

Council on Postsecondary Education

2022-24 Statewide Capital Plan Priorities (from the 2022-2028 Capital Plan)

General Fund Priorities

The Council on Postsecondary Education (CPE) has reviewed the postsecondary institutions' capital project submissions and offers the following for the committee's consideration: that the Commonwealth fund a pool to fund asset preservation projects on the campuses for the upcoming 2022-24 biennium, requiring a 50% match by each institution. CPE also plans to request a pool of state funds for campus technology infrastructure. While campuses have very real needs for funding new and expanded space, preservation of existing facilities and technology infrastructure is a higher priority. The Council on Postsecondary Education plans to recommend a \$700 million pool for asset preservation as part of the 2022-24 biennial budget process, with the expectation that campuses would have a 50% match, providing a total of \$1,050,000 million in funding for asset preservation projects over the biennium. CPE's plans to recommend \$80 million for technology infrastructure for the 2022-24 biennium.

Background

As part of 2020-22 biennial budget request, the Council on Postsecondary Education recommended that the Governor and General Assembly appropriate \$400 million for capital projects at Kentucky's public colleges and universities. Unfortunately, the General Assembly has not been able to appropriate state funding for asset preservation pools for the postsecondary institutions over the past decade.

Both the 2014-16 and 2016-18 capital requests for the postsecondary institutions advocated for a pool of funding for each institution, and each institution would be required to use nearly half of those funds for asset preservation. Funds in the proposed pool were allocated to each institution based on a formula that took into account various factors, including differences in deferred maintenance needs, FTE student enrollment, extramural research expenditures, and total public funds across campuses. This approach was adopted to achieve a fair distribution of capital funds to each institution. When each institution's top project is funded, fairness is difficult to maintain, and there's less flexibility to address multiple, smaller, but potentially more critical, capital projects.

For 2018-20 and for 2020-22, rather than requesting state funds for both asset preservation and new construction, the Council and postsecondary institutions decided to focus on asset preservation. Several factors converged to support this position: a growing inventory of facilities and infrastructure in need of asset preservation and renovation; increasing construction costs; and minimal state investment in asset preservation since 2007. The 2007 VFA Study, which was updated in 2013, identified immediate asset preservation needs for the postsecondary education system of \$5.09 billion. According to study projections, the total need was expected to grow to \$6.3 billion by 2012-16 and to \$7.3 billion by 2017-2021.

Recommendations

Recognizing the critical asset preservation needs at each campus, CPE recommends that the state and institutions adopt a more aggressive approach to address asset preservation that envisions

a decade-long partnership and commitment. CPE staff anticipates recommending a sufficient level of state support to address nearly 10 percent of the identified asset preservation need, or \$700 million, in 2022-24.

CPE is planning to allocate state funds among institutions based on each institution's share of system total asset preservation need as determined by VFA. Each institution will have the flexibility to use their pool of funding for any asset preservation projects included in the enacted biennial budget. This will allow institutions to fund their highest priority project or multiple smaller, but perhaps even more critical campus projects. For this reason, the total cost of listed projects necessarily exceeds the amount of requested funds.

It is likely that some project priorities at the institutions will change before the Council takes action on the recommended capital budget in early November. Following is a list of the total scope all projects submitted by the institutions by category. Please also see a list of all asset preservation projects submitted that include funding from the state General Fund. The projects are presented in priority order as submitted by the institutions, however the projects and their relative rankings are subject to change. Both tables (total scope of projects by category and the list of asset preservation projects) come from the 2022-28 Capital Planning System, Version 3.

CPE Preliminary Proposed 2022-24 General Fund Pools

	State Funding	Match	Total Investment
Asset Preservation and Major Renovation Pool	\$700,000,000	\$350,000,000	\$1,050,000,000
Technology Infrastructure Pool	80,000,000		80,000,000
	<u>\$780,000,000</u>	<u>\$350,000,000</u>	<u>\$1,130,000,000</u>

(Initial list of eligible Asset Preservation projects can be found on the following pages)

2022-24 Total Scope of Postsecondary Institution Submitted Projects by Category¹

	Construction- Other	Protect Investment in Plant	Equipment	Information Technology	Total
EKU	\$227,030,000	\$424,850,000	\$8,625,000	\$27,500,000	\$688,005,000
KCTCS	91,400,000	249,400,000	6,900,000	9,500,000	357,200,000
KSU	121,180,000	35,571,000	0	17,263,000	174,014,000
MoSU	216,000,000	184,302,000	0	6,915,000	407,217,000
MuSU	186,845,000	31,836,000	1,072,000	0	219,753,000
NKU	158,629,000	157,900,000	0	31,950,000	348,479,000
UK	1,965,000,000	2,255,000,000	88,000,000	46,000,000	4,354,000,000
UofL	630,879,331	817,664,612	0	28,000,000	1,476,543,943
WKU	186,900,000	447,000,000	6,000,000	6,000,000	645,900,000
Campus Total	<u>\$3,783,863,331</u>	<u>\$4,603,523,612</u>	<u>\$110,597,000</u>	<u>\$173,128,000</u>	<u>\$8,671,111,943</u>
UK HealthCare	\$1,601,000,000	\$942,000,000	\$0	\$365,000,000	\$2,908,000,000

¹ Projects are categorized as submitted in the Capital Planning system.

2022-24 Asset Preservation Projects which include a request for state General Fund
Submitted by Postsecondary Institutions

Institution/Project Title	General Fund	Restricted Funds	Agency Bonds	Other	Total Scope
Eastern Kentucky University					
1 Capital Asset Renewal Match Pool	35,000,000	-	-	-	35,000,000
2 Renovate Alumni Coliseum	31,350,000	5,000,000	25,000,000	11,000,000	72,350,000
3 Renovate Moore-Memorial-Roark Buildings	75,000,000	-	-	-	75,000,000
4 Renovate Whalen Complex	25,500,000	-	-	2,000,000	27,500,000
5 Renovate and Upgrade Heat Plant	7,000,000	7,000,000	-	-	14,000,000
6 Renovate Mechanical Systems Pool 2022-2024	10,000,000	10,000,000	-	-	20,000,000
Subtotal	183,850,000	22,000,000	25,000,000	13,000,000	243,850,000
KCTCS					
1 Capital Renewal & Deferred Maintenance Pool	40,000,000	-	-	-	40,000,000
2 Renov Occupational Tech. Ph I-Elizabethtown CTC	14,000,000	-	-	-	14,000,000
3 Renovate and/or Replace Hartford Bldg Ph I-JCTC	10,000,000	5,000,000	-	-	15,000,000
4 Renovate Laurel South Campus Phase I-Somerset CC	4,800,000	1,200,000	-	-	6,000,000
5 Renovate Main Campus Bldgs-Southcentral KY CTC	5,000,000	5,000,000	-	-	10,000,000
6 Roof Replacements - Gateway CTC	4,000,000	-	-	-	4,000,000
7 Renov/Const Transport Training Ctr-Ashland CTC	5,900,000	-	-	-	5,900,000
8 Upgrade HVAC Academic Building - Hopkinsville CC	3,500,000	-	-	-	3,500,000
9 Renovate Jolly Classroom Ctr - Hazard CTC	6,300,000	-	-	-	6,300,000
10 Roof Replacements - Big Sandy CTC	3,200,000	-	-	-	3,200,000
11 Roof Replacements - Southeast KY CTC	1,500,000	-	-	-	1,500,000
12 Roof Replacements - Maysville CTC	1,300,000	-	-	-	1,300,000
13 Renovate Tech Campus - Madisonville CC	3,400,000	-	-	-	3,400,000
14 Replace HVAC System Ph I, Owensboro CTC	4,100,000	-	-	-	4,100,000
15 Renovate Academic Building-Hopkinsville CC	13,900,000	-	-	-	13,900,000
16 Renovations Main Campus - West KY CTC	5,000,000	-	-	-	5,000,000
17 Upgrade Welding Shop-Big Sandy CTC, Mayo	2,000,000	-	-	-	2,000,000
18 Renovate Main Bldg. Phase II, Ashland CTC	34,000,000	-	-	-	34,000,000
19 Upgrade HVAC Equip & Controls - Hazard CTC	4,700,000	-	-	-	4,700,000
20 Upgrade Life and Fire Safety - Owensboro CTC	2,400,000	-	-	-	2,400,000
21 Renovate Aviation - Madisonville CC	1,700,000	-	-	-	1,700,000
22 Upgrade Life and Fire Safety - Somerset CC	4,300,000	-	-	-	4,300,000
23 Renovate Science Labs-Jefferson CTC	7,600,000	-	-	-	7,600,000
24 Renovate Pineville Campus, Southeast KY CTC	3,000,000	500,000	-	-	3,500,000
25 Upgrade HVAC - Somerset CC South Campus	2,300,000	-	-	-	2,300,000
26 Renovate Parking Lot & Sidewalks West KY CTC	2,800,000	-	-	-	2,800,000
27 Upgrade Fire Alarms - Maysville CTC	1,500,000	-	-	-	1,500,000
Subtotal	192,200,000	11,700,000	-	-	203,900,000
Kentucky State University					
1 Academic & Student Success Center (Renovation)	29,604,000	-	-	-	29,604,000
2 Renovation & Renewal Projects Pool 2022	5,950,000	17,000	-	-	5,967,000
Subtotal	35,554,000	17,000	-	-	35,571,000

Institution/Project Title	General Fund	Restricted Funds	Agency Bonds	Other	Total Scope
Morehead State University					
1 Renovate Combs Classroom Building	31,409,000	-	-	-	31,409,000
2 Replace Electrical Switchgear B	3,000,000	-	-	-	3,000,000
3 Capital Renewal and Maintenance Pool-E&G	17,813,000	-	-	-	17,813,000
4 Water Plant Sediment Basin	2,015,000	-	-	-	2,015,000
5 Upgrade Campus Fire & Security Systems	2,789,000	-	-	-	2,789,000
6 Repair Camden-Carroll Library Facade & Interior	10,221,000	-	-	-	10,221,000
7 Capital Renewal and Maintenance Pool-Univ. Farm	1,262,000	-	-	-	1,262,000
8 Comply with ADA - E&G	4,007,000	-	-	-	4,007,000
9 Renovate Button Auditorium	18,527,000	-	-	-	18,527,000
10 Renovate Howell-McDowell	5,650,000	-	-	-	5,650,000
11 Renovate Jayne Stadium	40,637,000	-	-	-	40,637,000
12 Renovate Lappin Hall	7,975,000	-	-	-	7,975,000
13 Renovate Academic Athletic Center	7,581,000	-	-	-	7,581,000
Subtotal	152,886,000	-	-	-	152,886,000
Murray State University					
1 Capital Renewal and Building Modernization	25,662,000	-	-	-	25,662,000
2 Replace Campus Comm Infrastructure (Fiber Ring)	4,849,000	-	-	-	4,849,000
Subtotal	30,511,000	-	-	-	30,511,000
Northern Kentucky University					
1 Renew/Renovate Fine Arts Center Phase II	45,000,000	-	-	5,000,000	50,000,000
2 Renew/Renovate Steely Library	35,000,000	-	-	-	35,000,000
3 Renew E&G Building Systems Projects Pool	20,000,000	-	-	-	20,000,000
4 Replace Underground Utility Infrastructure	4,400,000	-	-	-	4,400,000
5 Renovate/Construct Campbell Hall	9,000,000	-	-	9,000,000	18,000,000
Subtotal	113,400,000	-	-	14,000,000	127,400,000
University of Kentucky					
1 Facilities Renewal and Modernization	125,000,000	-	125,000,000	-	250,000,000
2 Improve Funkhouser Building	60,000,000	30,000,000	-	30,000,000	120,000,000
Subtotal	185,000,000	30,000,000	125,000,000	30,000,000	370,000,000
University of Louisville					
1 Upgrade - STEM Instruction Building	50,000,000	-	-	-	50,000,000
2 Capital Renewal Replace and Upgrade Pool	50,000,000	-	50,000,000	-	100,000,000
Subtotal	100,000,000	-	50,000,000	-	150,000,000
Western Kentucky University					
1 Replace Underground Infrastructure	25,000,000	-	-	-	25,000,000
2 Renovate Cravens Library	40,300,000	-	-	-	40,300,000
3 Renovate Ogden College of Science and Engineering	75,800,000	-	-	-	75,800,000
4 Renovate Potter College Arts and Letters	96,400,000	-	-	-	96,400,000
5 Renovate Academic Complex	27,500,000	-	-	-	27,500,000
6 Improve Life Safety Pool/Academic Bldgs	27,500,000	-	-	-	27,500,000
7 Repair/Replace Roof at Ctr Research Development	5,100,000	-	-	-	5,100,000
8 Capital Renewal Pool	10,000,000	-	-	-	10,000,000
9 Renovate Kentucky Building	17,500,000	-	-	-	17,500,000
10 Renovate Central Heat Plant	5,100,000	-	-	-	5,100,000
Subtotal	330,200,000	-	-	-	330,200,000
Grand Total	1,323,601,000	63,717,000	200,000,000	57,000,000	1,644,318,000