



# Council on Postsecondary Education 2020-22 Capital Investment Priorities for Postsecondary Education

Capital Planning Advisory Board  
September 9, 2019

# Overview

- 1) CPE Priorities for Postsecondary Institutions
  - a) Background
  - b) Draft 2020-22 Capital Request
  - c) Asset Preservation Projects
  - d) Information Technology Projects
- 2) CPE Priorities for Agency Budget
  - a) Background
  - b) Draft 2020-22 Capital Request

# Council on Postsecondary Education 2020-22 Capital Investment Priorities for **Postsecondary Institutions**



# Background

## Who We Are?

- 8 public universities
- 16 community and technical colleges
- Over 28 million square feet in E&G facilities
- More than 30,000 faculty and staff
- Serve 204,500 students
- 500,000+ alumni



# Background (Cont'd)

## Enrollment Growth and Research Activity Drive Space Needs

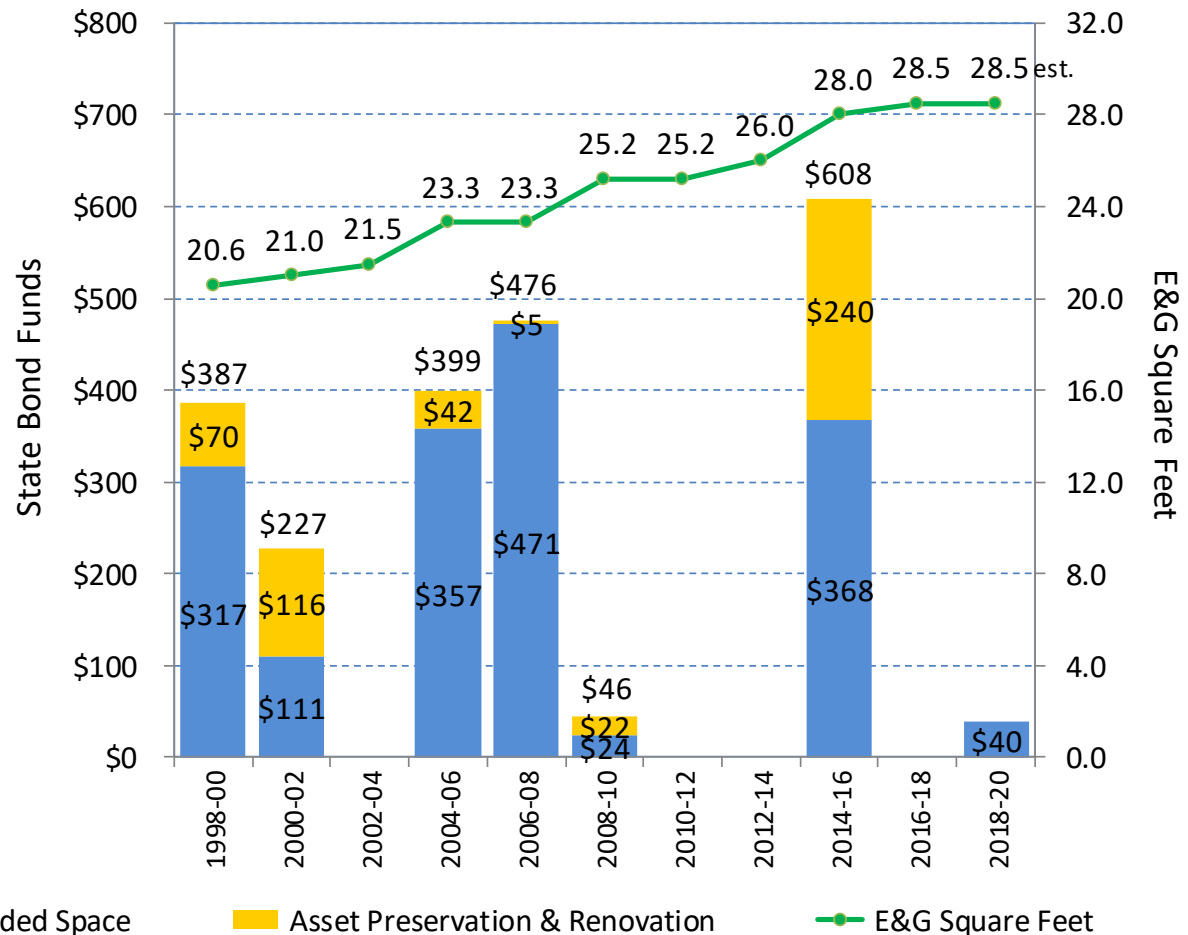
Metric	1999	2018	% Change
KCTCS FTE Students	24,907	43,445	74%
University UG FTE Students	71,800	83,642	17%
University Graduate FTE Students	13,909	18,281	31%
Extramural Research (UK/UofL)	\$124 M	\$324 M	161%

# Background (Cont'd)

State Investment in Postsecondary Education Facilities  
Biennial Totals 1998-00 through 2018-20  
(Dollars and Square Feet in Millions)

Over Past 11 Biennia

- \$1.69 billion in new or expanded state funded E&G facilities
- \$495 million in state funded asset preservation
- Ratio of new construction to asset preservation = 3.4 to 1



# Draft 2020-22 Capital Request

## Capital Investment Priorities for the Postsecondary Institutions *(Dollars in Millions)*

Category	2020-21	2021-22	Biennium
Asset Preservation	\$200	\$200	\$400
New Construction	0	0	0
Information Technology	0	0	0
Total Request	\$200	\$200	\$400

Institutionally Funded Project Authorization      TBD

# Draft 2020-22 Capital Request (Cont'd)

## → Request Features

- \$400 M of state bond funds matched with \$200 M of institutional funds (.50¢ on the \$1.00 match)
- State plus campus matching funds will address roughly 8% of system total estimated need (\$7.3 B+)
- Funding pool supported by list of priority projects
- Allocated based on each institution's share of system total renovation and renewal need
- CPE will not make a request for New Construction or Information Technology projects



# Draft 2020-22 Capital Request (Cont'd)

## Council on Postsecondary Education Asset Preservation Allocation by Institution

Campus	2013 VFA Study Renovation and Renewal Need <sup>1</sup>	Percent of Total	General Fund Debt Supported State Bonds	Institutional Matching Funds <sup>2</sup>
University of Kentucky	\$2,242,371,700	36.8%	\$147,364,600	\$73,682,300
University of Louisville	1,032,082,300	17.0%	67,826,600	33,913,300
Eastern Kentucky University	438,941,900	7.2%	28,846,500	14,423,250
Kentucky State University	113,775,500	1.9%	7,477,100	3,738,550
Morehead State University	321,567,500	5.3%	21,132,800	10,566,400
Murray State University	347,559,000	5.7%	22,840,900	11,420,450
Northern Kentucky University	294,015,900	4.8%	19,322,200	9,661,100
Western Kentucky University	537,725,000	8.8%	35,338,300	17,669,150
KCTCS	758,556,600	12.5%	49,851,000	24,925,500
	\$6,086,595,400	100.0%	\$400,000,000	\$200,000,000

<sup>1</sup> Figures obtained from *Kentucky Postsecondary Education System Facility Condition and Space Study*, Vanderweil Facilities Advisors, Paulien & Associates, and NCHEMS, February 2007 (updated in 2013).

<sup>2</sup> Given the institutions have sustained a decade of funding cuts and are facing KERS rate increase or buyout costs, CPE staff recommends a **fifty cents on the dollar match** for asset preservation funds. <sup>9</sup>



# Draft 2020-22 Capital Request (Cont'd)

## → Rationale for Request

- System total asset preservation need is projected to reach \$7.3 B between 2017 and 2021 (VFA Study)
- There has been minimal state investment in asset preservation since 2008 (\$262 M or 3.6% of need)
- Investment needed to maintain value, functionality, safety and security of state owned facilities
- Modern facilities and systems reduce operating costs and better serve students
- Construction costs increase with each passing year

# Need versus Investment

Projected Asset Preservation Need versus State Investment  
Fiscal Years 2007 through 2021

## VFA Study Projections:

<u>Time Period</u>	<u>Projected Asset Preservation Need <sup>1</sup></u>
2007 - 2011	\$5.1 billion
2012 - 2016	6.3 billion
2017 - 2021	\$7.3 billion

<sup>1</sup> Cumulative need

## State Investment:

<u>Biennium</u>	<u>Appropriations for Asset Preservation</u>
2008-10	\$22.0 million
2010-12	0.0
2012-14	0.0
2014-16	240.0 million
2016-18	0.0
2018-20	0.0
	<hr/>
	\$262.0 million

- During the past six biennia, the state has funded about 3.6% of an estimated total \$7.3 billion asset preservation need



# Asset Preservation Projects

- CPE was asked to identify capital projects that represent the highest priorities for the system
- The Council's top priority for 2020-22 is \$400 M for asset preservation (\$200 M each year)
- We recommend a funding pool allocated based on each institution's share of system total need
- CPE's report includes a list of 73 asset preservation projects totaling \$1.8 billion
- These projects were prioritized by the institutions when submitted, but are subject to change as needed

# Asset Preservation Projects (Cont'd)

Postsecondary Institution	Total Scope <sup>1</sup>
University of Kentucky	\$350,000,000
University of Louisville	150,000,000
Eastern Kentucky University	133,500,000
Kentucky State University	5,967,000
Morehead State University	133,016,000
Murray State University	178,329,000
Northern Kentucky University	206,700,000
Western Kentucky University	376,400,000
KCTCS	259,500,000
<b>Total</b>	<b>\$1,793,412,000</b>



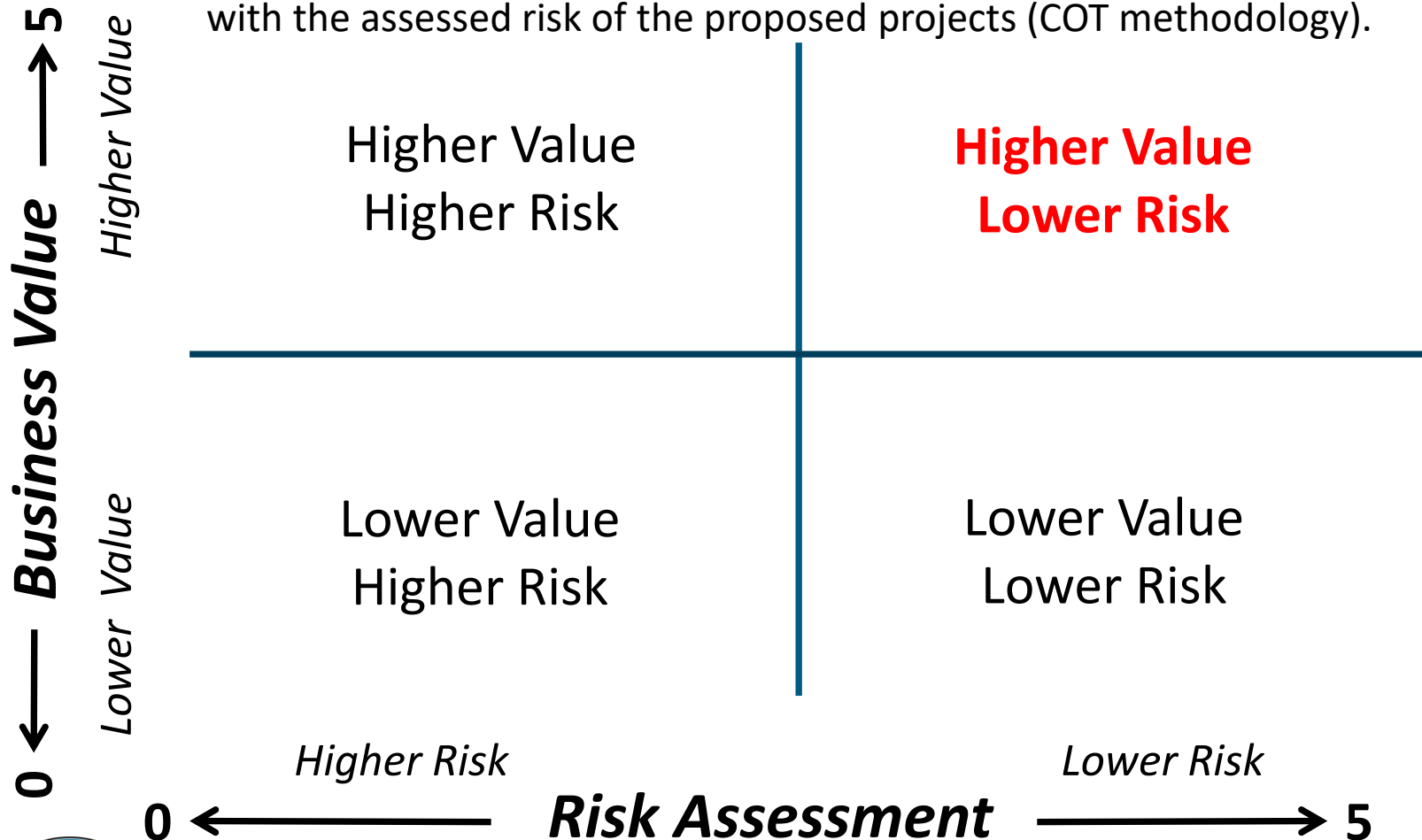
<sup>1</sup> Asset preservation projects that include state General Fund and other funding sources.

# Information Technology Projects

- CPE staff was asked to review information technology projects submitted by the institutions:
  - a total of 42 total projects were submitted
  - the projects primarily address network infrastructure and instructional and administrative system needs
  - nine projects were determined to be “High Value”
    - three UK Healthcare projects (totaling \$520.0 million)
    - six campus projects (totaling \$29.8 million)
- High Value projects focused on security, firewalls, and other upgrades that committee members knew to be of upmost importance

# Information Technology Projects (Cont'd)

Project value rankings were determined by associating business value with the assessed risk of the proposed projects (COT methodology).



# Information Technology Projects (Cont'd)

Institution	High Value Projects (UK Healthcare)	Total Scope
UK	Improve IT Systems <sup>1</sup>	\$130,000,000
UK	Replace UKHC IT Systems I <sup>2</sup>	320,000,000
UK	Replace UKHC IT Systems II <sup>3</sup>	70,000,000
<b>Total</b>		<b>\$520,000,000</b>

<sup>1</sup> Restricted Funds project pool to upgrade and improve UK Healthcare IT Systems. May fund projects of \$1,000,000 or more.

<sup>2</sup> Restricted Funds project pool to improve, upgrade, and replace UK Healthcare IT systems. Current framework (over 60 fragmented systems) no longer supports technology needs. May fund projects of \$1,000,000 or more.

<sup>3</sup> Restricted Funds project pool to improve, upgrade, and replace UK Healthcare administrative systems. May fund projects of \$1,000,000 or more.





# Information Technology Projects (Cont'd)

Institution	High Value Projects	Total Scope <sup>1</sup>
UK	Campus Call-Center System	\$5,000,000
UofL	Security and Firewall Infrastructure	3,000,000
KSU	Upgrade IT Infrastructure	12,263,000
MoSU	Enhance Library Automation Resources	1,573,000
NKU	Enhance/Upgrade Cyber Security System	1,950,000
NKU	Scientific/Technology Equipment Pool	6,000,000
<b>Total</b>		<b>\$29,786,000</b>



<sup>1</sup> Information technology projects that include state General Fund and other funding sources. Does not include High Value UK Healthcare projects.

# Council on Postsecondary Education 2020-22 Capital Investment Priorities for CPE Agency Budget



# Background

## → Council on Postsecondary Education Vision and Mission

- Coordinating agency for Kentucky postsecondary education that is committed to strengthening our workforce, state economy, and quality of life (created in 1997, HB 1)
- We guide the continuous improvement and efficient operation of high a quality, diverse, and accessible postsecondary system

**Vision:** All Kentuckians will be prepared to succeed in a global economy

**Mission:** To deliver a world-class education to students, create and apply new knowledge, and grow the economy of the Commonwealth



# Background (Cont'd)

## → Council on Postsecondary Education Key Duties and Responsibilities

- Develop and implement *Strategic Agenda* and accountability system for postsecondary education
- Produce and submit biennial budget request for adequate funding of postsecondary education
- Determine tuition at public postsecondary institutions
- Define and approve all academic programs at public institutions
- License non-public institutions to operate in state
- Coordinate efforts to improve college readiness, access, and student success

# Draft 2020-22 Capital Request

## Capital Investment Priorities for the CPE Agency Budget *(Dollars in Millions)*

Category	2020-22
College to Career Pathways Portal	\$ 2.0
Upgrade Kentucky Regional Optical Network	1.0
Total Request	\$3.0

# Draft 2020-22 Capital Request (Cont'd)

## → College to Career Pathways Portal

Online portal that helps students from all backgrounds understand career options and college costs and pathways, leading to preferred careers. This site will facilitate course and program comparisons across institutions, transfer of credits, and credit for prior learning.

### **Project Scope: \$2,000,000**

- Utilizes a centralized catalog of programs and modules to facilitate course and degree program comparisons
- Interfaces with campus systems to allow evaluation and seamless transfer of credits

# Draft 2020-22 Capital Request (Cont'd)

## → Upgrade KyRON Infrastructure

This project will fund technology equipment to connect public universities and KCTCS to Kentucky Wired

**Project Scope: \$1,000,000**

- Currently, the Kentucky Regional Optical Network connects the state's postsecondary education community to national and international research through Internet2
- This necessary upgrade supports Internet delivery to anchor-node sites, supporting the Google Community Fiber Initiative, GigU, and Kentucky Community Fiber Initiative