

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**HOUSE BILL 1264
Committee Substitute Favorable 6/10/04
Senate Finance Committee Substitute Adopted 7/7/04**

Short Title: Finance Health and Research Bldgs.

(Public)

Sponsors:

Referred to:

April 29, 2003

A BILL TO BE ENTITLED

1
2 AN ACT TO AUTHORIZE THE ISSUANCE OF SPECIAL INDEBTEDNESS TO
3 FINANCE VITAL STATE FACILITIES FOR HEALTH CARE AND
4 BIOTECHNOLOGY RESEARCH, TO CREATE THE DEBT AFFORDABILITY
5 ADVISORY COMMITTEE, AND TO DIRECT THE BOARD OF GOVERNORS
6 OF THE UNIVERSITY OF NORTH CAROLINA AND THE STATE BOARD OF
7 COMMUNITY COLLEGES TO CONTRACT WITH A PRIVATE CONSULTING
8 FIRM TO STUDY UNIVERSITY AND COMMUNITY COLLEGE
9 PROGRAMMING AND CAPITAL NEEDS.

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** The General Assembly finds that the Board of Governors of
12 The University of North Carolina has approved the projects listed in this section. In
13 accordance with G.S. 142-83, this section authorizes the issuance or incurrence of
14 special indebtedness in the following maximum aggregate principal amounts to finance
15 the costs of acquiring, constructing, and equipping the following projects. The State,
16 with the prior approval of the State Treasurer and the Council of State, as provided in
17 Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
18 indebtedness in order to provide funds to the State to be used, together with other
19 available funds, to pay the cost of these projects.

- 20 (1) One hundred eighty million dollars (\$180,000,000) for a new cancer
21 rehabilitation and treatment center, a nearby physicians' office
22 building, and a walkway between the two, all to be located at the
23 University of North Carolina Hospitals at Chapel Hill.
- 24 (2) Sixty million dollars (\$60,000,000) for the North Carolina
25 Cardiovascular Diseases Institute at East Carolina University.
- 26 (3) Three million three hundred thousand dollars (\$3,300,000) for
27 renovations and an addition to an existing building to house the
28 Pharmacy School program at Elizabeth City State University.

1 **SECTION 2.(a)** In accordance with G.S. 142-83, this section authorizes the
2 issuance or incurrence of special indebtedness in the following maximum aggregate
3 principal amounts to finance the costs of land acquisition, site preparation, and
4 engineering, architectural, and other consulting services for the following projects. The
5 State, with the prior approval of the State Treasurer and the Council of State, as
6 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
7 incur special indebtedness in order to provide funds to the State to be used, together
8 with other available funds, to pay the cost of land acquisition, site preparation, and
9 engineering, architectural, and other consulting services for these projects.

- 10 (1) Ten million dollars (\$10,000,000) for a Bioinformatics Center at the
11 University of North Carolina at Charlotte.
- 12 (2) Ten million dollars (\$10,000,000) for a stand-alone facility to house
13 the new Pharmacy School program to be located at Elizabeth City
14 State University, and interim temporary facilities to house the program
15 during construction of the stand-alone facility.
- 16 (3) Ten million dollars (\$10,000,000) for the North Carolina Center for
17 Health and Aging to be operated as a consortium among the University
18 of North Carolina at Asheville, Western Carolina University, and the
19 Mountain Area Health Education Consortium and to be located in
20 Western North Carolina.

21 **SECTION 2.(b)** Before special indebtedness can be issued pursuant to this
22 section for planning a project, the proposed project must have been reviewed and
23 approved by the Board of Governors of The University of North Carolina.

24 **SECTION 3.(a)** Chapter 142 of the General Statutes is amended by adding a
25 new Article to read:

26 "Article 10.

27 "Managing Debt Capacity.

28 "§ 142-100. Purpose.

29 The purpose of this Article is to provide tools for sound debt management by
30 providing an annual debt affordability study to establish guidelines for maintaining
31 prudent debt levels and by establishing a system for prioritizing State capital needs
32 when the needs exceed the State's capacity for new debt.

33 "§ 142-101. Debt Affordability Advisory Committee.

34 (a) Membership. – The Debt Affordability Advisory Committee is created in the
35 Department of State Treasurer. The Committee shall consist of five ex officio members
36 or their designees and four appointed members, as follows:

37 (1) The State Treasurer.

38 (2) The Secretary of Revenue.

39 (3) The State Budget Officer.

40 (4) The State Auditor.

41 (5) The State Controller.

42 (6) Two members of the public appointed by the President Pro Tempore of
43 the Senate.

1 (7) Two members of the public appointed by the Speaker of the House of
2 Representatives.

3 (b) Officers and Staff. – The State Treasurer shall serve as the chair of the
4 Committee. The Committee shall meet at the call of the chair. The Department of State
5 Treasurer shall provide space for the Committee to meet. The Department shall also
6 provide the Committee with necessary staff and supplies to enable it to carry out its
7 duties in an effective manner.

8 (c) Compensation. – Members of the Committee shall serve without pay but shall
9 receive per diem and allowances provided by G.S. 138-5 and G.S. 138-6.

10 (d) Duties. – The Debt Affordability Advisory Committee shall annually advise
11 the Governor and the General Assembly on the estimated debt capacity of the State for
12 the upcoming 10 fiscal years. The Committee shall oversee the undertaking of an annual
13 debt affordability study and the establishment of guidelines for evaluating the State's
14 debt burden. The guidelines should include target and ceiling ratios of net tax-supported
15 debt to personal income and debt service to revenues, target and floor percentages for
16 the 10-year payout ratio, and target and floor percentages for the unreserved General
17 Fund balance. The Committee shall also recommend any other debt management
18 policies it considers desirable and consistent with sound management of the State's debt.

19 (e) Reports. – The Committee shall report its findings and recommendations to
20 the Governor, the President Pro Tempore of the Senate, the Speaker of the House of
21 Representatives, and the Fiscal Research Division by February 1 of each year."

22 **SECTION 3.(b)** From funds appropriated to the Department of State
23 Treasurer for the 2004-2005 fiscal year, the State Treasurer shall allocate the amounts
24 necessary to implement the provisions of this section.

25 **SECTION 4.(a)** University System and Community College System Joint
26 Study of Higher Education Strategy. – To ensure that the State's citizens are
27 academically prepared and equipped for current job opportunities and jobs of the future
28 in North Carolina's growing knowledge economy, the Board of Governors of The
29 University of North Carolina, in collaboration with the State Board of Community
30 Colleges, shall, within 45 days after this act becomes law, contract with a private
31 consulting firm that has experience in higher education to conduct a comprehensive
32 study of the mission and educational program needs for the University System and the
33 Community College System. The study shall include all of the following:

- 34 (1) An analysis of demographic, economic, and educational data regarding
35 the needs for higher education programming in the State as a whole, as
36 well as in all geographic and economic regions of the State.
- 37 (2) An updated enrollment projection for each System and each institution
38 that includes adult, noncredit, career, and degree program enrollments.
- 39 (3) An analysis of current program offerings and majors in undergraduate,
40 graduate, nondegree, and workforce training programs, offered by each
41 institution.
- 42 (4) Recommendations as to how the institutions might better serve current
43 and emerging needs.

1 (5) An analysis and update to existing long-range capital plans of both the
2 University and Community College Systems that will address land
3 acquisition and facility needs to support the program recommendations
4 identified in this study, taking into account opportunities for
5 modernization of and new uses for existing facilities.

6 (6) With regard to the University System, there shall be special emphasis
7 on the development of signature programs for Historically Black
8 Colleges and Universities and the University of North Carolina at
9 Pembroke. In conducting the study, the consulting firm shall take into
10 account that the General Assembly finds the Historically Black
11 Colleges and Universities and the University of North Carolina at
12 Pembroke to be institutions with important historical traditions and
13 equally important contemporary purposes and, as such, are valuable
14 and indispensable assets of The University of North Carolina and the
15 State. The General Assembly intends to encourage the continued
16 growth and development of those constituent institutions and would
17 resist any suggestion to eliminate the historical function and purpose
18 of those institutions.

19 (7) With regard to both the University System and the Community
20 College System, there shall be an acknowledgement of the existence
21 and importance of a strong liberal arts education foundation and, at the
22 same time, an emphasis on existing and new programs specifically
23 aimed at meeting business, industry, workforce, and career needs of
24 North Carolina in the State's changing and growing knowledge-based
25 economy, taking into account, as appropriate, State and regional
26 economic strategies.

27 **SECTION 4.(b)** These studies shall be designed to provide information and
28 recommendations that will assist the General Assembly in setting priorities for funding
29 to address the strategic higher education needs of the State. The contract with the
30 private consulting firm shall include as terms of the contract that the firm shall
31 periodically report findings to a higher education programming subcommittee of the
32 Joint Legislative Education Oversight Committee and shall report the preliminary
33 results of its study to the General Assembly and to the Joint Legislative Education
34 Oversight Committee by April 15, 2005. The contract shall require a final report and
35 recommendations to the General Assembly and to the Joint Legislative Education
36 Oversight Committee no later than December 31, 2005.

37 **SECTION 4.(c)** The Joint Legislative Education Oversight Committee shall
38 create a higher education programming subcommittee to monitor the study authorized in
39 this section. The Committee shall dissolve the subcommittee on February 1, 2006.

40 **SECTION 5.** This act is effective when it becomes law.