

<FONT=9>

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S 91

SHORT TITLE: UNC Budget Flexibility for Energy

SPONSOR(S): Sen. Plexico

FISCAL IMPACT:    Expenditures:    Increase (x)        Decrease (x)  
                          Revenues:            Increase ( )        Decrease ( )  
                          No Impact ( )  
                          No Estimate Available ( )

FUND AFFECTED:    General Fund (x)    Highway Fund ( )    Local Fund ( )  
                          Other Fund ( )

BILL SUMMARY:

Amends GS 116-30.3 to provide that a special responsibility constituent institution eligible to carry forward reversions may elect one and only one of the following two options: (1) to carry forward an amount not to exceed 2.5% of the appropriation of which up to .25% may be used to fund an energy conservation measure, or (2) to carry forward 3% of the appropriation if 0.5% of the appropriation is used to fund an energy conservation measure. Defines an energy conservation measure as the construction, rehabilitation, acquisition, or modification of an installation in a facility for the purpose of reducing energy consumption or energy cost, or allowing the use of an alternative energy source. Requires the cost of any eligible energy conservation measure to be recoverable within five years. Makes conforming change in GS 116-30.5 to require each institution to include in its institutional effectiveness plan measures that will assure a substantial reduction in energy use.

EFFECTIVE DATE: 7/1/93 - 6/30/94

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: UNC campuses designated as Special Responsibility Constituent Institutions

FISCAL IMPACT  
 (millions)

	<u>FY</u> 93-94	<u>FY</u> 94-95	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98
EXPENDITURES	\$2.5	(\$0.625)	(\$0.625)	(\$0.625)	(\$0.625)
TOTAL EXPENDITURES					
STATE FUNDS					
FEDERAL FUNDS					
LOCAL FUNDS					
OTHER FUNDS					
RECEIPTS/FEES					

**POSITIONS: 0**

**ASSUMPTIONS AND METHODOLOGY:**

1. Assume all 16 UNC campuses would be participating as Special Responsibility Constituent Institutions (SRCI's) by 93-94. Thirteen are currently designated, and the others are expected to request designation for next year.
2. The 1992-93 base budget for these institutions is approximately \$1.055 billion.
3. For 1991-92, only one SRCI carried forward the maximum 2.5% allowed over required reversions. Only two others carried forward more than 2%. The overall carry forward was 1.1% of eligible budgets.
4. Assume the three campuses above (Fayetteville State, East Carolina, and N.C. State) could reach the 3% mark by the end of 93-94. The extra 0.5% for energy amounts to \$1.375 million. If the payoff averages 4 years, energy savings of \$344,000 annually would occur for four years.
5. If all campuses were able to meet the 3% goal for 1993-94, the additional carry-forward maximum would be \$5.275 million, with annual savings of \$1.319 million in energy costs.
6. **The potential impact of the bill is on the General Fund credit balance at the end of each year. These funds, a maximum impact of \$5.275 million, would be shifted from use for one-time expenditures and a 25% allocation to the rainy-day fund into energy-saving expenditures by the campuses. These savings would continue on an annual basis.**
7. The best estimate would be to assume additional carry-forwards of approximately \$2.5 million for 93-94. Energy payback would be over four years, for an average savings of \$625,000 annually.

**SOURCES OF DATA:** UNC Management Flexibility Reports

**TECHNICAL CONSIDERATIONS:**

The language "of which up to one-fourth of one percent (.25%) of the General Fund appropriation may be used to fund an energy conservation measure;" may be viewed as limiting energy saving expenditures or to limit expenditures to one measure.

**FISCAL RESEARCH DIVISION: 733-4910**

**PREPARED BY: Jim Newlin**

**APPROVED BY: Tom Covington TOMC**

**DATE: March 29, 1993**



**Signed Copy Located in the NCGA Principal Clerk's Offices**