SUNY Office for Capital Facilities

Facilities (Capital) Committee Presentation

Community College Business Officers Association
June 2015
Topics

- Capital Budget
  - Approach and Deliverables
- Data Collection Improvements
  - Close Out Form
  - Project Action Form
- Real Property Inventory
- Private Use
- Executive Director Updates
Capital Budget Request: History

Community College Capital Funding ($90M average)

OCF Program Management begins
Formal Budget Request: Capital, Operating components

- **Statistics:**
  - Type/Nature of capital work
  - Current function/planned use of space

- **Narrative:** “Telling the Story”

- **Justification:** “Selling the Story”

- **Budgets and Schedules:** Impact on NYS Financial Plan

- **Backup Documents**
Capital Budget Request: Initial Preparation

- **Mid-Summer:**
  - OCF: Updates CC section of Statewide Capital Projects Database (B-1195)
  - SUNY: Starts internal discussions about capital process and possible direction for upcoming year
  - OCF: Develops materials for dissemination to CCs
  - CCs/Sponsors: Should be reviewing capital plans and future needs for August direct action
Capital Budget Request: Process

- **By 8/3: OCF: Initial Capital Documents Sent to CCs**
  - June Capital Report: Current appropriation to ID new needs
  - Last year’s spreadsheet of 5-year planned capital projects

- **8/31: CCs: Initial Project List Due to OCF**
  - 1-year ask /5-year projection spreadsheet
  - Updates to Capital Report *including any closures*

- **9/30 CCs: Final Project Requests Due to OCF**
  - Any changes to 8/31 submission
  - Project Action Forms for year 1
  - Sponsor resolutions and/or Date of delivery (*before 12/15*)
  - Appropriation Language Change requests
Capital Budget Request: The Process Continues...

- **October**: Materials are developed by SUNY personnel, initial deliverables to DOB
- **November**: Final Capital/Operating request presented to SUNY BoT for approval and forwarding to DOB
- **December**: Final material delivery to DOB incl. resolutions
- **January (3rd week)**: Governor’s Executive Budget released
- **February**: All agencies provided with an opportunity to speak to the Legislature regarding the Executive Budget
- **February-March**: Legislative NYS Budget negotiation
- **April 1**: Target date for NYS Budget passage

*Any new appropriation is now accessible*
Capital Request: Critical Maintenance

- DOB expressed understanding and support for CM projects to ensure current facilities remain in safe and effective working order
- SUNY expects CM projects to continue to be included in the Executive Budget → NYS Budget
- 2009 Reinvestment Study may be helpful in justifying need to Sponsors
- Consider encouraging your Sponsor for a resolution for critical/emergency appropriation accessed if issues arise after the Budget process and imminent action needed
Capital Request: New Facilities/Major Rehabs

- New York State in better fiscal state than last several years
- New facilities are included in request but DOB level of support not clearly communicated to SUNY
- Important to provide supporting documents to fully justify capital need
- Language changes/repurposing older appropriation not likely, but are still requested in concert with requests for new appropriation
Capital Request: DOB Review of Material

- DOB reviews documents including resolutions to ensure full understanding of the project and that program requirements are being met
  - Review resolutions *before* Sponsor signing: if there are issues, there may not be enough time for revision and re-signing; before DOB deadline - SUNY can assist with this

- DOB may request additional information/clarification, may not communicate internal motivations
  - *Quick turn-around so comprehensive documentation to SUNY within timeframes outlined previously is optimal*
Capital Request: Project Information Tips

- **Ensure PAF is fully completed**: Provide a good summary of project and justification
- Make an effort to be broad in titles
- Go into more details in supporting documents
- Include negative consequences of NOT progressing
- Stress connection to State/Governor initiatives
- Use statistics/research to back request
- Stress academic impacts, new program development
- Communicate any stakeholder support
Capital Request
Sponsor Resolutions/CIP Content

- Project Name
- Project Total Budget (State + Local)
- Approval of the capital project and budget
- Acknowledgment of 50% local cost responsibility

*If large project, helpful to include funding source*

*Project name and budget must match on all documents (PAFs, resolutions)*
Regional Economic Councils are expected to continue in 16/17 NYS Budget

- 15/16 award process ongoing (7/31 CFA deadline), late fall announcement of winners (not usually CC capital)
- [http://regionalcouncils.ny.gov/](http://regionalcouncils.ny.gov/)

SUNY 2020 Round IV: $55M competitive grants

- Currently in review by the Challenge Grant Review Board for recommendation to the Governor
Program Ongoing Reminders

- Ensure OCF is kept up to date on Schedules

DATES DATES DATES DATES!!!

- Submit Timely Reimbursement Requests

YOU GET PAID!!!

- Schedules ensures SUNY bonds appropriately and cash continues to be available for future reimbursement
- Regular reimbursements ensure continued cash so Sponsor has funds on hand to continue capital work
- Ensures reporting to DOB is accurate and trustworthy
Can quickly and accurately respond to requests

Provide better analytics for OCF/CC use reflecting CCs and Sponsors as good stewards and as justification for continued funding

- **Close Out Form**: Confirms/provides project-end details, official release of any unused appropriation

- **Project Action Form** (changes pending):
  - Local funding information
  - Non-matching project funds
  - Potential additional changes
Data Collection: Take Away

- Three sections: Four cohorts groups by FTE (2012/13)
- Data provided as of March 31, 2015

Red:
- Basic facility data per the Physical Space Inventory
- Building conditions per 2009 Reinvestment Study

Blue:
- Historic capital investment past 10 years per timing of State reimbursement

Green:
- “Future” appropriation not yet tapped
- 5 Year capital data per 15/16 capital submission (includes appropriation in 15/16 Budget yet not in effect at 3/31/2015
CC Real Property Actions

- Acquisition through purchase, gift or transfer
- Divestiture through sale or transfer

**SUNY Board of Trustees Action Required**

Contact OCF/Complete form *as soon as a potential transaction is identified* (even if not imminent)

More information on Real Property including a Guidance Document will be communicated in the near future
Private Use and CC Facilities

- Last surveys completed about 6 months ago
- Increased attention being given to private users and the effect on private use for overall campuses and for as long as related bonds are outstanding
- May be some additional clarification/information requested in 2016 survey based upon private use issues
Why is private use an issue?

- New York State purchases bonds for improvement to educational facilities. Tax-exempt bonds allow State to borrow at a lower interest cost (Ex. 5.25% rather than 6%)
- Trade-off is that facilities financed through tax-exempt bond subject to various restrictions in IRS regulations
Why is SUNY and other state agencies looking at this more closely?

- START-UP New York increases focus on tax-exempt bonding rules; program may increase IRS scrutiny
- NYS has been purchasing tax-exempt bonds in larger issuances (multiple State entities borrowing needs) to save borrowing costs
  - 2014 issuance including CCs slightly over $1B
- New process has resulted in hitting the private use limits of issuances
Private Use Limits of Issuance:

Lesser of:

- 10% private use related to educational purposes
- 5% private use unrelated to educ. purposes
- No more than $15M of total issuance

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<th>Bond Issuance: $1B</th>
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<td>Total issuance limit</td>
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<td>$100 million</td>
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Private use applies to both **direct use and indirect** (if space private user is served by campus HVAC, chiller, other utilities)
SUNY Actions Relating to Private Use

SUNY, DASNY and Bond Counsel are

- Working to remediate issues of older bond issuances (2006)
- Looking at private users even more closely in future bond sales
- Continuing to encourage New York State to purchase multiple smaller issuances to avoid private-use issues and ensure compliance with IRS rules and regulations
Private Use “Safe Harbor”

Federal Tax Tests

Federal tax rules are applied to each bond issuance and use of financed facilities

- Private Business Use Test
- Private Payment Test

Need to fail both tests to have a tax violation

- College role: Identify all private use on survey
- Counsel role: Review private users to identify potential “safe harbors”
Executive Director Updates
OCF is here to help!!

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