

# **BUDGET REVIEW SUBCOMMITTEE ON EDUCATION**

## **Minutes of the 4th Meeting of the 2024 Interim**

**September 18, 2024**

### **Call to Order and Roll Call**

The fourth meeting of the Budget Review Subcommittee on Education was held on September 18, 2024, at 10:30 AM in Room 154 of the Capitol Annex. Representative Bobby McCool, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Representative Kim Banta Co-Chair; Senator Matthew Deneen Co-Chair; Representative Bobby McCool Co-Chair; Senator Stephen West; Representatives James Tipton, Josh Bray, Shane Baker, Derrick Graham, Steve Riley, and Killian Timoney.

Guests: Travis Powell, Vice President and General Counsel, Council on Postsecondary Education; Bill Payne, Vice President for Finance Policy and Programs, Council on Postsecondary Education.

LRC Staff: Mariah Derringer-Lackey, Justin Smith, David Talley, and Amie Elam.

**The minutes from the August 21, 2024 meeting were approved by voice vote.**

### **Asset Preservation**

Travis Powell and Dr. Bill Payne from the Council on Postsecondary Education (CPE) presented an overview of asset preservation. The presentation included an update on the project certifications for the 2022-2024 and 2024-2026 Asset Preservation Pool.

In response to a question by Representative Tipton, Dr. Payne stated that while universities receive a small incentive based on square footage in the performance funding model, it is unlikely to encourage a university to keep older buildings that need to be demolished. Additionally, he mentioned that if it is more cost-effective to demolish and replace a building rather than renovate it, asset preservation funds may be used for demolition and construction. To be considered cost-effective, the cost to demolish and replace must not exceed 115 percent of the cost required to renovate a facility.

In response to a question by Representative Timoney, Dr. Payne answered that although there is no oversight from CPE or the General Assembly, there are industry standards that universities follow when considering the replacement cycle for buildings. He said factors such as a building's historical significance and the cost-effectiveness of maintaining an

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older building are considered when deciding to either maintain or replace a building. Mr. Powell said that in addition to the fiscal examination of whether or not to maintain or replace a facility, each institution has a six-year capital plan to consider when planning for the future of each campus.

**There being no further business before the subcommittee, the meeting adjourned at 11:11 a.m.**