



Council on Postsecondary Education Asset Preservation Update

Capital Planning Advisory Board
September 14, 2022

Asset Preservation Update

VFA Study Projected Need

- In 2005, the Council contracted with Vanderweil Facilities Advisors (VFA) to conduct a comprehensive review of Kentucky public postsecondary facilities
- Evaluators examined over 700 E&G facilities and concluded in early 2007 that the facilities inventory was in poor condition compared to industry standards
- Most buildings at the time were over 30 years old and their condition and utility was consistent with their age
- HVAC systems, plumbing, and electrical wiring in many buildings had far exceeded their useful life expectancies
- Many buildings no longer adequately supported the academic programming for which they were intended

Asset Preservation Update

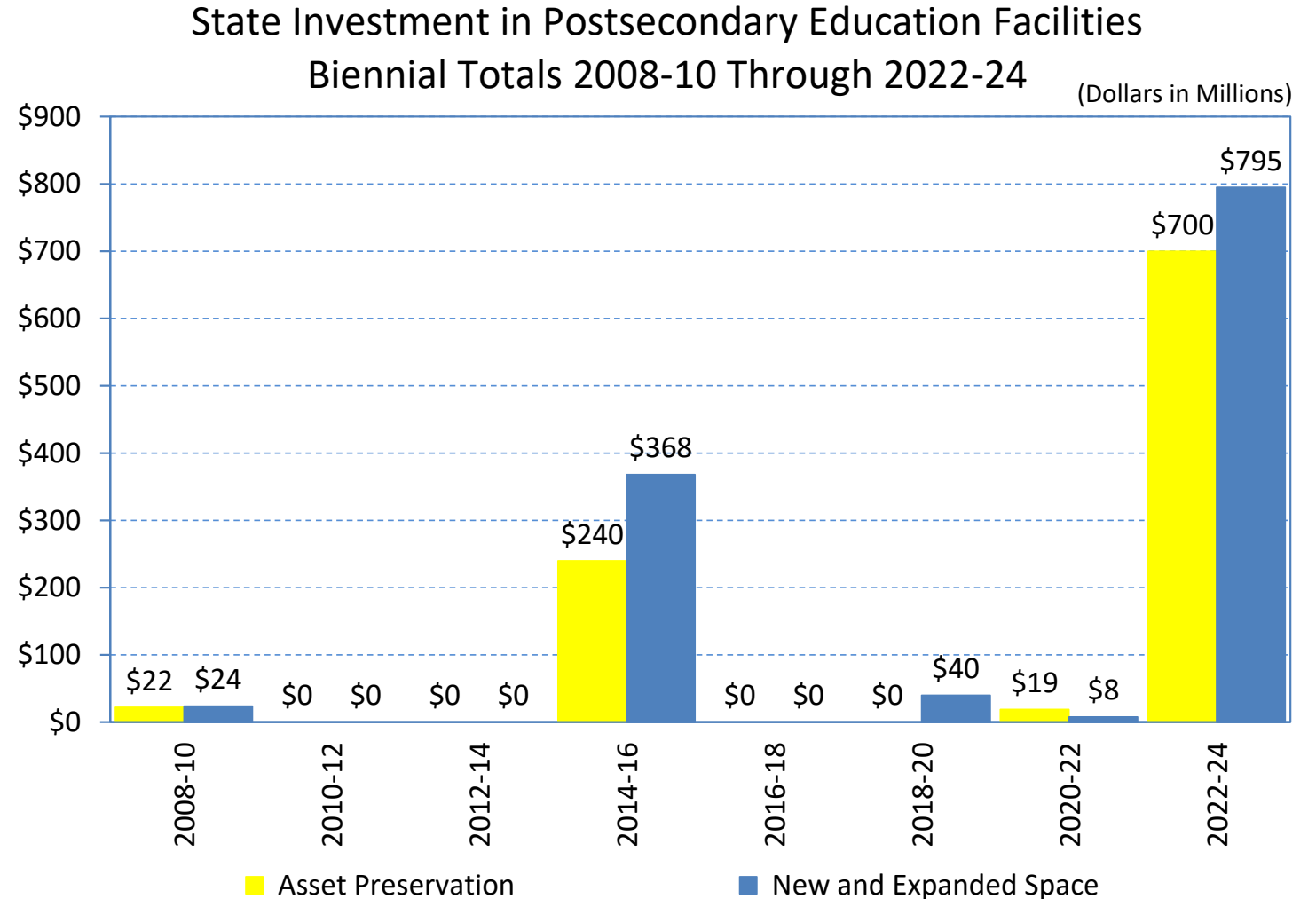
VFA Study Projected Need (Cont'd)

- Overall, evaluators concluded that a total investment of **\$6.1 billion** was needed to bring campus E&G facilities up to industry standards
- During the six years following the study, a combination of factors, resulted in more than a **\$1.0 billion** increase in asset preservation need, including:
 - a growing inventory of aging facilities, infrastructure, and systems
 - increasing construction costs, and
 - minimal state investment in asset preservation
- In a 2013 update to the original study, researchers found that the collective cost of bringing postsecondary facilities up to industry standards would grow to **\$7.3 billion** by 2021

Asset Preservation Update

State Investment in Postsecondary Facilities

- Over the previous seven biennia, the state spent **\$280.7 million** on facilities renovation and renewal
- This represented about 3.8% of the projected **\$7.3 billion** system total asset preservation need
- For 2022-24, the General Assembly authorized **\$700.0 million** for asset preservation projects



Source: Kentucky Budget of the Commonwealth, multiple biennia.

Asset Preservation Update

Program Funding

- In the enacted state budget (22 RS, HB 1), the General Assembly authorized **\$683.5 million** in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool
- The stated purpose of the pool is to provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions
- The state budget also appropriated **\$16.5 million** for a stand-alone asset preservation project at KCTCS
- In total, the General Assembly authorized **\$700.0 million** for asset preservation, the amount CPE requested in its budget submission

Asset Preservation Update

Allocation of Funds

Asset Preservation Pool Allocations ¹

Institution	Fiscal Year 2022-23	Fiscal Year 2023-24	Biennial Total
University of Kentucky	\$77,098,000	\$77,098,000	\$154,196,000
University of Louisville	40,943,000	40,943,000	81,886,000
Eastern Kentucky University	27,403,000	27,403,000	54,806,000
Kentucky State University	8,039,000	8,039,000	16,078,000
Morehead State University	17,611,000	17,611,000	35,222,000
Murray State University	23,588,000	23,588,000	47,176,000
Northern Kentucky University	23,397,000	23,397,000	46,794,000
Western Kentucky University	34,040,000	34,040,000	68,080,000
KCTCS	89,631,000	89,631,000	179,262,000
Total Appropriation	\$341,750,000	\$341,750,000	\$683,500,000

¹ The \$683.5 million Asset Preservation Pool was allocated among institutions based on each institution's share of system total Category I and II square feet.

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Matching Requirements

The enacted budget (HB 1) specifies the following matching requirements for accessing Asset Preservation Pool funds:

- Each project for research institutions shall be matched at 30 percent from funds provided by each research institution (30¢ per state \$1.00)
- Each project for comprehensive institutions and KCTCS shall be matched at 15 percent from funds provided by each comprehensive institution and the KCTCS (15¢ per state \$1.00)

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Campus Matching Funds

Asset Preservation Funds and Sources of Campus Match ¹

Institution	Biennial Totals			State Bonds Plus Match	Source of Matching Funds
	State Bond Funds (HB 1)	Campus Match	Match %		
UK	\$154,196,000	\$46,260,000	30%	\$200,456,000	100% Agency Bonds
UofL	81,886,000	24,566,000	30%	106,452,000	81% Other Funds / 19% Institutional Funds
EKU	54,806,000	8,222,000	15%	63,028,000	50% Agency Bonds / 50% Institutional Funds
KSU	16,078,000	2,412,000	15%	18,490,000	100% Asset Preservation Fee
MoSU	35,222,000	5,284,000	15%	40,506,000	50% Agency Bonds / 21% AP Fee / 29% Institutional
MuSU	47,176,000	7,078,000	15%	54,254,000	100% Agency Bonds
NKU	46,794,000	7,020,000	15%	53,814,000	100% Institutional Funds
WKU	68,080,000	10,212,000	15%	78,292,000	100% Institutional Funds
KCTCS ²	179,262,000	26,890,000	15%	206,152,000	100% Institutional Funds
Totals	\$683,500,000	\$137,944,000		\$821,444,000	

¹ Eligible sources of matching funds include cash, agency bonds, private funds, grants, or other institutional funds.

² Does not include \$16.5 million in state bond funds to renovate an occupational and technical building at Elizabethtown Community and Technical College. These funds were not included in the Asset Preservation Pool and are not subject to match.

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Uses of Funds

Pool funds will be used for individual asset preservation, renovation, and maintenance projects at institutions in Education and General (E&G) and state-owned and operated residential housing facilities

- Projects that preserve, renovate, or renew **E&G facilities** are eligible to receive funds from the Asset Preservation Pool
- Projects that preserve, renovate, or renew **state-owned and operated residential housing facilities** are eligible
- Projects that renovate or renew non-E&G athletics facilities, hospitals, or auxiliary enterprise facilities are not eligible to receive funds from the pool

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Selected Project Categories

- UK – Building Improvements / Infrastructure and System Improvements
- UofL – HVAC / Electrical & Plumbing / Life Safety and ADA / Refurbishment / Roofs
- EKU – Building Improvements / HVAC and Related / Roofs / Infrastructure
- KSU – Roofs / HVAC / Life Safety / Utility Tunnels / Building Improvements
- MoSU – Building Improvements / HVAC & Related / Life Safety / Infrastructure / Roofs
- MuSU – Building Improvements / HVAC and Related / Infrastructure
- NKU – Life Safety / Roofs / Building Improvements / Infrastructure / HVAC / Electrical
- WKU – Infrastructure / HVAC / Roofs / Life Safety / Refurbishment / Exterior Envelope
- KCTCS – Building Improvements / Roofs / Life Safety / HVAC / Mechanical Equipment

Questions?



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