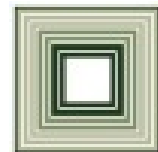


# State Capital and Infrastructure Fund (SCIF)

## Overview of Fund and Projected Availability

December 12, 2018

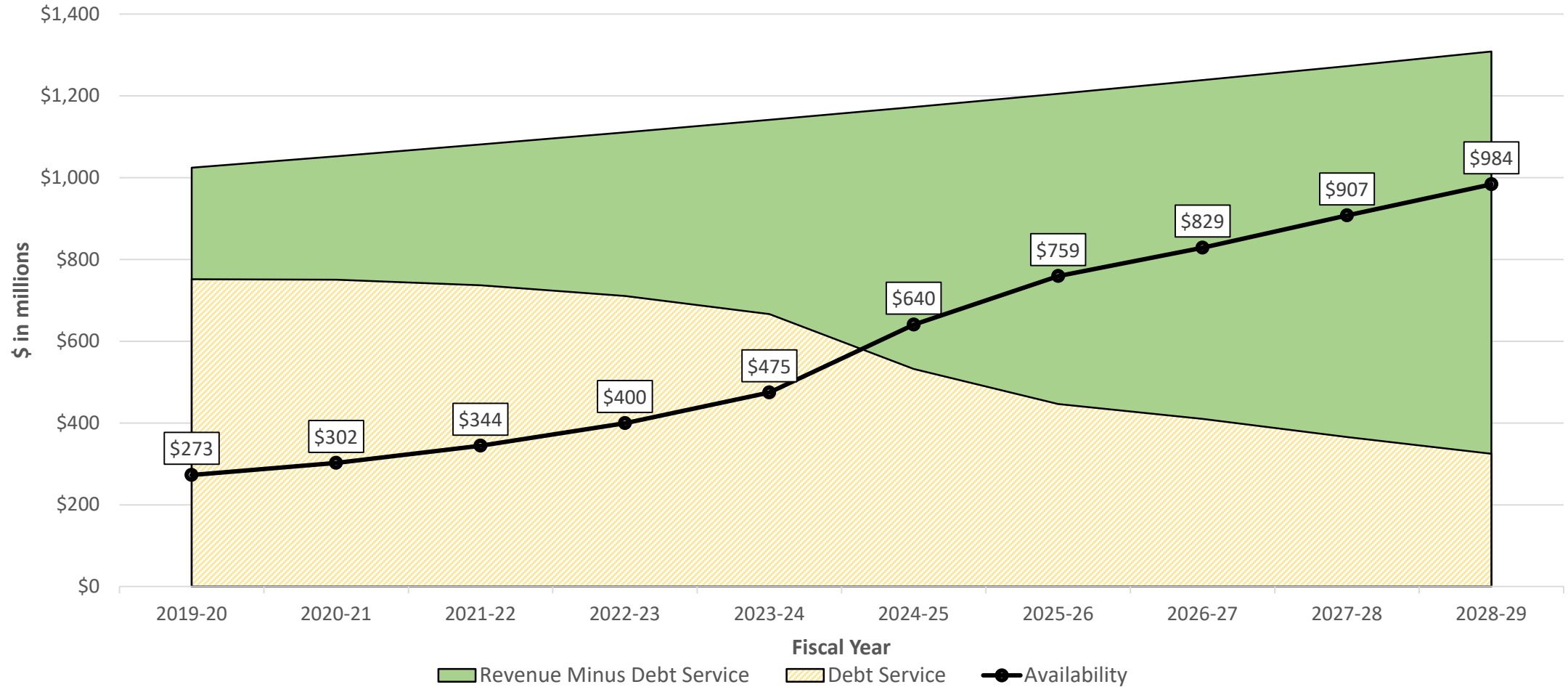


**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Background

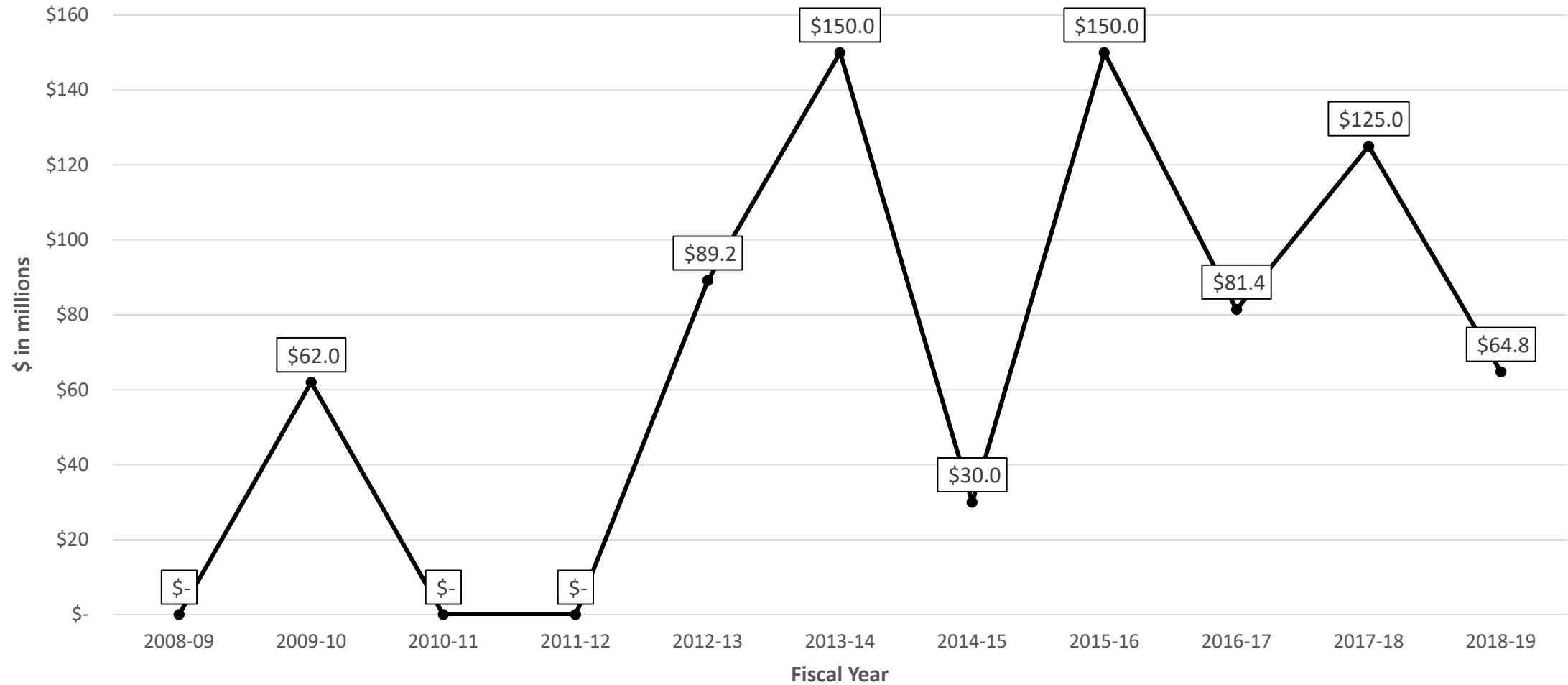
- Established in 2017 Appropriations Act and effective July 1, 2019
- Statutory Citation: G.S. 143C-4-3.1
- Implements “pay as you go” capital funding policy
- Fund would support the following:
  - General Fund debt service
  - For State-owned facilities (i.e. State agencies and UNC):
    - Repairs and Renovations (R&R)
    - New Capital
- Fund is capitalized from following sources:
  - ¼ of the unreserved fund balance remaining at end of each fiscal year
  - 4% of net General Fund tax revenue
  - Any funds appropriated for capital improvements
  - Accrued interest on Fund deposits

# Projected Annual Availability

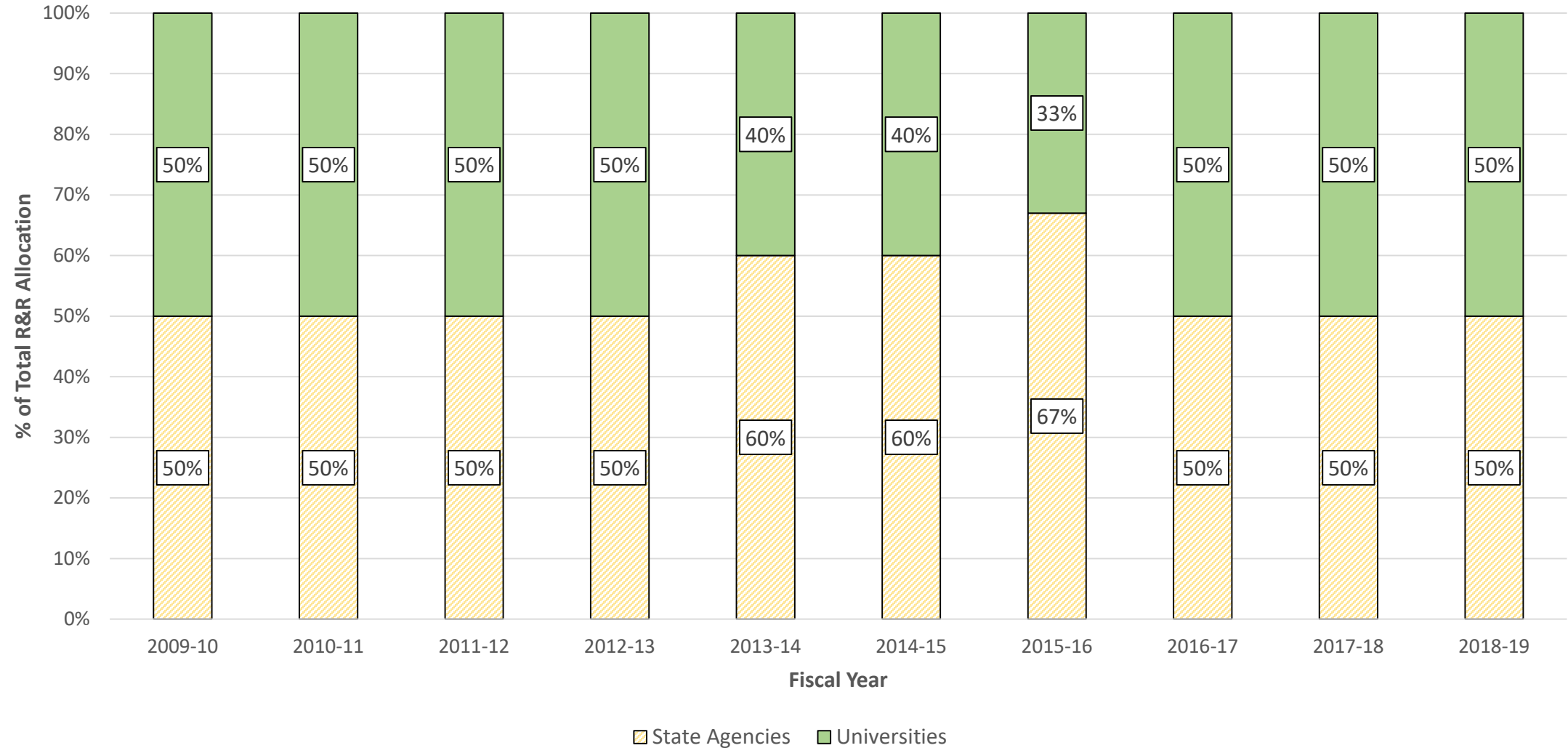


**Assumptions:** 3% revenue growth, \$100M from year-end fund balance, DST-debt service estimates (March 2018)

# R&R Funding History



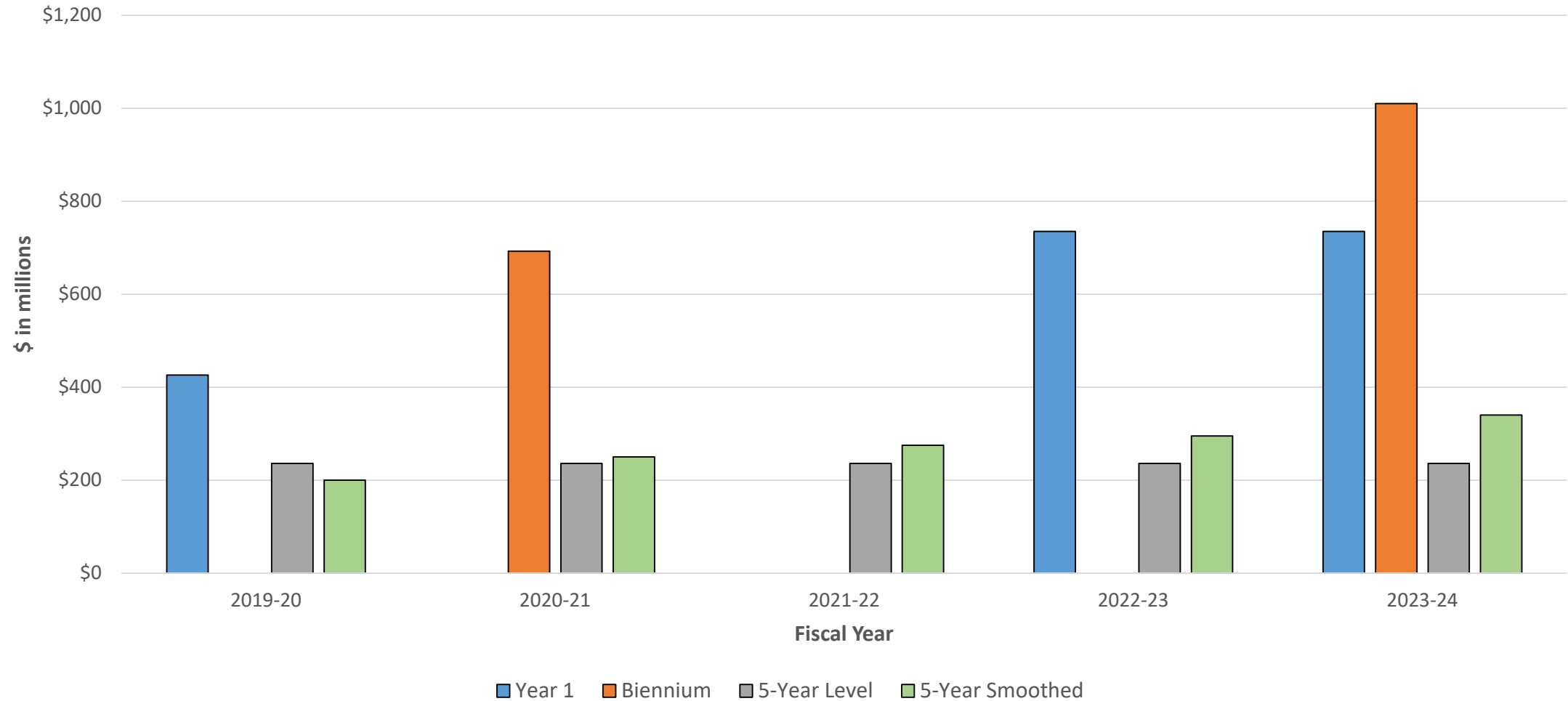
# R&R State Agency/University Split



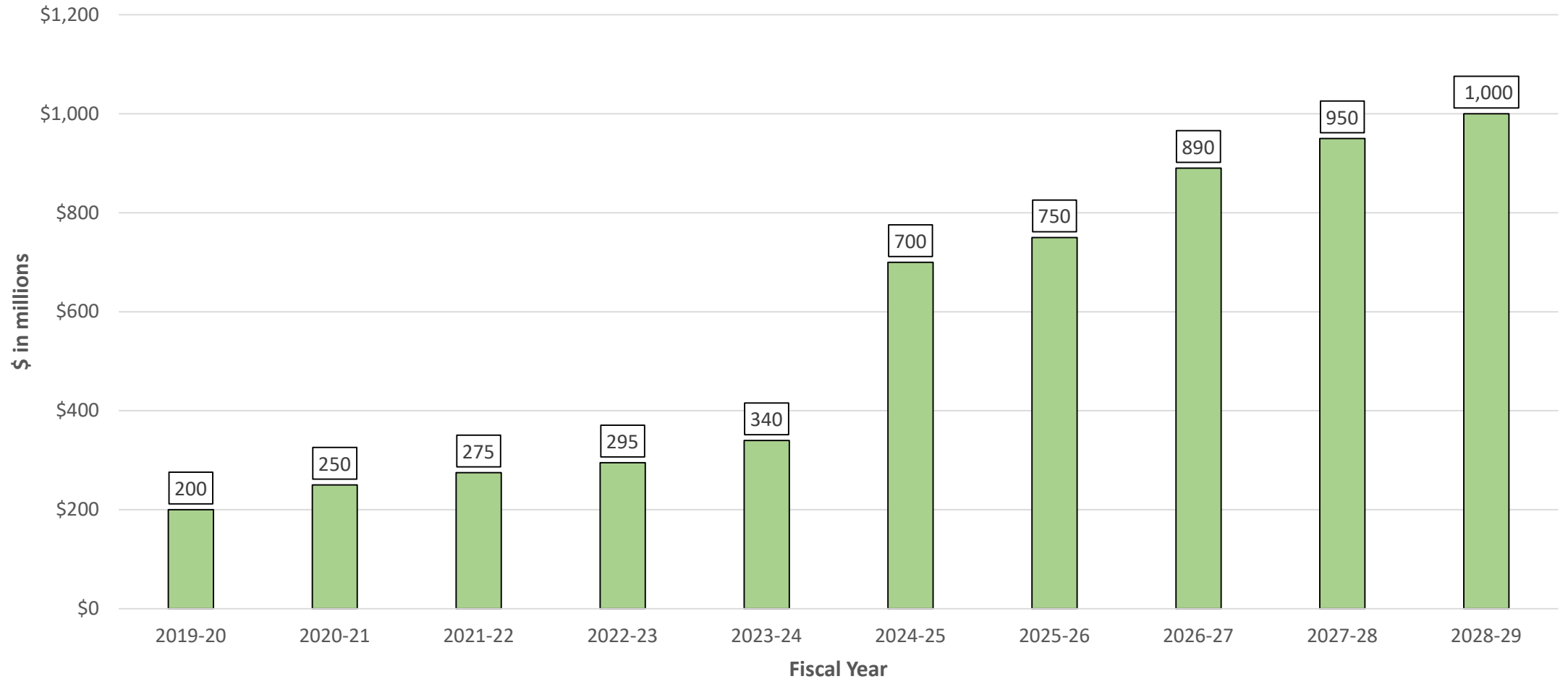
# Capital Cash Flow Scenarios

- The scenarios on the following slides are based on the following assumptions:
  - \$200 million annually to R&R
  - Percent of total project cost spent in each year of project (average):
    - Year 1 – 10%
    - Year 2 – 25%
    - Year 3 – 40 %
    - Year 4 – 25%
  - R&R annual cash requirement: Year 1 - 100%
  - Existing law and funding mechanism remain unchanged
- Each scenario will graph results from 4 optimization models:
  - Maximum new capital in Year 1 (Year 1)
  - Maximum new capital in 1<sup>st</sup> Biennium (Biennium)
  - Maximum new capital in 5-Year leveled approach (5-Year Level)
  - Maximum new capital in 5-Year smoothed growth approach (5-Year Smoothed)

# New Capital Availability – Various Scenarios



# 5-Year Smoothed Scenario - Expanded Availability



**10-Year Total: New Capital Authorized = ~\$5.6 billion; R&R = \$2 billion**



# FY 2017-19 - Partially Funded Capital Projects

<b>Projects</b>	<b>FY 2017-19 Funded</b>	<b>Approximate Remaining Cost</b>
Zoo Australia/Asia Projects	\$2.5 million	\$17.5 million
Museum of History Expansion	\$6.5 million	\$108.5 million
Forest Service Duplin County HQ	\$750 thousand	\$5.3 million
WCU Steam Plant	\$16.5 million	\$16 million
UNC-W Library	\$5.5 million	\$57 million
<b>TOTAL</b>	<b>\$31.75 million</b>	<b>\$204.3 million</b>

# Other Considerations

- SCIF eliminates continued need for Project Reserve Account
- May consider depositing real property proceeds into new Fund
- Providing stable R&R appropriation from SCIF would assist agencies with planning and help increase project capacity over time
- Cash flow assumptions may need to be adjusted depending on authorized projects
- Impact of any future debt issuances on availability

# Questions

Timothy Dale

Fiscal Analyst

[timothyd@ncleg.net](mailto:timothyd@ncleg.net)

919.733.4910