



Jason E. Glass, Ed.D.  
Commissioner of Education and Chief Learner

**KENTUCKY DEPARTMENT OF EDUCATION**  
300 Sower Boulevard • Frankfort, Kentucky 40601  
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September 2, 2022

Sen. Adrienne Southworth, C-Chair  
Rep. Bobby McCool, Co-Chair  
Capital Planning Advisory Board  
700 Capital Ave  
Frankfort, KY 40601

Senator Southworth and Representative McCool,

On August 2, 2022, the Capital Planning Advisory Board (“CPAB”) requested, via hand delivered letter, that the Kentucky Department of Education (KDE) provide a list of specific school districts which are engaged in facility projects that are either ready to begin construction or construction is underway and that these same projects are insufficiently funded due to the recent escalation in construction costs and other inflationary pressures.

Pursuant to this request, on August 18, 2022, KDE sent a survey to superintendents of school districts which also had levied multiple nickel equivalent tax rates which are restricted for use on school facility projects. In an effort to obtain relevant and current information, we asked school superintendents to provide us with the following information:

- Name of project that is ready to begin or currently underway, but is insufficiently funded;
- The assigned project number (“BG”) of the project that is ready to begin or currently underway but is insufficiently funded;
- Original estimated cost of the project;
- Current expected total amount of the project;
- The amount that the district can put into this project;
- The amount needed to complete the project;
- If the project replaces an existing facility;
- If so, the plans for the existing facility;
- If a second project is also ready to begin or currently underway but insufficiently funded; and
- If the project uses all of the district's bonding potential

It is important to understand the limitations of this type of data request as you review the information provided by local school district. The KDE has a defined process in which projects are initially submitted, reviewed, and approved. However, KDE does not have access to “live” data nor are we made aware of changes in project costs, scope, or material changes until the school district

submits additional information to KDE. As with any survey, the validity and accuracy of the data included in this survey is dependent upon the information provided by the local school districts. Additionally, follow up contact should be made with each district provided regarding the project(s) to obtain updated information, and clarity surrounding the data provided, which may impact the final cost of the construction project.

If you have further questions regarding the method of collection of the information provided please contact me at [Chay.Ritter@education.ky.gov](mailto:Chay.Ritter@education.ky.gov)

Sincerely,

*Chay Ritter*

Chay Ritter, Director  
Division of District Support Services  
Office of Finance and Operations

cc: Robin Kinney  
Matt Ross  
Greg Dunbar  
Brian Perry

Attachment: DRAFT CPAB List.xls

| District                   | Project Name                                                    | BG     | Original Estimate | District Portion | Updated Estimate |     | Gap         | HB 1/HB 604 (2022 RS) SFCC Funding | HB 1 (2022 RS) LAVEC Funding | Replace old building | Plans for old building             |
|----------------------------|-----------------------------------------------------------------|--------|-------------------|------------------|------------------|-----|-------------|------------------------------------|------------------------------|----------------------|------------------------------------|
| Augusta Independent        | New Gymnasium                                                   | 22-521 | \$5,020,192       | \$5,020,192      | \$7,500,000      | 33% | \$2,479,808 |                                    |                              | No                   |                                    |
| Bardstown Independent      | High School/Middle School/CTE Renovation                        | 22-336 | 47,937,650        | 48,000,000       | 68,869,000       | 30% | 20,869,000  |                                    |                              | Yes                  | Renovated                          |
| Beechwood Independent      | Phase 6 Addition/Renovations                                    | 21-042 | 24,000,000        | 24,000,000       | 30,000,000       | 20% | 6,000,000   |                                    |                              | Yes                  | Demolition                         |
| Boyd County                | LAVEC                                                           | 23-076 | 19,500,000        | 19,500,000       | 24,500,000       | 20% | 5,000,000   | \$11,477,300                       | \$10,000,000                 | Yes                  | Conversion to Maintenance Building |
| Breathitt County           | Breathitt County Vocational School                              | 22-182 | 6,800,000         | 10,000,000       | 18,500,000       | 46% | 8,500,000   |                                    |                              | Yes                  | Demolition (Flood Plain)           |
| Campbellsville Independent | Campbellsville Middle School                                    | 22-086 | 22,300,000        | 5,495,000        | 34,250,000       | 84% | 28,755,000  | \$12,300,000                       |                              | Yes                  | Demolition for portion of building |
| Crittenden County          | High School to become Middle School/Rocket Arena                | 21-277 | 12,090,000        | 2,189,911        | 16,500,000       | 87% | 14,310,089  |                                    |                              | Yes                  | Demolition                         |
| Garrard County             | Garrard County High School (Final Phase)                        | 22-349 | 42,000,000        | 42,000,000       | 47,000,000       | 11% | 5,000,000   |                                    |                              | No                   |                                    |
| Harrison County            | New High School                                                 | 22-392 | 48,292,223        | 50,000,000       | 73,537,729       | 32% | 23,537,729  |                                    |                              | Yes                  | Surplus                            |
| Johnson County             | Johnson County Central High School and Career Technology Center | 22-094 | 94,209,694        | 77,000,000       | 126,585,000      | 39% | 49,585,000  |                                    |                              | Yes                  | Conversion to Middle School        |
| Lewis County               | New Career and Tech Building                                    | 22-443 | 12,715,000        | 12,715,525       | 18,722,950       | 32% | 6,007,425   |                                    | \$10,000,000                 | Yes                  | Demolition                         |
| Ludlow Independent         | Additions /Renovations                                          | 22-474 | 31,000,000        | 32,000,000       | 42,000,000       | 24% | 10,000,000  | \$23,010,000                       |                              | No                   |                                    |
| Powell County              | New Stanton Elementary School                                   | 21-072 | 16,000,000        | 25,248,948       | 28,182,895       | 10% | 2,933,947   |                                    |                              | Yes                  | Conversion to Central Office       |
| Rockcastle County          | Rockcastle County Middle School                                 | 22-444 | 34,749,333        | 34,000,000       | 42,000,000       | 19% | 8,000,000   | \$4,000,000                        |                              | Yes                  | Renovated/ Demolished              |
| Somerset Independent       | Meece Renovation and Multipurpose Facility                      | 22-416 | 15,000,000        | 5,000,000        | 20,000,000       | 75% | 15,000,000  |                                    |                              | Yes                  | Demolition                         |

| District                 | Project Name                                               | BG     | Original Estimate | District Portion | Updated Estimate |     | Gap          | HB 1/HB 604 (2022 RS) SFCC Funding | HB 1 (2022 RS) LAVEC Funding | Replace old building | Plans for old building |
|--------------------------|------------------------------------------------------------|--------|-------------------|------------------|------------------|-----|--------------|------------------------------------|------------------------------|----------------------|------------------------|
| Walton Verona            | Walton Verona Intermediate School                          | 22-204 | \$16,775,000      | \$16,775,000     | \$28,894,178     | 42% | \$12,119,178 |                                    |                              | No                   |                        |
| Washington County        | Washington County High School Phase II                     | 22-391 | 17,280,000        | 9,500,000        | 24,625,252       | 61% | 15,125,252   |                                    |                              | No                   |                        |
| Washington County        | Washington County High School Water Infiltration           | 22-428 | 750,000           | 300,000          | 1,291,358        | 77% | 991,358      |                                    |                              | No                   |                        |
| Wayne County             | Walker Early Learning Center                               | 21-328 | 13,000,000        | 13,000,000       | 21,000,000       | 38% | 8,000,000    |                                    |                              | Yes                  | Demolition             |
| Williamstown Independent | Williamstown Independent Additions and Alterations Phase 1 | 21-270 | 10,602,630        | 9,600,000        | 11,237,630       | 15% | 1,637,630    |                                    |                              | No                   |                        |
| Woodford County          | New Woodford County High School                            | 19-353 | 36,265,590        | 75,000,000       | 78,908,800       | 5%  | 3,908,800    |                                    |                              | Yes                  | Conversion             |

**LAVEC** - local area vocational education centers

*Criteria for inclusion:*

*Survey was sent to 122 districts which have the multiple nickel equivalent. Submissions were then filtered to fit the criteria below.*

*Districts must have additional nickel equivalent tax levied*

*Projects listed must have BG number assigned. Project is to be ongoing or ready to start*

*Cost increase would have exceeded district's bonding capacity*

*8/30/2022*

*Kentucky Department of Education*

*Office of Finance and Operations*

*Division of District Support*

SENATE MEMBERS

**Robert Stivers**  
President, LRC Co-Chair  
**David Givens**  
President Pro Tempore  
**Damon Thayer**  
Majority Floor Leader  
**Morgan McGarvey**  
Minority Floor Leader  
**Julie Raque Adams**  
Majority Caucus Chair  
**Johnny Ray Turner**  
Minority Caucus Chair  
**Mike Wilson**  
Majority Whip  
**Dennis Parrett**  
Minority Whip



**LEGISLATIVE RESEARCH COMMISSION**

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**502-564-8100**

Capitol Fax 502-564-2922  
Annex Fax 502-564-6543  
legislature.ky.gov

**Jay D. Hartz**  
Director

August 2, 2022

HOUSE MEMBERS

**David W. Osborne**  
Speaker, LRC Co-Chair  
**David Meade**  
Speaker Pro Tempore  
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Majority Floor Leader  
**Joni L. Jenkins**  
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Majority Caucus Chair  
**Derrick Graham**  
Minority Caucus Chair  
**Chad McCoy**  
Majority Whip  
**Angie Hattton**  
Minority Whip

Mr. Chay Ritter, Division Director  
Division of District Support  
Office of Finance and Operations  
Kentucky Department of Education  
300 Sower Boulevard  
Frankfort KY 40601

Dear Mr. Ritter:

During the July 2022 Capital Planning Advisory Board meeting, a discussion was held concerning ongoing capital construction projects for new K-12 school buildings. Despite the best efforts of the districts, several school districts have insufficiently funded projects for new buildings that are either ready to begin construction or construction is underway. As the board understands, these projects are insufficiently funded due to the recent escalation in construction costs and other inflationary pressures. The board would like to receive a couple of data points concerning these projects:

1. The specific school districts with projects that fit this description. (According to the attached meeting minutes, at least 12-14 school districts fall into this group.)
2. Specific estimates of funding needs per school district

Regarding the old buildings, board members focused on the razing, resale, and/or maintenance costs of the building if a district were to retain the asset. In addition, questions and concerns surrounding the safety protocols during renovations and new construction and the utilization of aging buildings to be replaced by newly constructed buildings were discussed. With respect to these questions and concerns, the board requests:

1. A report of data reflecting the disposition of the aging assets that newly constructed buildings have replaced
2. A more detailed overview of the utilization of SROs, the Kentucky Center for School Safety, and Housing and Building Codes in the construction process

Please email the board's staff the requested information ([cpab@lrc.ky.gov](mailto:cpab@lrc.ky.gov)) no later than Tuesday, August 30. Contact Shawn Bowen, the board's Committee Staff Administrator, if you have any questions.

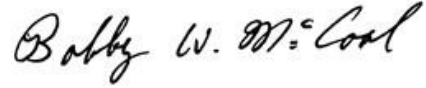
Considering the information requested, the board respectfully requests your attendance at the September 14, 2022 meeting for a presentation thereof.

Sincerely,



Senator Adrienne Southworth, Co-Chair  
Capital Planning Advisory Board

Sincerely,



Representative Bobby McCool, Co-Chair  
Capital Planning Advisory Board

Attachment (July 20 minutes)

# **CAPITAL PLANNING ADVISORY BOARD**

## **Minutes of the 1st Meeting of the 2022 Calendar**

**July 20, 2022**

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

The 1st meeting of the Capital Planning Advisory Board was held on Wednesday, July 20, 2022, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Adrienne Southworth, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Adrienne Southworth, Co-Chair; Representative Bobby McCool, Co-Chair; Senator Phillip Wheeler, Representative Derek Lewis; Laurie Givens, Carole Henderson, John Hicks, Patsy Jackson, Holly Johnson, and Mark Overstreet.

Guests: Mr. Chay Ritter, Division Director, Division of District Support, Kentucky Department of Education.

LRC Staff: Shawn Bowen, Korey Sallee, and Jennifer Luttrell.

### **Approval of Minutes**

A motion to approve the minutes of the October 13, 2021, meeting was made by Ms. Johnson, seconded by Senator Wheeler, and approved by voice vote.

### **Introduction of New Board Member**

Senator Southworth welcomed Mr. John Hicks as a new/returning board member. Governor Beshear appointed John Hicks to replace former Executive Cabinet Secretary J. Michael Brown, who resigned to accept a leadership position with Simmons College in Louisville. Mr. Hicks currently serves as the State Budget Director and the Executive Cabinet Secretary. He has a vast understanding of capital planning and previously served as a board member from 2006-2016.

### **Information Items**

Mr. Sallee and Ms. Bowen reported the following items included in the meeting materials: Budget Updates - 2022 Session of the Kentucky General Assembly, postsecondary institutions' asset preservation pool allocations, and a news article concerning plans to develop the Kentucky Exposition Center.

In reference to House Bill 1, 2022 Executive Budget, Senator Southworth said several capital projects selected by members as "high priority for funding" during the 2022-28 capital planning period received budget authorization. She noted that miscellaneous maintenance pool funding increased by 133% in the current budget and remarked that the board has always included a policy recommendation in the statewide capital plan

encouraging the General Assembly to authorize sufficient funding for miscellaneous maintenance pools. All miscellaneous maintenance pools were funded at or beyond their requested levels.

In reference to allocations to the postsecondary institutions' asset preservation pool, Senator Southworth said during the last capital planning cycle, the Council on Postsecondary Education (CPE) indicated plans to request \$1,050,000,000 (\$700 million state funding and \$350 million agency bonds/restricted matching funds authorization) in its budget request for an asset preservation pool. The current budget includes \$683,500,000 general fund supported bonds and \$137,944,000 agency bond funds/restricted fund authorization for a total pool of \$821,444,000. The asset preservation pool provides funding for individual asset preservation, renovation, and maintenance projects at Kentucky's public postsecondary institutions in education, general, and state-owned and operated residential housing facilities. CPE will oversee the use of asset preservation pool funds.

Mr. Hicks remarked on the current budget's availability of one-time funding sources. He noted the Capital Planning Advisory Board's important role in the budget planning process.

**Presentation – Kentucky Department of Education – The impact of inflation on current school facility construction projects (K-12)**

Mr. Ritter discussed the school district facility planning and funding process and the impact of inflation on current school facility construction projects (K-12). He referenced four school facility construction projects impacted by inflation in Christian, Menifee, Rowan, and Woodford counties.

Representative McCool said it was his understanding that at least 12-14 additional school facility construction projects are insufficiently funded due to inflation and the rising cost of construction materials. The affected school districts have passed the applicable nickel tax, have exhausted other state and local funding sources, and remain unable to complete their school construction projects. Mr. Ritter stated that the number of school facility projects experiencing funding gaps sounded correct, but he would check to ensure.

In response to a question from Representative McCool, Mr. Ritter said the school facility construction projects experiencing insufficient funding are statewide projects nearing construction or in construction.

In response to another question from Representative McCool, Mr. Ritter said KDE works with the Kentucky Center for School Safety and the Department of Housing and Building Codes to ensure the safety and security of newly constructed and renovated school facilities. He said he would provide the board with additional information.

Representative McCool stated that it is essential to have additional information regarding K-12 school construction projects still in need of funding. This information will give the General Assembly a better understanding of school funding needs. He then asked Mr. Ritter to provide a report to the Capital Planning Advisory Board (board) at its September 14



meeting identifying the additional 12-14 school construction projects that are insufficiently funded due to inflation, including the specific estimates of funding needs per school district. Additionally, Representative McCool asked that a report be provided at the same meeting regarding the disposition of school facilities that newly constructed buildings have replaced. Mr. Ritter said KDE would follow up with fiscal agents for more recent project construction cost estimates and provide the board with the requested information.

In response to a question from Senator Wheeler, Mr. Ritter said school districts should negotiate construction management fees to the extent possible. He added that language included in the KDE's administrative regulations states that architect fees shall be negotiated. KDE is currently reviewing criteria related to the negotiation of these fees.

Responding to a question from Senator Southworth, Mr. Ritter said funding for the School Facilities Construction Commission is included in the budget as two line item authorizations: regular offers of assistance and special offers of assistance. Regular offers of assistance provide general fund debt service payments for school facility construction projects. Special offers of assistance fund specific schools as specified in Part I of the appropriations act.

Senator Southworth said if budgetary funding for school facility construction is insufficient, the board may want to consider a policy recommendation addressing this issue in its next capital plan.

### **Other Business**

Senator Southworth said the September meeting will include a review of updated figures for the budget reserve trust fund, a study of language in the statewide capital plan policy recommendation regarding the use of state bond funds for maintenance pool funding, and consideration of policy recommendation priorities for the 2024-2030 capital planning period.

### **Adjournment**

The next meeting is scheduled for Wednesday, September 14, 2022, in Room 169, Capital Annex starting at 10:00 AM. There being no further business, the meeting adjourned at 2:03 PM.