

# Forecast for Construction

## State Construction Conference



Office of State Budget and Management  
March 23, 2010

# Outline

- Capital Budget Trends
- FY 2009-10 Budget Management
- Factors Influencing Upcoming Capital Budget
- Special Indebtedness Projects & Economic Stimulus
- State Budget Act
  - Short Session Capital Budget Development
  - Non-General Fund Capital Requests
- Questions

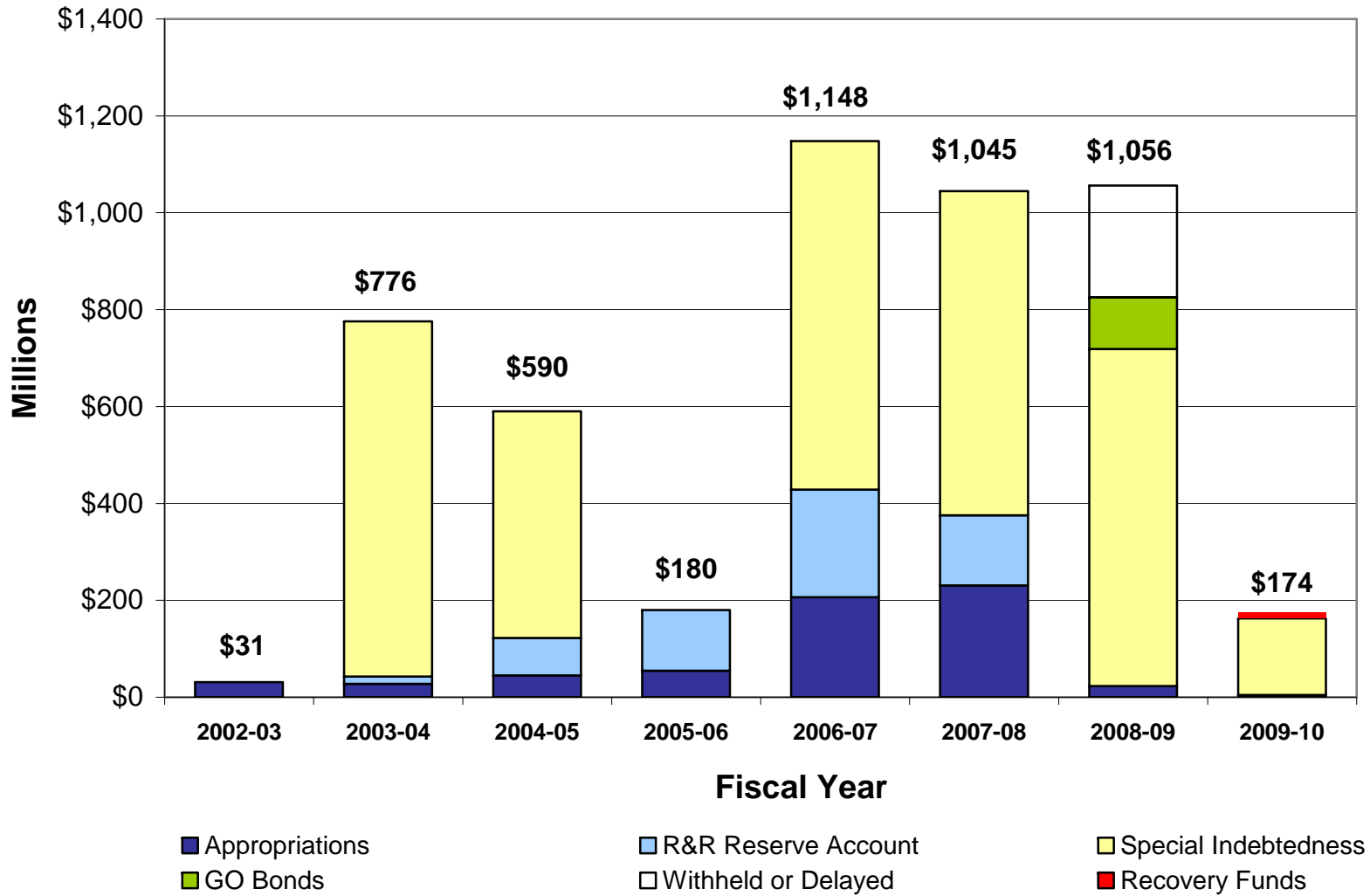


# Capital Budget Trends

- Use of Special Indebtedness for Capital Projects
  - 2003-04 Repair & Renovation COPs - \$300 million
  - 2005-09 Special Indebtedness \$2.9 billion
  - Reaching Limit of Debt Financing
- Cost Savings Reprogrammed for New Projects
  - 2009-10 Reprogrammed \$107 M of Special Indebtedness
- Federal Recovery Funds
  - \$12 M State Energy Program – Energy Efficiency State Facilities
  - Grants through Federal Agencies

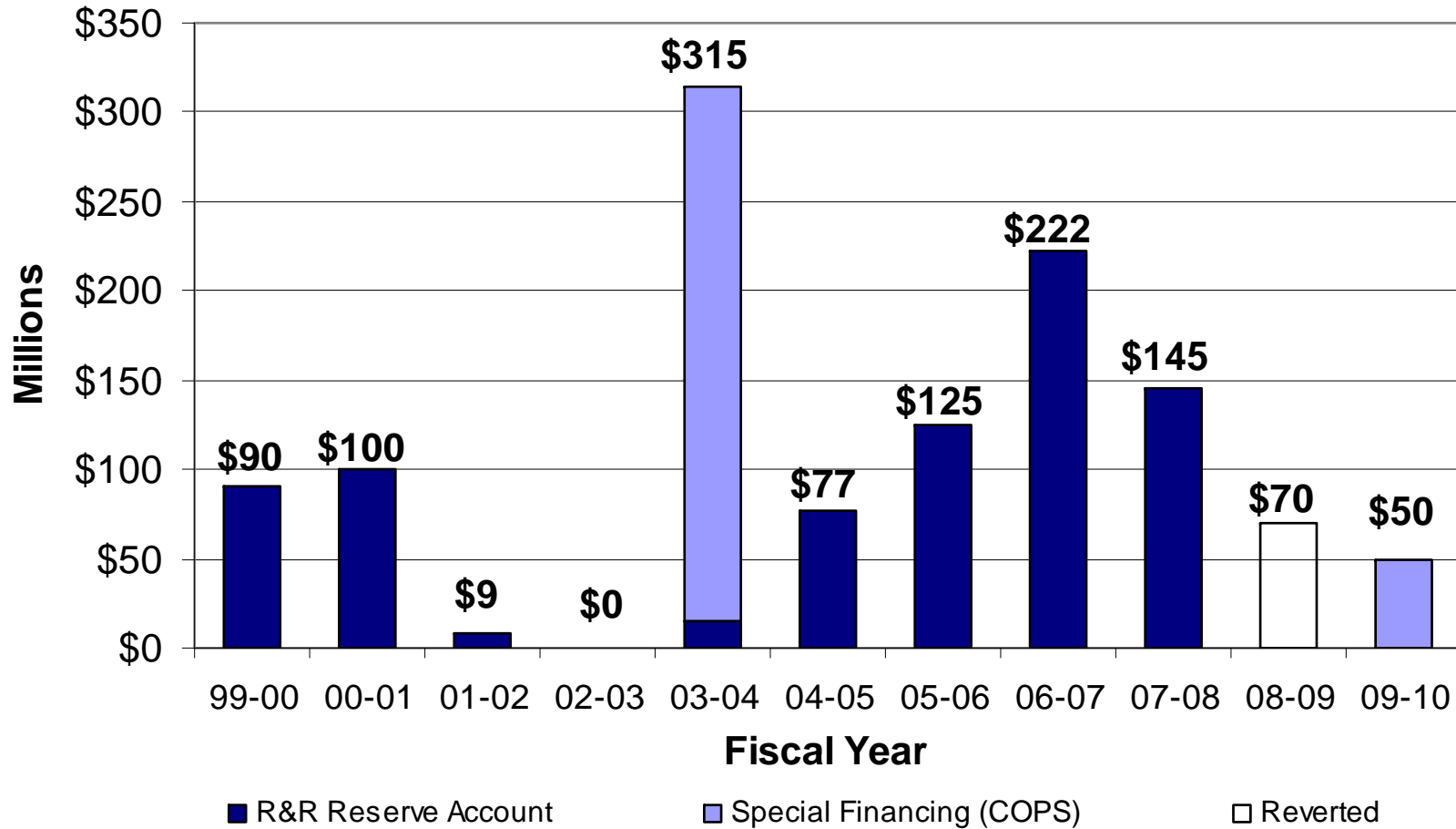


## New Authorizations of Capital Funds



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## History of R&R Funding



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# Budget Management

## FY 2009-10

- Gen. Assembly required \$24 M of capital reversions
- \$45 M Shortfall (through Feb.)
- \$500 M Projected Shortfall for FY 09-10
- Income Tax Withholding
  - Down 3-4% compared to last year (through Feb.)
- Sales Tax Collections
  - 4% below budget targets
  - 10% below previous year
- Signs of Improvement in both Income & Sales Tax



# Upcoming FY 2010-11 Budget

- Limited Capital Financing
- 2010 Debt Affordability Shows Limited Capacity

## General Fund

Net Tax-Supported Debt Capacity Using 4.0% Debt Service/Revenues Target Ratio  
(in Millions of Dollars)

Fiscal Year	2010	2011	2012	2013	2014
Total Additional Debt Capacity per Year *	18.1	0	90.9	626.4	361.1
Debt Capacity Available Each and Every Year	9.1	9.1	9.1	9.1	9.1

\* In addition to that already Authorized but Unissued. Assumes additional debt capacity is authorized and issued in stated fiscal year.



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# Economic Stimulus - Capital Projects

- Debt Authorized for 2005-2009 Provides Economic Stimulus this Year
  - \$2.9 Billion Authorized for Capital Projects
  - Many Projects are Under Construction
  - \$ 487 M to be Issued in April 2010
    - To be spent on all 2004-2009 projects including 2009 R&R projects
  - \$1.4 Billion Still to be Issued
- \$50 M Reprogrammed Debt for R&R
- \$12 M Recovery Funds for Energy Efficiency



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# Special Indebtedness Funding Status

- To date **\$1.2 Billion** has been expended on Special Indebtedness Projects

	Allocation	Expenditures*	
2005 Projects	715,368,088	620,095,235	86.7%
2006 Projects	678,844,330	179,635,060	26.5%
2007 Projects	624,905,957	276,750,452	44.3%
2008 Projects	728,051,865	122,300,822	17%
2009 Projects	<u>239,000,000</u>	<u>4,866,139</u>	<u>2%</u>
Total	\$2,986,170,240	\$1,203,647,708	41%
<b>2003 R&amp;R COPS</b>	<b>300,000,000</b>	<b>294,584,427</b>	<b>99%</b>
<b>2009 R&amp;R Bonds</b>	<b><u>50,000,000</u></b>	<b><u>101,504</u></b>	<b>&lt;1%</b>
	 <b>\$3,336,170,240</b>	 <b>\$1,498,333,639</b>	

\*Expenditures through 3/19/2010



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# Special Indebtedness Project Status

<b>Project Status as of 3/19/2010</b>	<b>Total Project Amount</b>	<b>Number of Projects</b>	<b>Percent of Total Projects</b>
100% complete	\$730,182,146	91	50%
75% to 100% complete	\$133,596,733	18	10%
50% to 75% complete	\$236,630,279	11	6%
25% to 50% complete	\$393,705,286	12	7%
< 25% complete	\$1,278,246,831	37	21%
Projects not started	\$213,808,965	15	9%
<b>Total</b>	<b>\$2,986,170,240</b>	<b>182</b>	<b>100%</b>



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# State Budget Act

- Six-Year Capital Plan
  - Required by G.S. 143C, Article 8
  - Land Acquisitions, New Construction, R&R
- 2010-11 Short Session Budget
  - Worksheet III Forms Due March 26<sup>th</sup>
  - Reprioritize CIP Request
  - Add Urgent Project Requests
  - R&R Needs Estimated Using Existing CIP
  - Non-General Fund Capital Authority



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# State Budget Act: Non-General Fund Capital Projects

- State Agencies
  - New Projects Must be Authorized by General Assembly – Not Gov Ops.
  - Only Advance Planning Authorized by OSBM
- Universities
  - New Projects, Scope Changes, and Advance Planning Authorized through Gov Ops



# Worksheet III-NGF

**Worksheet III-NGF Summary**

2009-2015 Capital Budget Requests - Projects Funded from Non-General Fund Sources

Department:

Item No.	Division/Institution	Project Title	Description	Receipts Source	Amount



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**QUESTIONS?**



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