SUCF UPDATE

Presented by the
State University Construction Fund
at the
PPAA Winter Conference
January 25, 2017
CAPITAL BUDGET
## Summary of the Budget Request & Executive Budget

<table>
<thead>
<tr>
<th>Program</th>
<th>2017/18 Request</th>
<th>2017/18 Executive Budget</th>
<th>5-Year Request</th>
<th>5-Year Executive Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Facilities</td>
<td>$800.0</td>
<td>$550.0</td>
<td>$4,000.0</td>
<td>$2,750.0</td>
</tr>
<tr>
<td>Hospitals</td>
<td>600.0</td>
<td>100.0</td>
<td>600.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Residence Hall</td>
<td>0.0</td>
<td>0.0</td>
<td>200.0</td>
<td>200.0</td>
</tr>
<tr>
<td>Community Colleges (State Share)</td>
<td>81.5</td>
<td>53.1</td>
<td>401.5</td>
<td>213.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,481.5</strong></td>
<td><strong>$703.1</strong></td>
<td><strong>$5,201.5</strong></td>
<td><strong>$3,263.1</strong></td>
</tr>
</tbody>
</table>
MULTI-YEAR CAPITAL PLAN

• $550.0M in critical maintenance funding for 2017/18
  • $153.4M is allocated to each State-operated/statutory campus
  • $396.6M is provided in a lump sum for priority critical maintenance projects
• $2.75B planned over five-years, subject to the approval of the Legislature each year
SUNY Educational and Hospital Capital Appropriations History

Critical Maintenance (CM)  Strategic Initiatives (SI)  Hospitals

Predictable, depending on performance
WHY THE INCREASE? WHY THE LUMP? WHY $550M?

Increase Due To:
- Spend-down of prior year appropriations
- Limited impact on State bond cap
- Advocacy

Lump Facilitates:
- Allocation formula disadvantages smaller campuses
- Centralized decision-making to address highest priority needs
- Tighter control of spending
  - Reduction of $175M in spending authority over 4 years
  - $600M annual spending target must accommodate $550M in new appropriations, plus spend down of $2B in reappropriations
- $550M - the last validated number
TOTAL CM FUNDS NOT UNDER CONTRACT

$377M not under contract as of January 11, 2017

[Bar chart showing total CM funds not under contract by institution, with "2016 CM ($211M)" in red and "2004-2015 CM ($166M)" in blue.]
TOTAL CM FUNDS NOT UNDER CONTRACT

$377M not under contract as of January 11, 2017

2004-2015 CM ($166M)
PROJECTED SPENDING FAR BELOW TARGETS… BEFORE THE EXECUTIVE BUDGET

- Actual Disbursements
- Projected Disbursements
- Fiscal Plan Target

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Projected</th>
<th>Fiscal Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$938</td>
<td>$968</td>
<td>$968</td>
</tr>
<tr>
<td>2014-15</td>
<td>$770</td>
<td>$850</td>
<td>$850</td>
</tr>
<tr>
<td>2015-16</td>
<td>$682</td>
<td>$675</td>
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<tr>
<td>2016-17</td>
<td>$630</td>
<td>$685</td>
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</tr>
<tr>
<td>2017-18</td>
<td>$550</td>
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<td>$685</td>
</tr>
<tr>
<td>2018-19</td>
<td>$480</td>
<td>$650</td>
<td>$650</td>
</tr>
<tr>
<td>2019-20</td>
<td>$350</td>
<td>$630</td>
<td>$630</td>
</tr>
<tr>
<td>2020-21</td>
<td>$350</td>
<td>$610</td>
<td>$610</td>
</tr>
<tr>
<td>2021-22</td>
<td>$350</td>
<td></td>
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PROJECTED SPENDING AT TARGETS…
AFTER THE EXECUTIVE BUDGET

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<tr>
<td>2017-18</td>
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<td>2021-22</td>
<td>$600</td>
<td>$600</td>
<td>$600</td>
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AVERAGE PROJECT VALUE, 2011-2015

Fund Average Project Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$9.9</td>
</tr>
<tr>
<td>2012</td>
<td>$8.9</td>
</tr>
<tr>
<td>2013</td>
<td>$8.5</td>
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<tr>
<td>2014</td>
<td>$7.3</td>
</tr>
<tr>
<td>2015</td>
<td>$4.9</td>
</tr>
</tbody>
</table>

Campus Average Project Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$1.3</td>
</tr>
<tr>
<td>2012</td>
<td>$2.3</td>
</tr>
<tr>
<td>2013</td>
<td>$3.4</td>
</tr>
<tr>
<td>2014</td>
<td>$1.8</td>
</tr>
<tr>
<td>2015</td>
<td>$2.3</td>
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</tbody>
</table>
OTHER BUDGET HIGHLIGHTS

• **$55M** provided through Empire State Development to support a seventh round of SUNY 2020 Challenge Grants

• **$150M** again provided for Regional Economic Development Council grants

• Language has been included authorizing the use of “Design/Build” contracts. Also extended for all State Agencies and Public Authorities

• Free undergraduate tuition at SUNY and CUNY
BUILDING SUNY

BUILDING THE FOUNDATION FOR NEW YORK’S FUTURE

Requires a 2017 to 2022 Multi-Year Capital Plan

ADVOCACY

2017/18 REQUEST

STRONGER TOGETHER.

THE STATE UNIVERSITY DRIVES THE ECONOMY, STRENGTHENS OUR COMMUNITIES, AND BUILDS OUR FUTURE.
CURRENT ENVIRONMENT
Lapses by CUNY Officials Made System ‘Ripe for Abuse,’ Report Says

By DAVID W. CHEN  NOV. 15, 2016

Shoddy oversight and ineffective management at the City University of New York have created a system “ripe for abuse” that has potentially siphoned money away from needy students and crucial campus projects, according to a report released on Tuesday by the New York State inspector general.

The inspector general also found that decentralization at CUNY, the largest public urban university in the country, has enabled the presidents of individual colleges to dole out money or benefits to top officials “with no meaningful accountability.” At Brooklyn College, for instance, discretionary funds were used by the college president to pay a part-time housekeeper $36,000 a year, as well as for a retirement party that cost $35,000.

The report, which the inspector general’s office called an interim review, represents the first formal response to a request made last month by William C. Thompson Jr., the chairman of CUNY’s Board of Trustees and the former New York City comptroller, for a systemwide investigation of “all of the college foundations, alumni associations or other affiliated entities.”
THE CONSEQUENCES

- Expanded Inspector General jurisdiction
  Greater oversight of nonprofits and foundations created for the benefit of, or controlled by, SUNY or CUNY

- Chief Procurement Officer
  State-wide, not specific to SUNY/CUNY
NYS LABOR MARKET TRENDS

NYS Construction Employment*

Great Recession: December 2007 to June 2009

*Source: USDOL BLS
NYS Labor Market Trends

NYS Employment, Construction of Buildings

Average Wages

- **2015**: $64,645
- **2011**: $59,459
- **2008**: $57,980

*Source: NYS DOL*
NYS LABOR MARKET TRENDS

NYS Employment, Construction of Buildings
Regional Changes 2011-2015

- NYC: 4% Wages, 33% Employment
- North Country: -3% Wages, 4% Employment
- Central: 2% Wages, 11% Employment
- Southern Tier: 8% Wages, 13% Employment
- Western: 7% Wages, 11% Employment

*Source: NYS DOL
CONSTRUCTION FUND BID MARKET TRENDS
POST OCCUPANCY
CAMPUSES VISITED & PROJECTS EVALUATED

13 CAMPUSES

Alfred
Fredonia
Brockport
Oswego
ESF
Upstate
Cornell
Oneonta
Plattsburgh
Potsdam
Purchase
Old Westbury
Farmingdale
Specific recommendations include:

- Staffing / Stakeholders
- Communication & Collaboration
- Project Management
- Contractor Selection
- Project Specifications
- Project Schedule and Timing
STRATEGIC INITIATIVES

• Life Cycle Modeling (AssetWORKS)
• Construction claims management and mitigation
• Campus planning tactics going forward
• Need Design-Build contract language
• Legislative advocacy
This has been a collaborative effort. We listened, you helped.

This work will continue.

Your continued help would be appreciated.

THANK YOU.
Questions?