



Kentucky Council on Postsecondary Education

Matthew G. Bevin
Governor

1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601
Phone: 502-573-1555
Fax: 502-573-1535
<http://www.cpe.ky.gov>

Aaron Thompson
President

August 14, 2019

The Honorable Stan Humphries
The Honorable John Blanton
Co-Chairs, Capital Planning Advisory Board
Capitol Annex, Room 34
Frankfort, Kentucky 40601

Dear Senator Humphries and Representative Blanton:

As requested, the Council on Postsecondary Education (CPE) is providing input to guide development of the 2020-2026 Statewide Capital Improvements Plan. The Board requested that the Council review and identify capital projects to be financed with General Fund appropriations that represent the highest priority needs of the postsecondary system. CPE has identified asset preservation as the system's highest need for the upcoming 2020-22 biennium. A listing of the projects submitted by the institutions is attached that identifies the asset preservation and renovation projects. While campuses have needs for funding for new and expanded space and information technology projects, CPE has determined that asset preservation is the system's greatest need. Also attached is a report from CPE's information technology evaluation committee.

Over the past several biennia, CPE has used a multi-biennia, blended approach to address asset preservation and new construction needs simultaneously in each biennium. This approach was consistent with the primary recommendation of the 2007 *Statewide Facilities Assessment & Space Adequacy Study* conducted by VFA, Inc., and Paulien & Associates, and the Capital Planning Advisory Board (CPAB) endorsed this approach in 2011, 2013, and 2015. For 2018-20 and for the 2020-22 biennium, however, CPE recommended and is recommending that any General Fund appropriations for capital be used exclusively to support asset preservation first. While we recognize that the campuses have needs for new and expanded space and information technology infrastructure, the critical condition of the physical facilities on our campuses leads us to recommend focusing more heavily on asset preservation.

As has been the case the past four biennia, the 2020-22 capital budget development process will be focused on long-term capital funding, and upgrading existing space to modern standards. Using this approach, the highest priority for the postsecondary system is a pool of asset preservation funding for the institutions. All of the projects submitted by the institutions:

- Directly support HB 1 goals, the 2016-21 Strategic Agenda, and statewide economic development goals;
- Support each institution's Council-approved mission;
- Provide for the completion of projects authorized in a prior biennium, which, if not funded, may compromise the viability of a facility's intended use;
- Address the need for space as indicated by space utilization standards and the space needs model;
- Address explicit needs to retool, remodel, or replace existing space; and
- Significantly reduce the capital renewal and maintenance burden of the institution.

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CPE staff, with outside expert assistance, evaluated information technology projects submitted by the institutions using the same business value and risk assessment method used by the Commonwealth Office of Technology (COT) to evaluate state agency projects. In other words, projects deemed to have both high business value and low risk were considered “high value” projects. Of the 42 total projects submitted, nine rank as high value projects.

The attached list of postsecondary projects is for planning purposes only and is subject to change as my staff and I continue to develop the 2020-22 capital budget recommendation, which will be presented for Council approval October 31. For 2012-14, 2014-16, and 2016-18, CPE recommended pools of funding for the institutions to address asset preservation and new construction simultaneously. Given the need for asset preservation on the campuses, CPE’s 2020-22 request, like the 2018-20 request, will focus on addressing the need for asset preservation identified by the 2007 VFA study. In 2013, VFA updated their cost projections and estimated this need at \$6.1 billion at the system level.

We look forward to discussing these matters with you at the August 23 CPAB meeting. If you have any questions in the meantime, please contact Bill Payne or Shaun McKiernan, on my staff, at (502) 573-1555.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron Thompson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aaron Thompson

Enclosures

cc: Bill Payne
University Presidents
KCTCS President