

The background of the entire image is a photograph of a person wearing a dark winter jacket and a grey knit beanie with a pom-pom, seen from behind. They are looking towards a large, multi-story red brick building with many windows. The scene is covered in a heavy snowfall, with white snowflakes visible throughout the air.

# **SUNY Capital 2024**

**for the**

# **NYAPPA Winter Conference**

**February 6, 2024**



State University  
**Construction Fund**

# CAPITAL BUDGET



# STATE UNIVERSITY OF NEW YORK

## 2021 through 2025 ENACTED / REQUESTED / EXECUTIVE CAPITAL BUDGETS

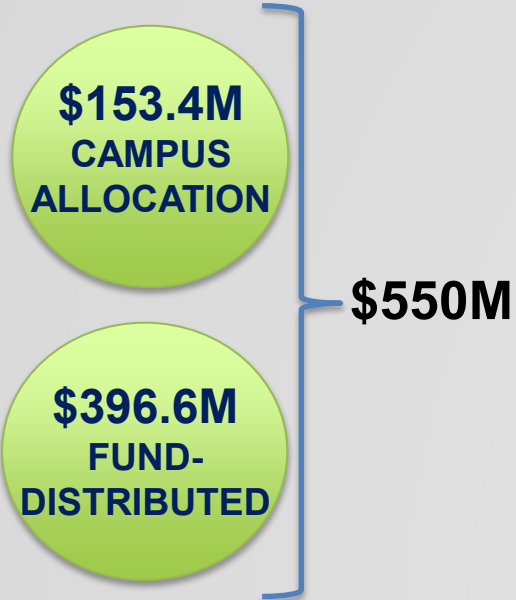
IN MILLIONS<sup>138</sup>

| Program                                        | 2022/23<br>Enacted | 2023/24<br>Enacted | 2024/25<br>Requested | 2024/25<br>Executive |
|------------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| <b>Educational Facilities</b>                  |                    |                    |                      |                      |
| - Critical Maintenance                         | 550.0              | 650.0              | 1,000.0              | 550.0                |
| - Building Enhancements & New Construction     | 650.0              | 470.0              | -                    | 100.0                |
| - Renovation of Educational Opportunity Center | 10.0               | -                  | -                    | -                    |
| - Research Facility Improvements               | -                  | 200.0              | 745.0                | -                    |
| - Healthcare Workforce Innovation Fund         | -                  | -                  | 75.0                 | -                    |
| - Clean Energy Implementation Fund             | -                  | -                  | 100.0                | -                    |
| <b>Subtotal, Educational Facilities</b>        | <b>1,210.0</b>     | <b>1,320.0</b>     | <b>1,920.0</b>       | <b>650.0</b>         |
| <b>Hospitals</b>                               |                    |                    |                      |                      |
| - Maintenance & Initiatives                    | 150.0              | 150.0              | 150.0                | 0.0                  |
| <b>Residence Halls</b>                         |                    |                    |                      |                      |
| - Pay-as-you-go Capital                        | 75.0               | 75.0               | 75.0                 | 75.0                 |
| <b>Community Colleges</b>                      |                    |                    |                      |                      |
| - 50% State Share                              | 56.9               | 106.0              | 138.2                | 138.2                |
| <b>TOTAL</b>                                   | <b>\$1,491.9</b>   | <b>\$1,651.0</b>   | <b>\$2,283.2</b>     | <b>\$863.2</b>       |

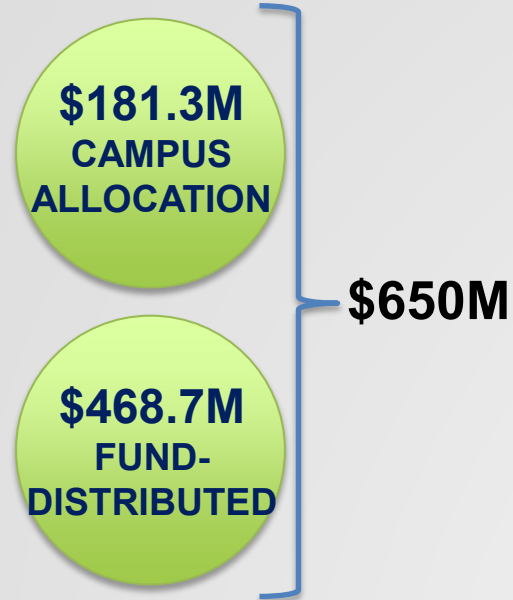
**NOTE:** The 2024/25 Executive Capital Budget also provides \$500M for the Albany Nanotech Ultraviolet Lithography Center, \$50M lump for any agency or Public Benefit Corporation that has emissions reductions and/or climate change projects, and reauthorization of all prior year SUNY Capital Programs appropriations totaling \$5.6B.

# High Priority Lump Funding

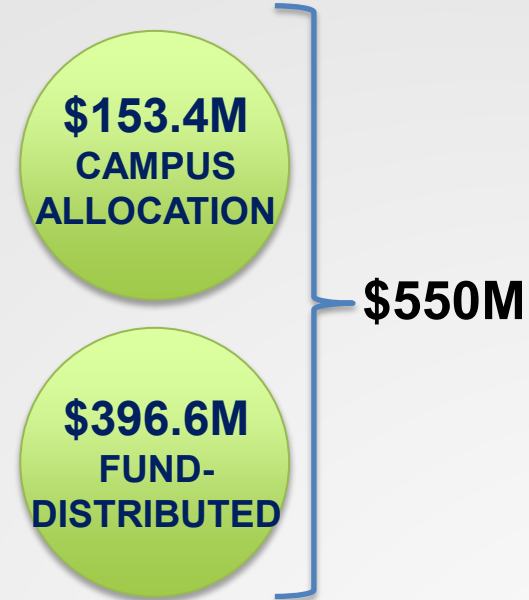
2022/23



2023/24



2024/25 (EXECUTIVE)



**RESTRICTED:**  
Existing facilities

**RESTRICTED:**  
High priority critical  
maintenance on  
existing facilities



**PLUS \$200M** for research  
facility improvements at UB  
(\$100M) and SB (\$100M).

**\$200M**  
For SUNY-Wide  
Digital  
Transformation  
**\$270M**



**LESS RESTRICTED:**  
New construction, additions,  
or existing facilities

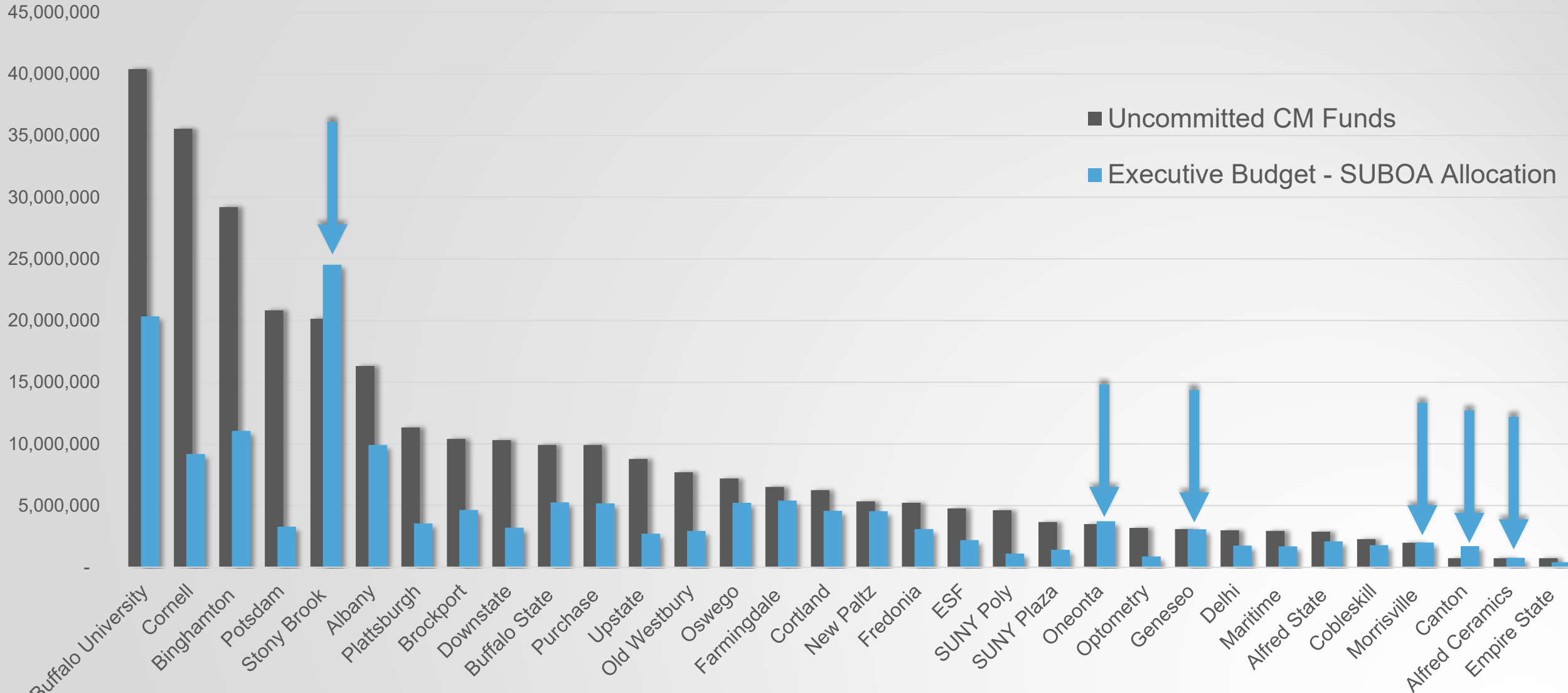
# Current Campus Allocation (SUBOA) Formula

The current “SUBOA formula” distributes a portion of the Critical Maintenance appropriations to each campus based on three equally weighted components, adjusted by a regional cost factor.

1. Percentage of total academic GSF
2. Percentage of academic GSF older than 40 years
3. Percentage of student FTE

*Adjusted for regional cost differential (RS Means)*

# \$300M Uncommitted Critical Maintenance Funds v. \$550M in FY 24/25 Executive Budget Critical Maintenance Allocation



## Capital Oversight and Approvals

- ✓ SUNY BOT and Chancellor annually approve distribution of funding.
- ✓ DOB annually approves an overall funding plan which is a list of projects that need funding from the newly enacted appropriations.
- ✓ DOB approves every capital contract prior to execution that is valued at \$1M or more (B-1184).
- ✓ DOB establishes annual spending limits for bonded capital and monitors actual spending against the targets throughout the year.
- ✓ Fund BOT approves all contracts and change orders of \$75K or more.
- ✓ Office of the State Comptroller (OSC) pre-approves all capital contracts \$75K or more.

STATE OF NEW YORK

6050

2023-2024 Regular Sessions

IN SENATE

March 27, 2023

Introduced by Sen. MAYER -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend the education law, in relation to requiring the use of project labor agreements for large scale construction projects under the state university construction fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 370 of the education law is amended by adding a new  
2 subdivision 6-a to read as follows:  
3 6-a. "Large-scale construction project" shall mean a construction  
4 project performed under the approved master plan of the state university;  
5 with respect to university-related economic development projects  
6 authorized by law pursuant to section three hundred seventy-two-a of  
7 this article involving the construction, acquisition, reconstruction, and  
8 rehabilitation or improvement of academic buildings, dormitories and  
9 other facilities for which the total estimated cost of the construction  
10 contract or contracts to the fund is three million dollars or more.

11 § 2. Section 376 of the education law is amended by adding a new  
12 subdivision 11 to read as follows:  
13 11. (a) Each contract involving the awarding of a large-scale  
14 construction project shall require the use of a project labor agreement,  
15 as defined in subdivision one of section two hundred twenty-two of the  
16 labor law, for all contractors and subcontractors on the project,  
17 consistent with paragraph (a) of subdivision two of section two hundred  
18 twenty-two of the labor law.

19 (b) (i) The fund may grant an exception from the requirements of this  
20 subdivision by providing a specific written explanation of why a project  
21 labor agreement would not be consistent with paragraph (a) of subdivi-  
22 sion two of section two hundred twenty-two of the labor law, or state  
23 competitive bidding laws, and why requiring a project labor agreement on

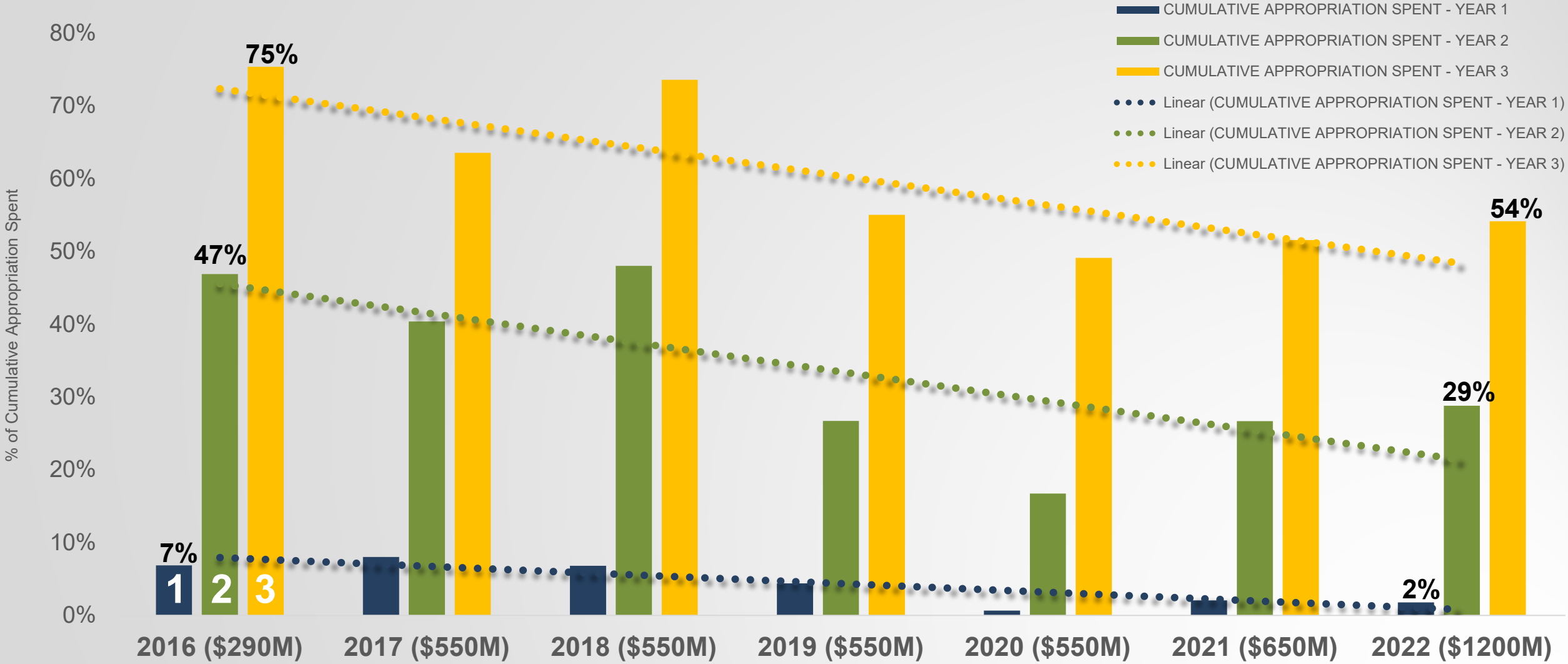
# Pending PLA Legislation:

## Construction Contracts \$3M or greater

# Proposed Insurance Requirements – NOT FINAL

1. Adds a Schedule A to the contract that details insurance limits on a contract-by-contract basis
2. Updates contract language to be consistent with the language used by the Fund
3. Accepts the newer ISO form - CG 00 01
4. Requires the ACORD 855 form
5. An updated CLC Guidance Document incorporates **instructions** on how to review the form.
6. Still require authorized carriers with A.M. Best ratings of A- or better
7. Non-admitted carriers will only be considered when coverage cannot be secured from an admitted carrier, as evidenced by an appropriate Excess Line Association of New York (ELANY) Affidavit.
8. Removes the Owners Contractors Protective policy requirement
9. Maintains the Builders Risk requirement
10. Asbestos Abatement Insurance is now referred to as Contractors Pollution Liability
11. Adds conditional requirements for Railroad Protective Liability and Marine General Liability

# Comparison of First Three Years of Spending Levels for Each Appropriation Year, 2016-2022



# What's Next

**JANUARY**

**MAY/JUNE**



Roll up all projects for coming FY based on Annual Work Plans

Score the project candidates for High Priority, Critical Maintenance lump

Begin discussions with Chancellor and SUNY BOT on prioritized projects

Upon budget enactment, finalize list of capital projects (SUNY BOT and DOB approve final capital allocation)



# BALANCING COMPETING PRESSURES

# Balancing the Competing Pressures of Capital

## **Critical Maintenance**

**(\$1.0B annual decay, \$8.6B backlog)**

## **CLCPA Goals**

## **New Buildings (Cost Overruns)**

- ✓ **Labs for the Future**
- ✓ **Engineering Buildings at UB, UA, and SBU**

**Inflation/Lost Buying Power (\$550M is now \$300M)**

## **Current Bidding & Market Environment**

## **Supply Chain Issues and Labor Shortages**

## **Staff Resources**

## **Desire to Reduce the Number of Phases**

## **Aligning Capital with SUNY's Mission and Goals**

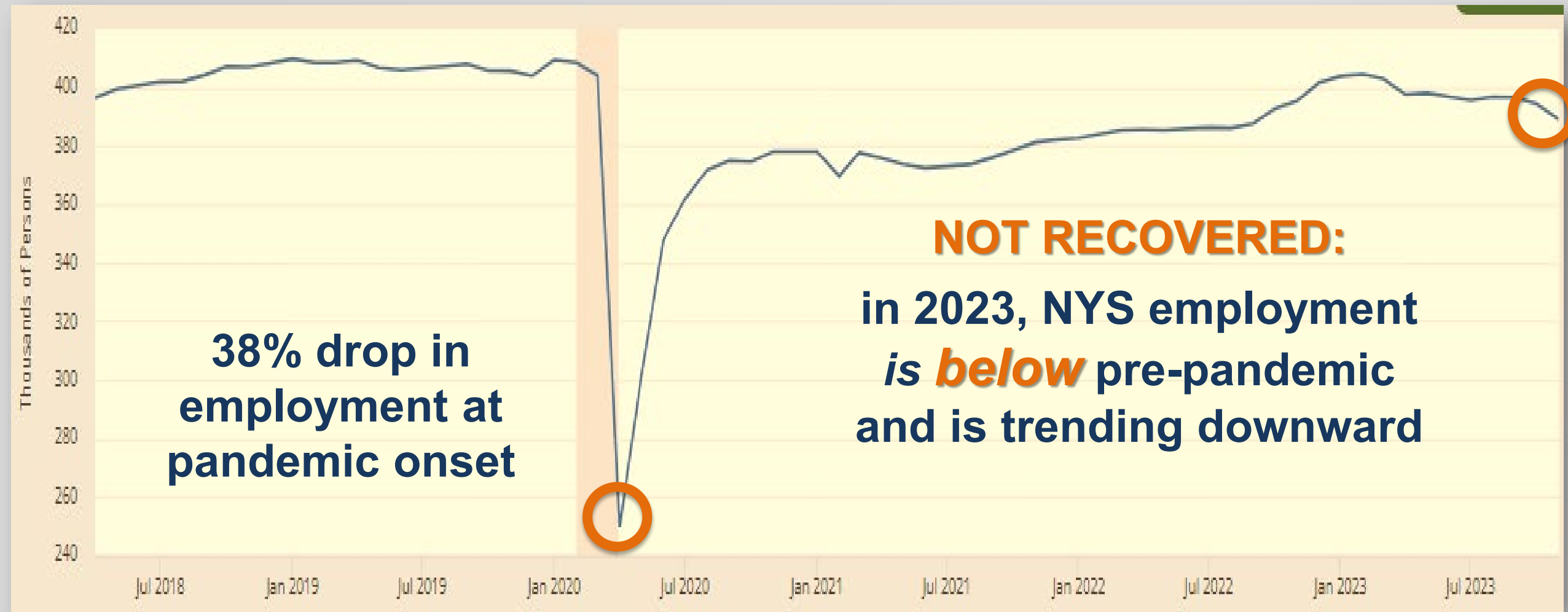
- ✓ **Enrollment declines**
- ✓ **Targeted investments**
- ✓ **Increased accountability**



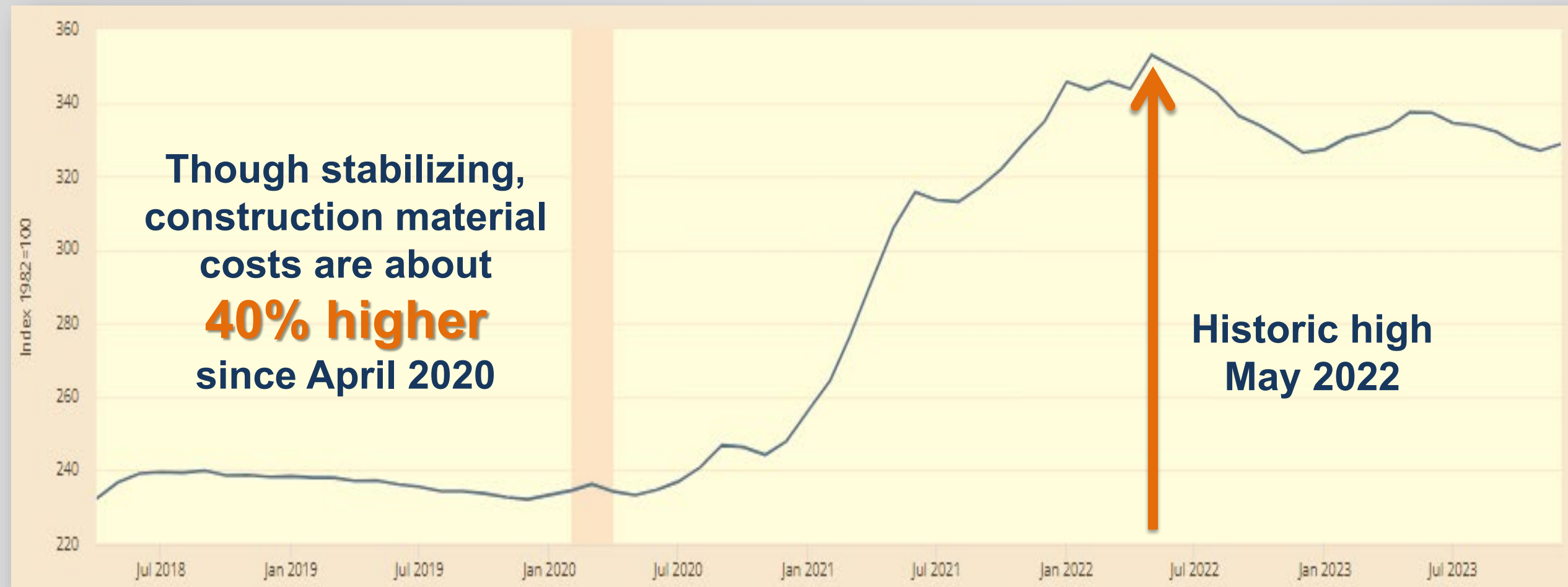
# FEDERAL Construction Employment 2018 to December 2023



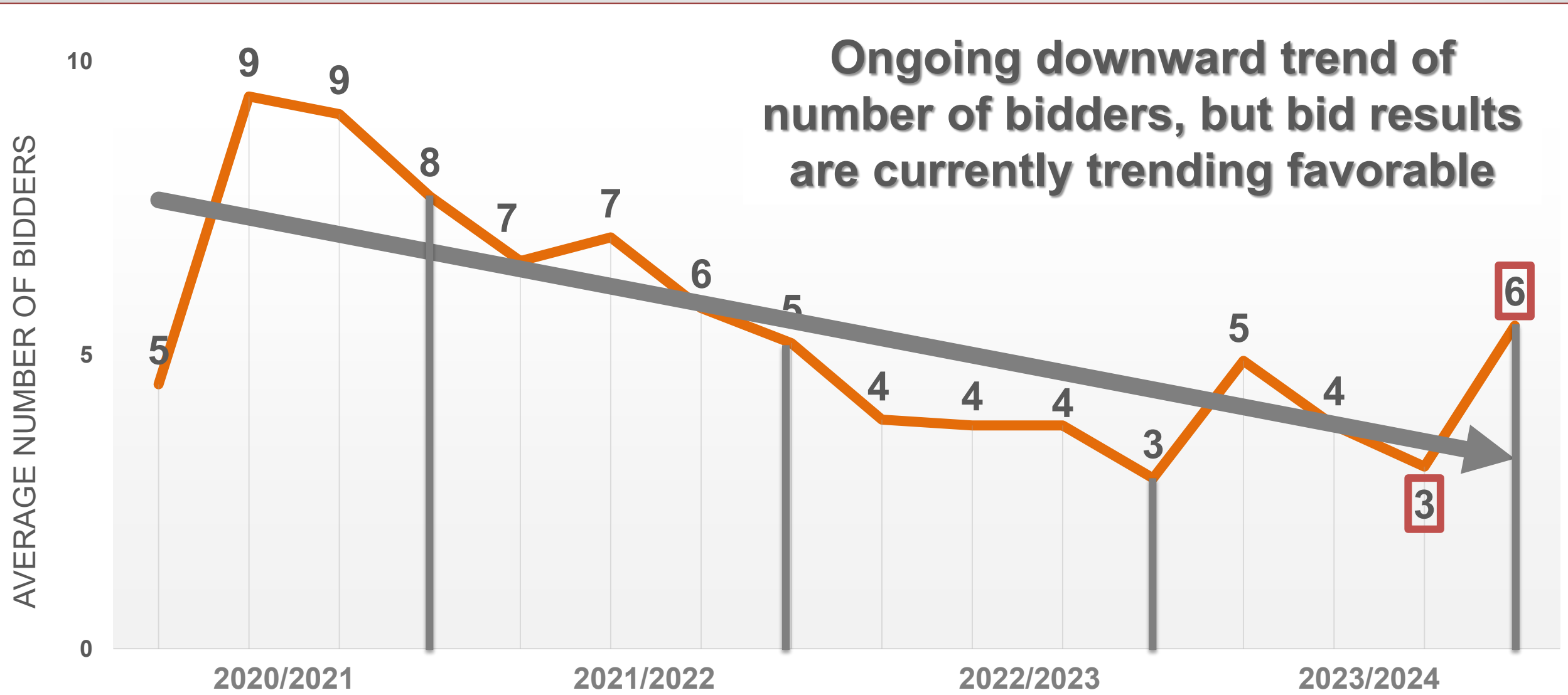
# NEW YORK STATE Construction Employment 2018 to November 2023



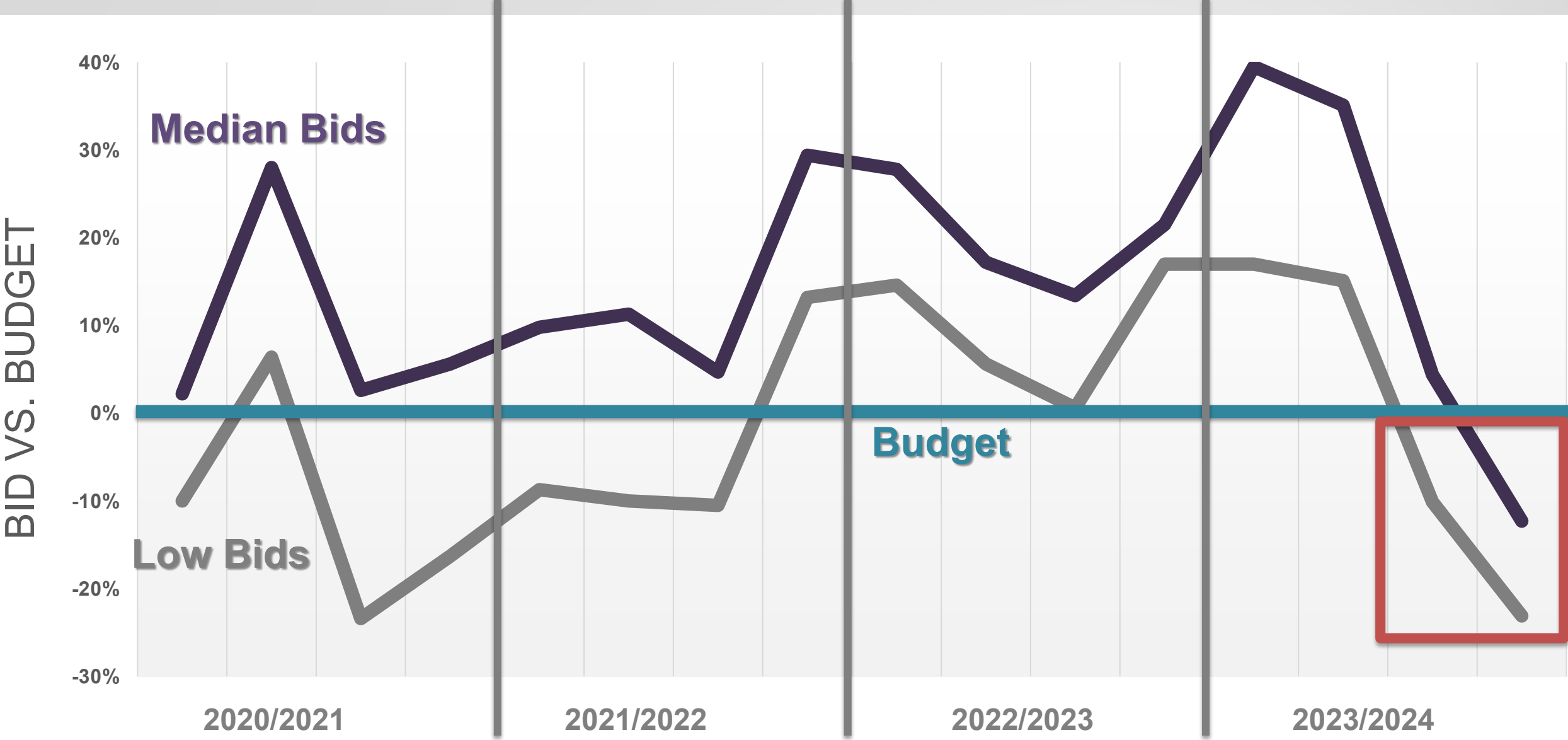
# U.S. Producer Price Index for CONSTRUCTION MATERIALS 2018 to December 2023



# Average Number of Fund Project Bidders, 2021 Q1 to 2024 Q4

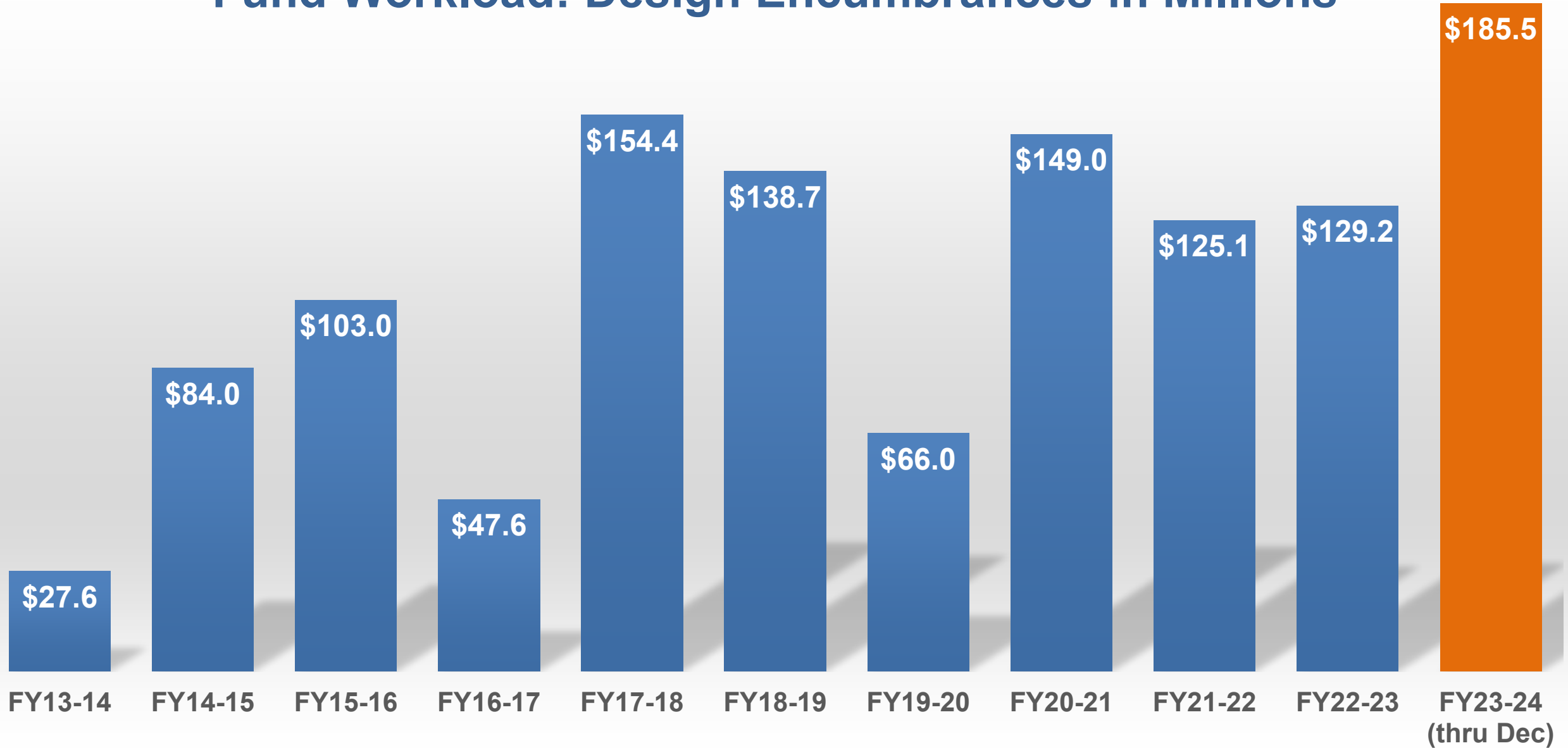


# Fund Low and Median Bids v. Budget, 2021 Q1 to 2024 Q4

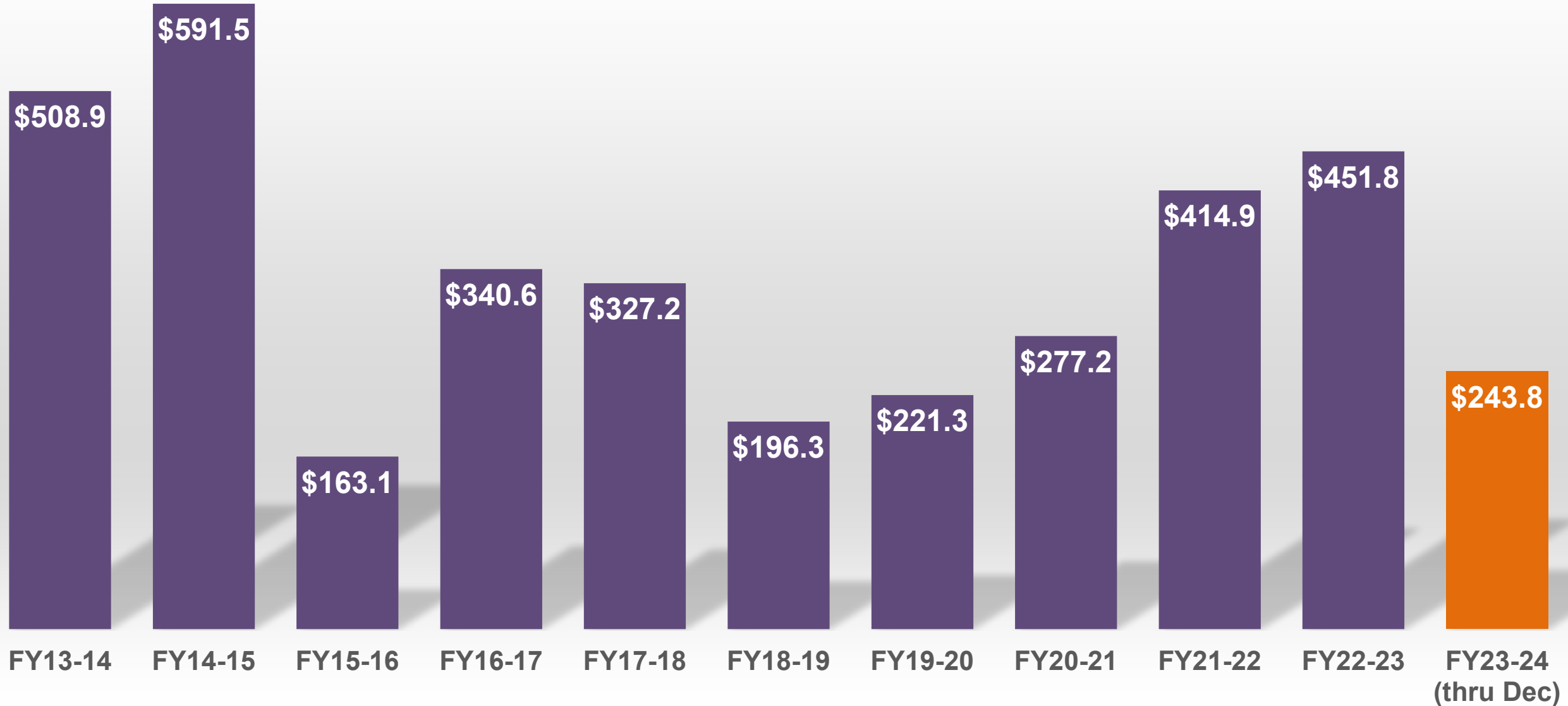


| 2024<br>Bid Date | Project<br>Location | Project<br>Type | BUDGET      | LOW BID     | Budget Minus<br>Low Bid | % Bid Under<br>Budget |
|------------------|---------------------|-----------------|-------------|-------------|-------------------------|-----------------------|
| January 9        | Plattsburgh         | Site            | \$5,328,000 | \$3,292,500 | \$2,035,500             | 38%                   |
| January 9        | Morrisville         | Exterior        | 5,628,000   | 4,468,000   | 1,160,000               | 21%                   |
| January 16       | New Paltz           | Site            | 5,722,000   | 5,195,000   | 527,000                 | 9%                    |
| January 16       | Fredonia            | Site            | 1,691,000   | 1,168,000   | 523,000                 | 31%                   |
| January 17       | SUNY Poly           | Site            | 3,736,000   | 2,682,500   | 1,053,500               | 28%                   |
| January 17       | Purchase            | HVAC            | 12,772,000  | 11,280,000  | 1,492,000               | 12%                   |
| January 24       | Delhi               | HVAC            | 2,391,000   | 1,510,000   | 881,000                 | 37%                   |
| January 24       | Farmingdale         | Rehab           | 32,277,000  | 30,000,000  | 2,277,000               | 7%                    |
| January 31       | Buffalo State       | HVAC            | 18,119,000  | 16,953,000  | 1,166,000               | 6%                    |
| 9 Projects       |                     |                 | \$87.7M     | \$76.5M     | \$11.2M                 | 13%                   |

# Fund Workload: Design Encumbrances in Millions



# Fund Workload: Construction Encumbrances in Millions



The Fund has **132** full-time staff:

- **62** Design & Construction  
and **34** are coordinators
- **70** Admin and Legal/GM

From January 2022  
through December  
2023, the Fund hired  
**25** employees  
but lost **27**.



|                                     | Number<br>of<br>People | Average<br>Project<br>Count | Active<br>Projects | Total<br>Project<br>Value |
|-------------------------------------|------------------------|-----------------------------|--------------------|---------------------------|
| <b>Design</b><br>Coordinators       | 16                     | 6.9                         | 110                | \$2.7B                    |
| <b>Construction</b><br>Coordinators | 18                     | 5.3                         | 96                 | \$1.0B                    |
|                                     | <b>34</b>              |                             | <b>206</b>         | <b>\$3.7B</b>             |

## Revisit Staff to Bonds Policy

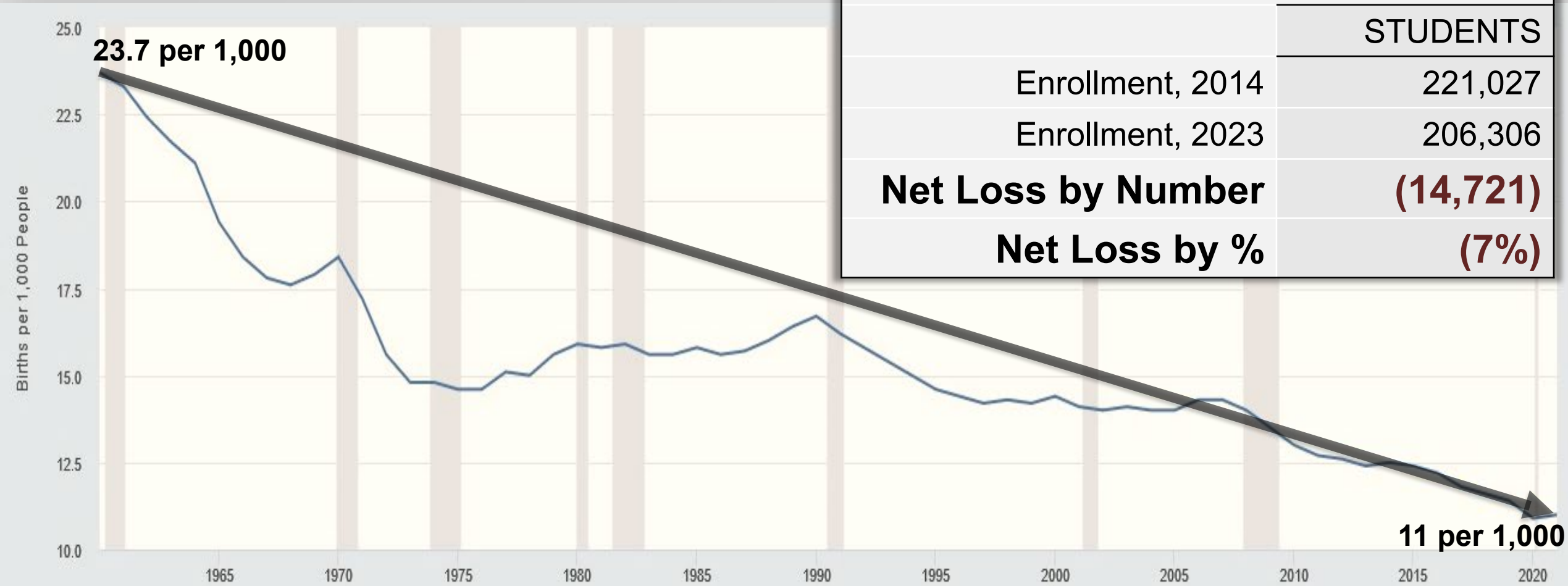
- Create a more targeted, purposeful policy
- Type of professional staff needed
- Differing perspectives on the definition of Site Representative, Fund v. Campus
- Figure out a way to cap the number of positions that are funded
- Use campus-allocated capital to pay for staff
- Need workgroup to revisit policy

# ENROLLMENT & DEMOGRAPHICS



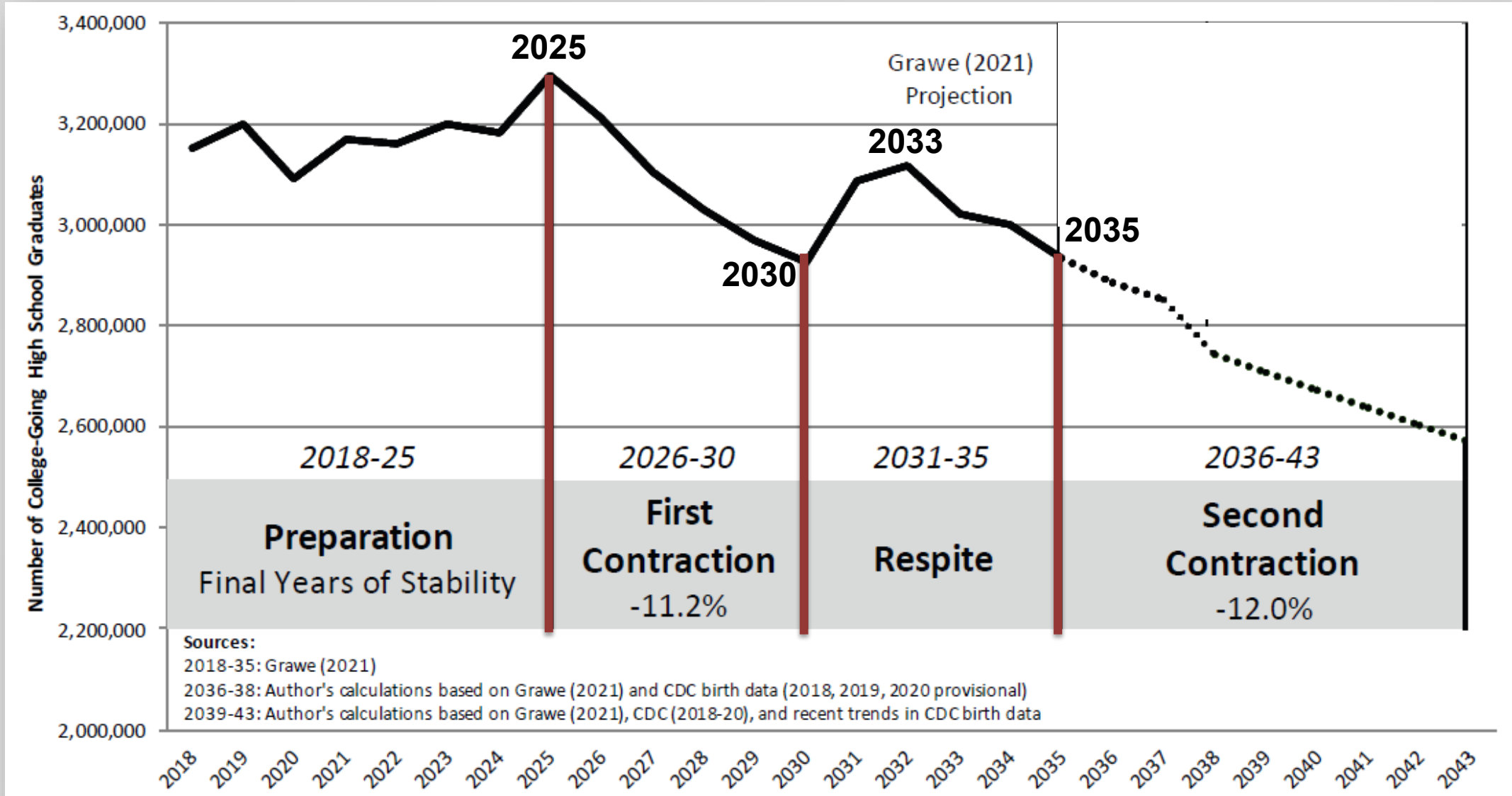
# U.S. Births from 1960 to 2021 and SUNY Enrollment Data

| SUNY State-Ops Data |          |
|---------------------|----------|
|                     | STUDENTS |
| Enrollment, 2014    | 221,027  |
| Enrollment, 2023    | 206,306  |
| Net Loss by Number  | (14,721) |
| Net Loss by %       | (7%)     |



Source: World Bank

# Projection of College-Going HS Graduates from 2018 to 2035 and Projected Possible Impacts of Ongoing Birthrate Declines from 2036 to 2043



# SUNY REPORT ON Long-Term Enrollment and Financial Sustainability

JANUARY 2024



STUDENT SUCCESS

RESEARCH and  
SCHOLARSHIP

DIVERSITY, EQUITY,  
and INCLUSION

ECONOMIC DEVELOPMENT  
and UPWARD MOBILITY

## Strategic Priorities

Student Success .....

Research and Scholarship .....

Diversity, Equity, and Inclusion .....

Economic Development and Upward Mobility .....

## Enrollment

Enrollment Trends .....

SUNY Strategy for Sustained Enrollment Gains .....

## Academic Portfolio Optimization

Academic Trends .....

Building Strong Programs for SUNY's Future .....

Leveraging the SUNY System and Cross-Campus Collaboration .....

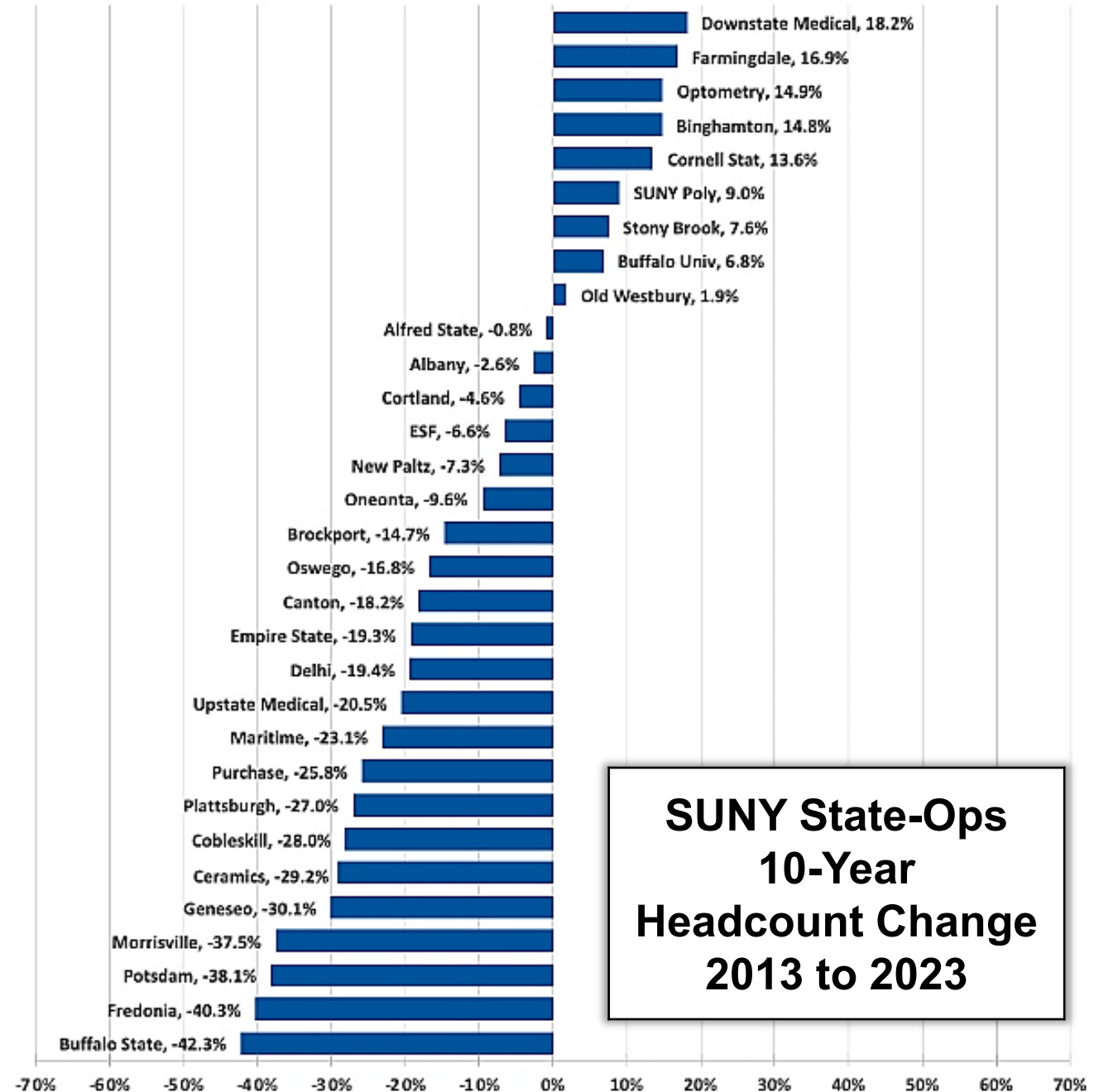
## Financial Sustainability

Overall Investment and Economic Impact .....

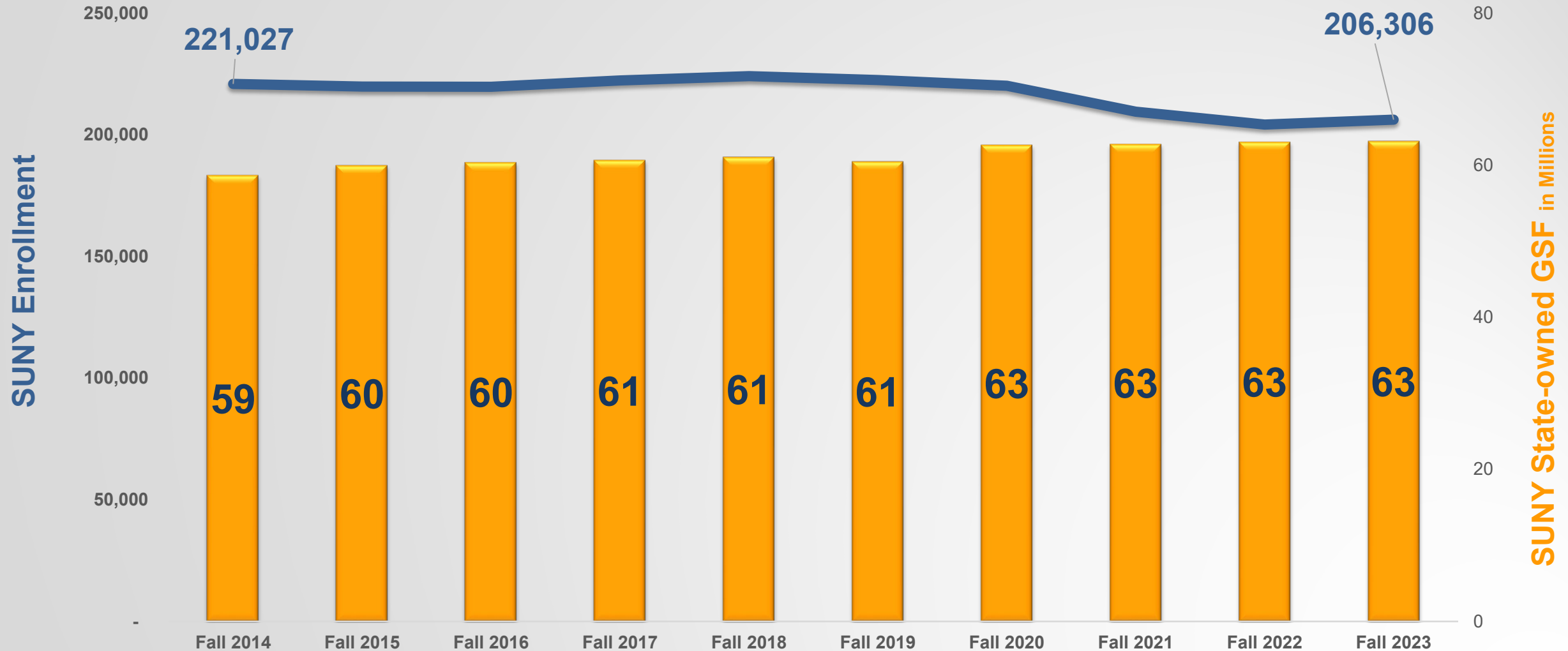
Financial Trends .....

Long-Term Fiscal and Operational Sustainability .....

SUNY Strategy for Fiscal Sustainability .....



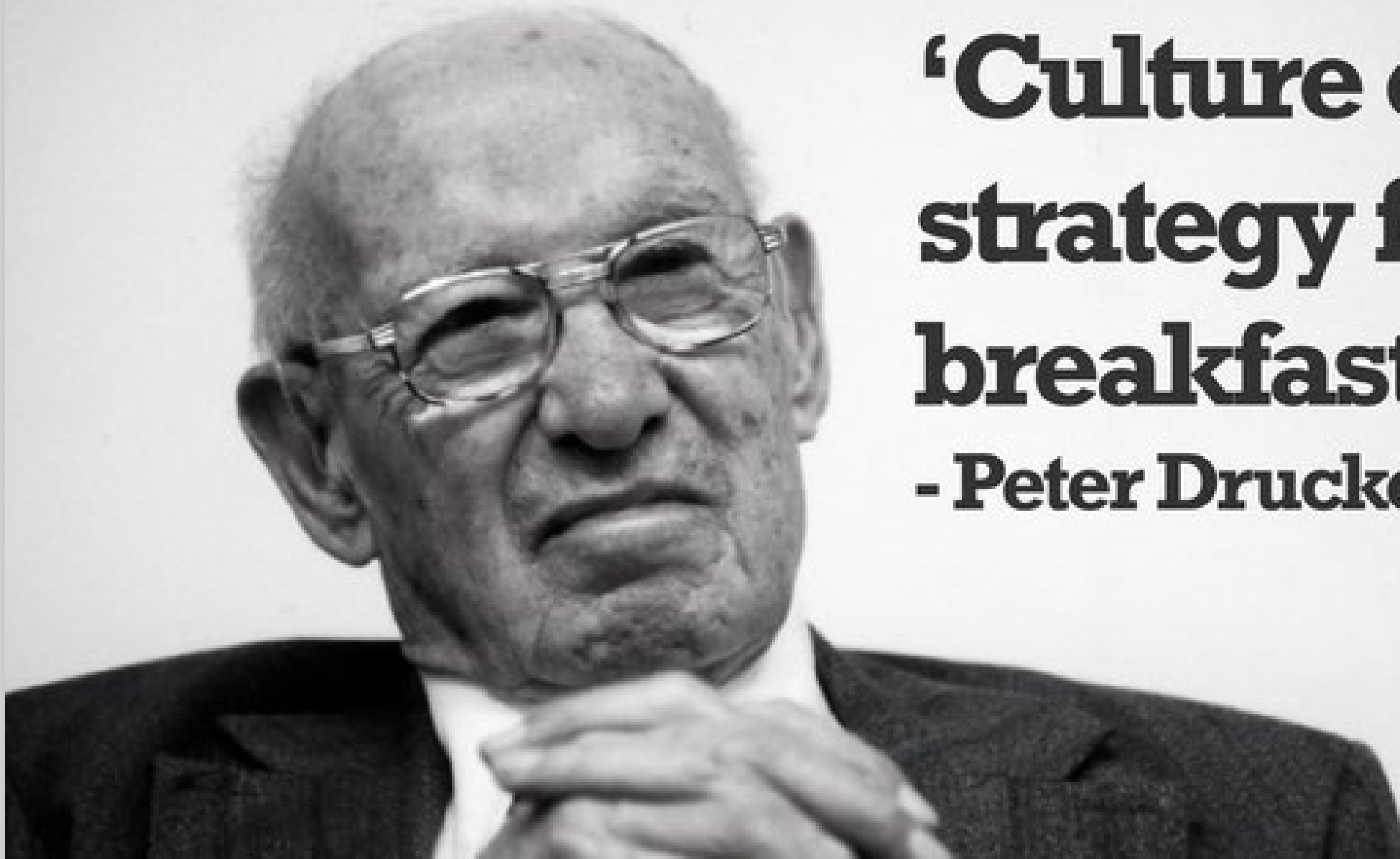
# SUNY State-operated Enrollment and SUNY State-owned Gross Square Footage



# SUNY State-operated Enrollment Net Loss Over Ten Years

with Campus Enrollment, GSF, and Immediate Need

|                                                                    | Ten-Year<br>Enrollment<br>Loss by Number | Ten-Year<br>Enrollment<br>Loss by % | Preliminary<br>Fall 2023<br>Enrollment | GSF<br><i>in Millions</i> | Immediate<br>Need<br><i>in Billions</i> |
|--------------------------------------------------------------------|------------------------------------------|-------------------------------------|----------------------------------------|---------------------------|-----------------------------------------|
| Subtotal,<br>Campuses with<br>Ten-Year Enrollment<br><b>LOSSES</b> | (22,694)                                 |                                     | 104,399                                | 31.8M                     | \$4.2B                                  |
| Subtotal,<br>Campuses with<br>Ten-Year Enrollment<br><b>GAINS</b>  | 7,973                                    |                                     | 101,907                                | 30.1M                     | \$4.4B                                  |
| <b>TOTAL</b>                                                       | <b>(14,721)</b>                          | <b>(7%)</b>                         | <b>206,306</b>                         | <b>62.7M</b>              | <b>\$8.6B</b>                           |



**‘Culture eats  
strategy for  
breakfast’  
- Peter Drucker**

# Capital Strategy Going Forward

- **External oversight continues to grow on operating and capital investments.**
- **Capital funding and SUNY operating goals are more aligned.**
- **Enrollment challenges are real.**
- **Capital funds are strategically applied. Project selections and design elements need to be less wishful, more data-driven and cost-effective:**
  - ✓ **Architectural elements are evaluated.**
  - ✓ **Space utilization becomes a factor (compression plan?)**
  - ✓ **Programmatic review is more important.**
  - ✓ **Technical Review is more important.**
- **Campus collaboration with Fund team is paramount.**

# Downstate Hospital and the transformation and reinvention of health care services





# Clean Energy Master Plans: Status and Common Themes

**In 2022 the Fund, in partnership with NYSERDA and (7) Consultant Engineering firms, initiated a series of CEMPs:**

- **25 Fund-managed plans** included options for compliance with: Climate Leadership and Community Protection Act (2019), BuildSmart 2025 (2021), Executive Order 22 (2022), and other requirements and goals.
- Plans **evaluate existing** campus systems, central plants, building inventories, regional factors, etc.
- All plans have been **substantively completed**, reviewed, and approved by the Fund and NYSERDA.

## **Common Themes Proposed in CEMPs:**

- Building **efficiency upgrades** (equipment replacements, controls, lighting, building envelope)
- Installation of HVAC systems that utilize **lower temperature heating hot water**
- Introduction of **building-level geexchange systems** to replace fossil fuel fired equipment
- Convert central plant(s) and infrastructure for **networked geexchange systems**
- Phase-in full electrification

# CEMPs Challenges and Next Steps

## Challenges and Next Steps:

- Compiling all plans into a **composite SUNY System plan** (7 different consulting teams)
- Confirming **total capital costs**
- Evaluating the proposed **options** and their benefits, risks, and **timelines for implementation**
- Translating **long-range plans into achievable and actionable capital plans**
- **Coordinating CEMP efforts** with all capital improvement projects
- Strategizing with partners and stakeholders on **potential funding mechanisms** and providing DOB with information on the **level of capital investment**, and over what **duration**, in order **to develop a funding and implementation plan**.

## Other Ongoing Actions:

- Following Construction Fund **Directive 1B-2**, reducing energy consumption and carbon emissions
- Continued adherence to, or exceeding of, **NY-Stretch Energy Code**
- Rating new candidate projects for lump funding consideration utilizing a **new rating system that awards points** to CEMP initiatives and other sustainability measures



