

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 2nd Meeting of the 2022 Calendar

September 14, 2022

Call to Order and Roll Call

The 2nd meeting of the Capital Planning Advisory Board was held on Wednesday, September 14, 2022, at 10:00 AM, in Room 169 of the Capitol Annex. Representative Bobby McCool, 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; Pat Abell, Rocky Adkins, Charles Byers, Laurie Givens, John Hicks, Patsy Jackson, Holly Johnson, and Mark Overstreet.

Guests: Dr. Aaron Thompson, President, Shaun McKiernan, Executive Director for Finance and Budget, and Bill Payne, Vice President for Finance, Council on Postsecondary Education (CPE); Angie Martin, Chief Budget Officer, and Kevin Locke, Associate Vice President for Planning, Design, and Construction, University of Kentucky; Jordan Smith, Executive Director of Government and Institutional Relations, Murray State University; Andy Casebier, Assistant Vice President of Facilities and Support Services, and Sandy Atkins, Director of Capital Projects and Budgeting, Kentucky Community and Technical College System (KCTCS); Chay Ritter, Division Director, Division of District Support, Kentucky Department of Education (KDE); and John Akers, Kentucky Center for School Safety.

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

Approval of Minutes

A motion to approve the minutes of the July 20, 2022, meeting was made by Senator Wheeler, seconded by Representative Lewis, and approved by voice vote.

Presentation – Council on Postsecondary Education – Asset Preservation Pool Projects – 2022 Kentucky General Assembly

Dr. Thompson and Mr. McKiernan updated members on the Postsecondary Education Asset Preservation Pool authorized in House Bill 1, 2022 Regular Session of the Kentucky General Assembly. General fund bonds in the amount of \$683.5 million will 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 for KCTCS. In total, the General Assembly authorized \$700 million for asset preservation.

In reference to a statement in which Dr. Thompson said 47.8% of all high school graduates attend Kentucky colleges, Senator Wheeler asked if this figure includes vocational and trade school attendees. Dr. Thompson responded affirmatively, explaining that vocational schools are considered college.

In response to a question from Senator Southworth, Dr. Thompson said two return-on-investment reports, prepared by CPE and the Kentucky Center for Statistics (KYSTATS), tracked the progress of graduating high school seniors for eight and ten years following graduation. The reports included demographics such as current location, salaries/wages, and job position.

In response to a question from Ms. Johnson, Dr. Thompson said KYSTATS collects vocational data on students earning a trade certificate in high school, and at traditional vocational schools and technology centers. KCTCS utilizes this data to offer students upgraded certificates in the area of choice. The certificates are stackable, and build on each other.

In response to another question from Ms. Johnson, Dr. Thompson said KCTCS schools are accredited colleges, and students attending are eligible to apply for student loans and federal financial aid.

Mr. Hicks said KYSTATS is an organization within the Kentucky Education and Labor Cabinet guided by an advisory committee that involves the Council on Postsecondary Education. KYSTATS has one of the most advanced databases in the country on statewide longitudinal data systems related to education. The General Assembly has supported this organization and is replacing lost federal funds to maintain its capacity.

In response to a question from Mr. Hicks, Mr. McKiernan said institutional funds in the amount of \$1.2 billion were utilized for postsecondary institution asset preservation between 2008-2022. This figure does not include other sources of funds such as guaranteed energy savings projects and third-party partnerships.

In response to a question from Mr. Adkins regarding CPE's role in streamlining the transfer of credit hours between Kentucky's public institutions, Dr. Thompson said that the vast majority of credits transfer successfully. Common issues have been addressed through the general education transfer policy. There are some instances that lie outside of the transfer policy, such as programs with specialized accreditation, technical courses that do not have equivalents at universities, and programs that require specific general education courses.

Mr. Adkins said a company that recycles lithium-ion batteries into sustainable battery materials has announced it will locate a new facility in Hopkinsville. He further stated that the Hopkinsville Community College project will be of vital importance.

Representatives from the University of Kentucky, Murray State University, and KCTCS briefly discussed their asset preservation plans. Speakers included Angie Martin and Kevin Locke, University of Kentucky; Jordan Smith, Murray State University; and Andy Casebier and Sandy Adkins, KCTCS.

In response to a question from Representative Lewis, Mr. Locke said a safety assessment is part of the design process to ensure the buildings have the appropriate controls, including building entrance and security vestibule type arrangements.

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

Mr. Akers and Mr. Ritter provided follow-up responses to questions received at the July meeting about the impact of inflation on current school facility construction projects (K-12). Mr. Akers said the Kentucky Center for School Safety coordinates with the Department of Education and the State School Security Marshal's Office on school security. The Center has also worked with the Department of Education to develop approximately 25 indicators that architects and Boards of Education should consider when planning new facilities.

Mr. Ritter said after the July meeting, the Kentucky Department of Education surveyed 122 school districts to further refine data requested by the board. A project list containing 21 school districts statewide was developed based on previously defined criteria. The list is current as of August; however, due to inflation and other factors, the project estimates will most likely increase. School districts have delayed planned projects due to rising construction costs, the increased cost of materials, and the tight labor market. Additionally, the floods in Eastern Kentucky have created a higher demand for facility construction or renovation.

In response to questions from Representative McCool, Mr. Ritter said that every school district levies the Facilities Support Program of Kentucky nickel as required in statute. Some schools have levied multiple nickels, as is the case of Breathitt County, which has a recallable nickel as part of its Facilities Support Program. Historically, the General Assembly has provided, through legislation, additional opportunities for local school boards to levy additional nickels. For example, the growth nickel was incorporated into statute in 1994. Currently, local school boards may levy the recallable nickel. These nickels would be in addition to the required Facilities Support Program of Kentucky nickel.

In response to a question from Representative McCool, Mr. Ritter said the project listing provided to board members could be sorted or prioritized based on other defined

variables. Representative McCool stated that a prioritized listing of school construction needs will identify what projects can be completed at present, and which projects can wait. He further stated that the General Assembly is trying to find a mechanism to help, however, his concern was the gap in project funding due to the high cost of construction and materials.

In response to a question from Senator Wheeler, Mr. Ritter replied that he did not know why some of the project estimates are higher. Architects provide different estimates at different stages of construction, and the estimates are refined as the project advances. Some projects have not broken ground, and others were reduced in scope to bring them under budget.

Other Business

Representative McCool said the committee will discuss the results of the member survey at the October meeting when Senator Southworth can join the discussion.

The next meeting is scheduled for October 11 at 1:00 PM. The Department of Parks will appear before the board to discuss their equipment needs.

Adjournment

The next meeting is scheduled for Tuesday, October 11, 2022, in Room 169, Capital Annex starting at 1:00 PM. There being no further business, the meeting adjourned at 11:25 AM.