Hill	
Morehead Chemistry Laboratory HVAC Upgrades	\$22,000,000
Campus-Wide Life Safety Upgrades-Phase 1	\$6,500,000
Western Carolina University	
Lower Campus Residence Halls – Phase 2	\$20,000,000

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C. Other Actions by the 2020 General Assembly

The following capital improvement-related special provisions from the Appropriations Act of 2020 (S.L. 2020-81) are noted for information.

1.(e)	Capital Project Approval – University of North Carolina at Chapel Hill	Authorizes the University of North Carolina at Chapel Hill to spend up to \$150,000,000 on the Business School but requires a commitment of at least \$75,000,000 from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling \$75,000,000 for the project.
1.(f)	Capital Project Approval – North Carolina State University	Authorizes North Carolina State University to spend up to \$160,000,000 on the STEM Building but requires a commitment of at least \$80,000,000 from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling \$80,000,000 for the project.
1.(g)	Reimbursement to UNC Asheville	Appropriates funds to UNC Asheville to cover expenses incurred related to meeting the building requirements imposed by the Department of Insurance upon UNC-Asheville to allow students to occupy Woods Residence Hall.
4.(a)	Chancellor's Approval	Authorizes the chancellor of a constituent institution to pay for repair and renovation projects with funds available at the constituent institution when the total project does not exceed \$600,000. Projects must be reported quarterly to the Board of Governors and the Fiscal Research Division.
4.(h)	Increase to Carryforward	Increases the carryforward amount from 2.5% to 5%. Up to 2.5% of the carry forward funds may be retained. One-half of any amounts carried forward exceeding 2.5% shall be distributed to the University of North Carolina System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount retained in the designated budget code.

D. Additional Information

The table on the following page, *General Assembly Funding – Ten Year History*, provides a summary of each institution's capital improvement appropriations from 2010 through 2019.

APPENDIX K

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

Institutional Appropriations	2010 ¹ COPS	2011 ²	2012	2013	2014 ⁴	2015	2015 ⁵ Bonds	2016 ⁶	2017 ⁷	2018 ⁸	2019 ⁹	2010-2019
App State	\$ -	\$ 1,453,300	\$ 506,200	\$ 4,982,626	\$ 3,519,300	\$ 2,311,700	\$ 70,000,000	\$ 2,291,453	\$ 3,596,626	\$ 1,738,446	\$ -	\$ 90,399,651
ECU	-	3,124,900	1,065,200	6,223,834	1,084,100	4,826,500	90,000,000	3,813,019	4,044,303	2,767,091	-	116,948,947
ECSU	-	873,200	305,900	1,788,627	316,800	1,410,300	13,000,000	702,749	1,529,809	2,324,885	-	22,252,270
FSU	-	873,200	305,900	1,788,627	316,800	1,410,300	10,000,000	674,770	7,041,298	1,580,468	-	23,991,363
N.C. A&T	-	1,299,700	451,700	2,661,937	452,700	2,015,300	90,000,000	1,777,450	2,292,115	1,393,521	-	102,344,423
NCCU	-	905,500	305,900	1,807,823	337,500	1,502,500	30,000,000	1,498,710	2,679,962	10,420,385	-	49,458,280
NC State	-	5,904,300	2,074,000	12,206,701	2,115,200	9,013,500	160,000,000	7,971,067	9,247,351	3,902,793	-	212,434,912
UNCA	-	873,200	305,900	3,788,627	316,800	1,410,300	21,100,000	2,897,723	1,197,933	4,329,700	-	36,220,183
UNC-Chapel Hill	-	6,585,200	2,284,500	5,913,326 ³	2,392,000	8,766,500	68,000,000	14,320,915	9,038,073	4,060,204	-	121,360,718
UNCC	-	1,904,400	706,100	4,132,925	775,800	3,453,900	90,000,000	889,677	3,579,547	1,800,520	-	107,242,869
UNCG	-	2,073,300	714,900	4,254,199	739,600	3,292,800	105,000,000	2,472,004	2,514,816	1,501,947	-	122,563,566
UNCP	-	873,200	305,900	1,788,627	316,800	1,410,300	23,000,000	674,770	11,010,000	6,725,702	-	46,105,299
UNCW	-	1,291,100	482,700	2,664,083	476,000	2,119,200	66,000,000	1,185,683	1,913,915	6,339,523	-	82,472,204
UNCSA	-	873,200	305,900	1,788,627	316,800	1,410,300	10,900,000	674,770	1,538,276	2,036,583	-	19,844,456
WCU	-	1,097,900	390,800	2,232,057	410,100	1,826,000	110,000,000	1,408,422	2,375,229	17,635,239	-	137,375,747
WSSU	-	873,200	305,900	1,788,627	316,800	1,410,300	50,000,000	885,778	2,130,747	2,000,752	-	59,712,104
NCSSM	-	873,200	305,900	1,788,627	316,800	5,410,300	58,000,000	674,770	1,010,000	15,928,093	-	84,307,690
Subtotal	-	31,752,000	11,123,300	61,599,900	14,519,900	53,000,000	1,065,000,000	44,813,730	66,740,000	86,485,852	-	1,435,034,682
Non-Institutional Appropriations												
N.C. Arboretum	-	386,222	-	-	-	-	-	-	-	-	-	386,222
UNC Health Care	-	-	-	-	-	-	-	-	-	-	-	-
Other (UNC System, UNC-TV, SEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps & Equipment)												
	-	936,500	462,162	2,400,100	480,100	2,000,000	-	674,770	1,010,000	283,613	-	8,247,245
Subtotal	-	1,322,722	462,162	2,400,100	480,100	2,000,000	-	674,770	1,010,000	283,613	-	8,633,467
TOTAL ALL FUNDING	-	33,074,722	11,585,462	64,000,000	15,000,000	55,000,000	1,065,000,000	45,488,500	67,750,000	86,769,465		1,443,668,149
Less: Repairs and Renovations Res.												
	-	33,074,722	11,585,462	60,000,000	12,000,000	50,000,000		33,738,500	50,500,000	32,399,465	-	283,298,149
TOTAL CAPITAL PROJECTS	-	-	-	4,000,000	3,000,000	5,000,000	1,065,000,000	11,750,000	17,250,000	54,370,000		1,160,370,000

Notes :

- The 2010 General Assembly provided UNC with special indebtedness funding of \$60M for repairing and renovating facilities and infrastructure and \$22M 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.
- Prior to distribution, S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114M 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.
- Due to other available funds, UNC-Chapel Hill has been reduced by 50%.
- The 2014 General Assembly provided UNC with special indebtedness funding of \$12M for repairing and renovating facilities and infrastructure and ASU \$3M for planning the Health Sciences Building.
- The 2015 General Assembly provided UNC with bond funding of \$1,020,000,000 to be allocated among 15 projects for new construction, with voter approval and \$50 million for Repairs and Renovations. The Bond Act also identified additional bond proceeds of \$45 million for ECSU, UNCA, & UNCSA.
- The 2016 General Assembly appropriated \$81,400,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$13,923,000, to be deducted from the \$81,400,000. This yields a net Reserve for Repairs and Renovations equal to \$67,477,000, of which \$33,738,500 (one-half) is allocated to the Board of Governors.
- The 2017 General Assembly appropriated \$125,000,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$24,000,000, to be deducted from the \$125,000,000. This yields a net Reserve for Repairs and Renovations equal to \$101,000,000, of which \$50,500,000 (one-half) is allocated to the Board of Governors.
- The 2018 General Assembly appropriated \$64,798,930 to the statewide Reserve for Repairs and Renovations, of which \$32,399,465 (one-half) is allocated to the Board of Governors. Six (6) capital projects received appropriations funds from the Capital Improvement Project Reserve.
- The 2019 General Assembly passed a budget that was vetoed by the Governor.

Approved by the UNC Board of Governors on July 23, 2020

UNC System R&R Allocation

Approved by BOG - 9/20/2019

\$39,100,000 Total Allocation						
Institution	Base Model				12.5% GSF 12.5% # of Bldgs 25% Condition 25% # of FTE 25% Avail. Res.	% Allocation
	Gross Square Footage (GSF)	# of Bldgs	# of Students	Available Resources		
ASU	2,362,740	40	18,294	\$3,855,950	\$2,000,000	5.1%
ECU	4,505,190	107	25,348	\$1,862,759	\$2,374,654	6.1%
ECSU	673,797	27	1,523	\$7,014,999	\$2,000,000	5.1%
FSU	818,380	28	5,079	\$3,783,979	\$2,000,000	5.1%
N.C. A&T	2,130,928	63	11,143	\$2,998,136	\$2,000,000	5.1%
NCCU	1,389,187	39	7,205	\$1,898,371	\$2,000,000	5.1%
NC State	8,788,031	305	31,060	\$36,653,073	\$4,188,101	10.7%
UNCA	894,047	21	3,354	\$929,878	\$2,000,000	5.1%
UNC-CH	11,023,891	174	27,671	\$34,577,183	\$3,559,745	9.1%
UNCC	3,486,275	49	26,827	\$11,460,176	\$2,000,000	5.1%
UNCG	2,793,340	52	17,901	\$5,433,210	\$2,000,000	5.1%
UNCP	1,196,672	30	6,286	\$1,427,308	\$2,000,000	5.1%
UNCW	1,744,436	47	14,865	\$3,463,935	\$2,000,000	5.1%
UNCSA	843,806	33	1,040	\$760,612	\$2,000,000	5.1%
WCU	1,681,162	30	10,519	\$18,755,741	\$2,000,000	5.1%
WSSU	1,067,755	31	4,783	\$2,331,861	\$2,000,000	5.1%
NCSSM	442,877	8	680	\$603,032	\$2,000,000	5.1%
Total	45,842,514	1,084	213,578	\$137,810,203	\$38,122,500	97.5%
System Reserve					\$977,500	2.5%
System Total					\$39,100,000	100.0%

Notes: - System Office, UNCTV, and NC Arboretum will be addressed from reserve balance.

- # Students is based on Full-Time Equivalent (Fall 2018), including undergraduate and graduate students, degree-seeking only, and excludes fully online student enrollment

- Available Resources defined as Change in F&A Fund Balance (Revenues less Expenses) + Carryforward (2.5%) + Infrastructure Fee Revenue + R&R-Related Capital Earmarks (all items budgeted in SCIF or otherwise) - System-approved reductions

Model parameters:	
\$ Floor (Min. per University)	\$2,000,000
System Reserve	2.50%

Condition factors:	Multiplier	% GSF
Condition 1	1.0x	16.7%
Condition 2	1.3x	22.2%
Condition 3	1.7x	27.8%
Condition 4	2.0x	33.3%
Condition 5	0.0x	0.0%
Total appropriated GSF		100.0%

Approved by the UNC Board of Governors on July 23, 2020