

Council on Postsecondary Education
2024-26 Statewide Capital Plan Priorities (from the 2024-2030 Capital Plan)
General Fund Priorities

The Council on Postsecondary Education (CPE) has reviewed the postsecondary institutions' capital project submissions and offers the following recommendation for the committee's consideration: that the Commonwealth establish a pool to fund asset preservation projects on the campuses for the upcoming 2024-2026 biennium, requiring no match from the institutions. While campuses have very real needs for funding new and expanded space and technology infrastructure, preservation of existing facilities is a higher priority. The Council on Postsecondary Education plans to recommend a \$700 million pool for asset preservation as part of the 2024-2026 biennial budget process, and will ask that campuses not have to match those funds. CPE also plans to request \$162.4 million to help institutions address cost increases on the line-itemed new construction and renovation projects funded in the 2022-2024 biennial budget. This amount represents 20% of the \$811.9 million in state bond funds provided for these projects.

Background

As part of the 2022-2024 biennial budget request, the Council on Postsecondary Education recommended that the Governor and General Assembly appropriate \$700 million for asset preservation project pools at Kentucky's public colleges and universities. The General Assembly appropriated bond funds to support the asset preservation pools at the level requested, requiring institutions to match every state dollar with institutional resources: 30 cents for every state dollar at the research universities and 15 cents for every state dollar at the comprehensive universities and KCTCS. The asset preservation pools in the 2022-2024 biennium total \$683.5 million. A state funded \$16.5 million KCTCS building renovation took the total to \$700.0 million. In addition to the \$683.5 million for the asset preservation pools, the General Assembly appropriated \$811.9 million for line-itemed new construction and renovation projects on the campuses.

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, 2020-22, and 2022-24, 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. According to study projections, the total need was expected to grow to \$7.3 billion by 2021.

Recommendations

Recognizing the critical asset preservation needs at each campus, CPE recommends that the state and institutions continue to follow the aggressive approach started in 2022-24 to address asset preservation

over a 10-year period. 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 2024-26.

CPE is planning to allocate state funds among institutions based on each institution’s share of system Education and General square footage, the approach taken in the 2022-2024 enacted budget. Each institution will have the flexibility to use their pool of funding for any asset preservation projects included in the enacted 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 mid-September. Below is a summary of project costs by institution and category. Attached is a list of 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 2024-2030 Capital Planning System, Version 3, though the categorization of a few projects has been corrected.

Kentucky Public Postsecondary Institutions

Total Scope of Capital Projects Submitted by Category for 2024-26

	New Capital Construction	Asset Preservation	Equipment	Information Technology	Total
EKU	\$595,829,000	\$681,250,000	\$8,925,000	\$27,500,000	\$1,313,504,000
KCTCS	193,699,000	362,201,000	11,400,000	9,500,000	576,800,000
KSU	52,088,000	25,000,000	0	14,450,000	91,538,000
MoSU	261,464,000	251,503,000	0	8,680,000	521,647,000
MuSU	185,704,000	216,520,000	650,000	0	402,874,000
NKU	25,500,000	246,000,000	0	24,950,000	296,450,000
UK	4,643,000,000	3,548,000,000	93,000,000	91,000,000	8,375,000,000
UofL	1,051,615,000	751,252,000		79,000,000	1,881,867,000
WKU	191,000,000	790,800,000	10,000,000	6,000,000	997,800,000
Campus Total	\$7,199,899,000	\$6,872,526,000	\$123,975,000	\$261,080,000	\$14,457,480,000
UK HealthCare	\$2,831,000,000	3,680,000,000	\$0	\$350,000,000	\$6,861,000,000

Note: In the capital planning system, new construction is "Construction-Other" and asset preservation is "Protect Investment in Plant"

CPE Preliminary Proposed 2024-26 General Fund Pools

	State Funding	Match
Asset Preservation and Major Renovation Pool	\$700,000,000	\$0
Technology Infrastructure Pool	-	-
	<u>\$700,000,000</u>	<u>\$0</u>

(Initial list of eligible Asset Preservation projects follows)

2024-26 Asset Preservation Projects which include a request for state General Fund
Submitted by Postsecondary Institutions (Capital Planning System Version 3)

Institution/Project Title/Ranking	Total Scope	General Fund	Restricted	Agency Bonds	Private	Federal
Eastern Kentucky University						
2 Renovate Alumni Coliseum Phase II	32,000,000	32,000,000	-	-	-	-
3 2024-2026 Asset Preservation Pool (Phase II)	75,000,000	75,000,000	-	-	-	-
6 Renovate and Update Academic Spaces-Facilities	100,000,000	100,000,000	-	-	-	-
8 Renovate and Upgrade Heat Plant	18,000,000	15,000,000	3,000,000	-	-	-
10 Renovate Roark Building	75,000,000	75,000,000	-	-	-	-
12 Begley Building Comprehensive Maintenance and Ex	150,000,000	110,000,000	-	40,000,000	-	-
13 Steam Line Upgrades	20,000,000	5,000,000	-	-	15,000,000	-
14 Renovate Mechanical Systems Pool	20,000,000	10,000,000	10,000,000	-	-	-
15 Renovate Whalen Complex	40,250,000	38,250,000	-	-	2,000,000	-
Subtotal	530,250,000	460,250,000	13,000,000	40,000,000	17,000,000	-
Kentucky Community and Technical College System						
1 Renov Occupational Tech. Ph II-Elizabethtown CTC	44,000,000	44,000,000	-	-	-	-
2 Replace Hartford Bldg Phase II- Jefferson CTC	35,700,000	35,700,000	-	-	-	-
3 Renov or Replace Laurel South PhII-Somerset CC	30,000,000	30,000,000	-	-	-	-
4 Upgrade Infrastructure-Owensboro CTC	16,700,000	16,700,000	-	-	-	-
5 Upgrade ADA and Life Safety-West KY CTC	1,500,000	1,500,000	-	-	-	-
6 Renovate Mayo Campus-Big Sandy CTC	4,100,000	4,100,000	-	-	-	-
7 Renov and/or Construct Admin Bldg.-Maysville CTC	28,200,000	28,200,000	-	-	-	-
8 Renovate Hartfield Library-Henderson CC	10,500,000	10,500,000	-	-	-	-
10 Upgrade Harlan Campus-Southeast KY CTC	7,800,000	7,800,000	-	-	-	-
11 Replace Roofs - Madisonville CC	2,200,000	2,200,000	-	-	-	-
12 Repair/Replace Multiple Roofs- Hazard CTC	5,700,000	5,700,000	-	-	-	-
13 Renovate Leestown Building A-Bluegrass CTC	18,900,000	18,900,000	-	-	-	-
14 Relocate and Expand Cosmetology Prog-Ashland CTC	5,900,000	5,900,000	-	-	-	-
15 Replace Technology Center HVAC-Hopkinsville CC	5,700,000	5,700,000	-	-	-	-
16 Upgrade Mechanical Equipment Ph. II-Gateway CTC	4,500,000	4,500,000	-	-	-	-
17 Roof Replacements - Big Sandy CTC	2,500,000	2,500,000	-	-	-	-
18 Renovate Jolly Classroom Phase II-Hazard CTC	8,200,000	8,200,000	-	-	-	-
19 Upgrade Safety & Security Systems, Jefferson CTC	3,000,000	3,000,000	-	-	-	-
20 Renovate Leestown Building N-Bluegrass CTC	5,700,000	5,700,000	-	-	-	-
21 Renovate Johnson Building-Big Sandy CTC	10,800,000	10,800,000	-	-	-	-
22 Replace HVAC System Phase II -Owensboro CTC	5,800,000	5,800,000	-	-	-	-
23 Upgrade Mech Equipment Ph II-Southeast KY CTC	7,500,000	7,500,000	-	-	-	-
24 Capital Renewal & Deferred Maintenance Pool	30,000,000	30,000,000	-	-	-	-
25 Renovate Edgewood Campus Ph.II-Gateway CTC	8,100,000	8,100,000	-	-	-	-
26 Renovate Lawrenceburg Campus-Bluegrass CTC	9,800,000	9,800,000	-	-	-	-
27 Upgrade/Replace Switchgear-Elizabethtown CTC	3,500,000	3,500,000	-	-	-	-
28 Renovate Haws Gym-West KY CTC	2,000,000	2,000,000	-	-	-	-
29 Upgrade Classrooms College-Wide-Henderson CC	3,500,000	3,500,000	-	-	-	-
30 Renovate First Federal Center-Hazard CTC	5,700,000	5,700,000	-	-	-	-
31 Replace HVAC South Campus Ph.II-Somerset CC	2,700,000	2,700,000	-	-	-	-
32 Upgrade Safety and Security-Big Sandy CTC	4,500,000	4,500,000	-	-	-	-
33 Upgrade Security Technology- Gateway CTC	2,000,000	2,000,000	-	-	-	-
34 Replace Whitesburg Bridge-Southeast KY CTC	1,800,000	1,800,000	-	-	-	-
36 Upgrade Entrance Ways & Parking, Ashland CTC	4,000,000	4,000,000	-	-	-	-
37 Renovate Stoner Hall Theater	2,300,000	2,300,000	-	-	-	-
39 Upgrade North Campus-Somerset CC	3,000,000	3,000,000	-	-	-	-
41 Upgrade South Campus - Somerset CC	3,000,000	3,000,000	-	-	-	-
43 Upgrade Tech Dr. Parking/Security-Ashland CTC	1,500,000	1,500,000	-	-	-	-
45 Constr Loop Dr & Upgrd Parking Lot-Maysville CTC	3,500,000	3,500,000	-	-	-	-
49 Site Development Improvements-Elizabethtown CTC	3,400,000	3,400,000	-	-	-	-
Subtotal	359,200,000	359,200,000	-	-	-	-
Kentucky State University						
2 Asset Preservation Projects Pool	25,000,000	25,000,000	-	-	-	-
Subtotal	25,000,000	25,000,000	-	-	-	-

Institution/Project Title/Ranking	Total Scope	General Fund	Restricted	Agency Bonds	Private	Federal
Morehead State University						
2 Renovate Combs Classroom Building	40,867,000	40,867,000	-	-	-	-
4 Replace Electrical Switchgear B	6,000,000	6,000,000	-	-	-	-
5 Capital Renewal and Maintenance Pool-E&G	24,491,000	24,491,000	-	-	-	-
6 Water Plant Sediment Basin	2,400,000	2,400,000	-	-	-	-
7 Upgrade Campus Fire & Security Systems	3,064,000	3,064,000	-	-	-	-
8 Repair Camden-Carroll Library	12,511,000	12,511,000	-	-	-	-
11 Capital Renewal and Maintenance Pool-Univ. Farm	2,075,000	2,075,000	-	-	-	-
12 Comply with ADA - E&G	4,950,000	4,950,000	-	-	-	-
14 Renovate Howell-McDowell	5,650,000	5,650,000	-	-	-	-
16 Renovate Jayne Stadium	47,830,000	47,830,000	-	-	-	-
18 Campus Drainage & Sewer Project	25,000,000	25,000,000	-	-	-	-
19 Renovate Academic Athletic Center	18,760,000	18,760,000	-	-	-	-
20 Renovate Allie Young Hall	22,399,000	22,399,000	-	-	-	-
Subtotal	215,997,000	215,997,000	-	-	-	-
Murray State University						
1 Asset Preservation Pool - 2022-2024 Add'l	34,200,000	34,200,000	-	-	-	-
3 Asset Preservation Pool - II	60,000,000	60,000,000	-	-	-	-
5 Renovate Pogue Library	15,000,000	15,000,000	-	-	-	-
6 Install Additional Chiller-Heating & Cooling Plt	1,717,000	1,717,000	-	-	-	-
7 Modernize Business Bldg Elec, HVAC & Classrooms	19,000,000	19,000,000	-	-	-	-
8 Repair Stewart Stadium - Structural	9,200,000	9,200,000	-	-	-	-
9 Renovate Wells Hall	16,200,000	16,200,000	-	-	-	-
10 Upgrade Sparks Hall Electrical System	3,270,000	3,270,000	-	-	-	-
11 Replace Carr and Racer HVAC	6,150,000	6,150,000	-	-	-	-
Subtotal	164,737,000	164,737,000	-	-	-	-
Northern Kentucky University						
1 Renew/Renovate Steely Library	72,000,000	69,000,000	-	-	3,000,000	-
2 Asset Preservation Project	50,000,000	50,000,000	-	-	-	-
3 Renew E&G Building Sys Projects Pool	30,000,000	30,000,000	-	-	-	-
4 Renovate Business Academic Building	64,000,000	59,000,000	-	-	5,000,000	-
Subtotal	216,000,000	208,000,000	-	-	8,000,000	-
University of Kentucky						
1 Asset Preservation Pool	200,000,000	200,000,000	-	-	-	-
Subtotal	200,000,000	200,000,000	-	-	-	-
UK has a total of \$3.6 billion in asset preservation projects in the capital plan for 2024-26. All Education and General and state-owned residence hall projects can be funded with Asset Preservation Pool funds.						
University of Louisville						
5 Campus Infrastructure Modernization	100,000,000	100,000,000	-	-	-	-
6 Steam and Chill Water Plant Modernization	40,000,000	40,000,000	-	-	-	-
7 Frazier Rehab Renovation, Build-Out and Equip	16,000,000	16,000,000	-	-	-	-
8 Renovation of Miller IT Building	2,500,000	2,500,000	-	-	-	-
9 Construct - Belknap Stormwater Mitigation Improv	2,500,000	2,500,000	-	-	-	-
13 Renovate - School of Nursing	17,000,000	15,000,000	2,000,000	-	-	-
14 ADA Building Upgrade Pool	5,000,000	3,000,000	2,000,000	-	-	-
15 Asset Preservation Matching Pool-2022-Reauth	106,452,000	81,886,000	-	24,566,000	-	-
Subtotal	289,452,000	260,886,000	4,000,000	24,566,000	-	-
Western Kentucky University						
1 Renovate Academic Complex	160,000,000	160,000,000	-	-	-	-
2 Renovate Potter College Arts & Letters Facilitie	120,400,000	120,400,000	-	-	-	-
4 Renovate and Expand Innovation Campus (CRD)	101,000,000	58,000,000	7,000,000	21,000,000	-	15,000,000
5 Renovate Raymond Cravens Library	47,600,000	47,600,000	-	-	-	-
6 Renovate Kentucky Building	39,900,000	39,900,000	-	-	-	-
7 Renovate Jones Juggers Hall	60,000,000	20,000,000	20,000,000	-	20,000,000	-
8 Ren Ogden College of Science & Engineering Fac	120,800,000	120,800,000	-	-	-	-
9 Repair/Replace Roof at Ctr Research Development	6,000,000	6,000,000	-	-	-	-
10 Renovate Hardin Planetarium	2,000,000	2,000,000	-	-	-	-
12 Improve Life Safety Pool/Academic Bldgs	34,500,000	34,500,000	-	-	-	-
13 Renovate Central Heat Plant	5,100,000	5,100,000	-	-	-	-
14 Renovate Glasgow Campus	28,500,000	28,500,000	-	-	-	-
17 Replace Underground Infrastructure	15,000,000	15,000,000	-	-	-	-
19 Capital Renewal Pool	10,000,000	10,000,000	-	-	-	-
Subtotal	750,800,000	667,800,000	27,000,000	21,000,000	20,000,000	15,000,000
Institution Total	2,751,436,000	2,561,870,000	44,000,000	85,566,000	45,000,000	15,000,000