

INFORMATION ITEM

2024-2026 BUDGET OF THE COMMONWEALTH CAPITAL PROJECTS UPDATE

Summary

The Capital Planning Advisory Board's [2024-2030 Statewide Capital Improvements Plan](#) published in November 2023 detailed a comprehensive plan encompassing all state agencies, the judicial branch, and postsecondary institutions intended for use in the subsequent budget process and regular legislative session. The General Assembly delivered [House Bill 6](#), vetoed in part and amended by [Senate Bill 91](#) (Executive Branch Budget); [House Bill 264](#) (Judicial Branch Budget); and, [House Bill 265](#) (Transportation Cabinet Budget) during the 2024 regular legislative session to collectively enact the 2024-2026 Capital Projects Budget.

The 2024-2030 capital plans submitted by executive branch state agencies, the judicial branch, and postsecondary institutions reported the need for 1,543 projects totaling approximately \$55.2 billion from all fund sources over the next six years. The enacted 2024-2026 Capital Projects Budget appropriated \$25.3 billion and \$1.4 billion from all fund sources in FYs 25 and 26, respectively.

The following attachments address the [2024-2026 Capital Projects Budget](#) in light of the Board's published policy and project recommendations:

- Attachment A – 2024-2026 Budget of the Commonwealth Capital Projects Summary
- Attachment B – Budget Reserve Trust Fund Update
- Attachment C – Postsecondary Institutions Asset Preservation Investment Update
- Attachment D – State Agency Maintenance Pools Update
- Attachment E – Specific Project Recommendations Authorization Update

BOARD ACTION: Information only. No action is required.

INFORMATION ITEM

**ATTACHMENT A: 2024-2026 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS			
Executive and Judicial Branch			
General Fund	2,100,000	56,950,000	1,700,000
Restricted Funds	275,000	14,849,536,000	76,754,000
Federal Funds	111,523,000	400,876,000	143,337,000
Road Fund	2,500,000	19,400,000	14,350,000
Bond Funds		2,351,614,000	995,318,000
Agency Bonds		1,415,455,000	84,069,000
Investment Income		49,580,000	49,719,000
Other - Cash		622,205,000	64,000
Other - Third Party Financing		5,524,300,000	
SOURCE OF FUNDS	116,398,000	25,289,916,000	1,365,311,000
APPROPRIATIONS BY CABINET			
Executive Branch			
General Government	111,523,000	419,517,000	466,783,000
Department of Education		16,600,000	
Economic Development		15,000,000	15,000,000
Education and Labor		50,630,000	3,450,000
Energy and Environment	275,000	34,970,000	2,033,000
Finance and Administration		207,500,000	20,500,000
Health and Family Services		132,978,000	12,154,000
Justice and Public Safety	2,100,000	492,598,000	50,706,000
Postsecondary Education		23,605,657,000	400,590,000
Public Protection Cabinet		1,944,000	1,644,000
Tourism, Arts and Heritage		212,072,000	355,891,000
Transportation	2,500,000	32,850,000	36,560,000
Judicial Branch		67,600,000	
TOTAL APPROPRIATIONS	116,398,000	25,289,916,000	1,365,311,000

Source: 2024-2026 Budget of the Commonwealth

INFORMATION ITEM

ATTACHMENT B: BUDGET RESERVE TRUST FUND UPDATE

The Capital Planning Advisory Board’s [2024-2030 Statewide Capital Improvements Plan](#) updated a long-standing policy recommendation regarding the budget reserve trust fund (BRTF). The board has historically recommended that the BRTF, also referred to as the rainy-day fund, be adequately funded in accordance with provisions of KRS 48.705, which requires deposits of the lesser of either 50 percent of the General Fund surplus or the amount necessary to make the balance of the BRTF account equal to 5 percent of actual General Fund receipts collected during the fiscal year just ended.

In light of growing BRTF ending balances, the summarized policy recommendation was updated to state that **“the [board] recommends that the Governor and General Assembly *continue to prioritize maintaining budget reserve trust fund balances and consider statutory deposits linked directly to revenue receipts and statutory withdrawal provisions.*”**

The following table shows the BRTF’s deposits and withdrawals, fiscal year-end balances, and fiscal year-end balances as a percentage of General Fund revenues from 2017 to present, updating specifically for fiscal years 2024, 2025, and 2026 with budgeted estimates given the General Assembly’s actions during the 2024 regular legislative session:

**Deposits, Withdrawal, And Fiscal Year Ending Balances
2017 To Present**

Fiscal Year	Deposits	Withdrawals	Ending Balance	As % Of Revenues
2017	26,354,485	85,310,048	150,491,483	1.4
2018	0	56,711,500	93,779,983	0.9
2019	35,587,800	290,000	129,077,783	1.1
2020	195,064,500	20,957,559	303,184,724	2.6
2021	296,815,258	0	599,999,982	4.7
2022	1,317,559,272	435,432,167	1,482,127,088	10.1
2023	1,263,525,521	485,055,453	2,260,597,156	14.9
2024	3,470,512,610	504,700,000	5,226,409,766	33.6
2025*	888,695,359	1,554,975,400	4,560,129,725	29.3
2026*	0	1,050,356,500	3,509,773,225	22.4

Sources: *Supplementary Information To The Kentucky Annual Comprehensive Financial Reports* (FYs 2017-2023) and LRC Office of Budget Review (FYs 2024-2026).

**Italicized text indicates budgeted projections.*

INFORMATION ITEM

ATTACHMENT C: POSTSECONDARY INSTITUTIONS ASSET PRESERVATION INVESTMENT UPDATE

Over the last several biennia, the Council for Postsecondary Education (CPE) has used a multi-biennium, blended approach to simultaneously address asset preservation and new construction needs at postsecondary institutions, as recommended by the Vanderweil Facility Advisors Inc. report in 2007 and updated in 2013. **The Capital Planning Advisory Board endorsed CPE’s strategy for financing the capital needs of postsecondary institutions. It recommended that the Governor and the General Assembly endorse the Council’s proposed asset preservation investment framework and provide funding in the 2024-2026 biennium.**

In response to CPE’s 2024-2026 budget request for a \$700.0 million General Fund bond-funded pool for asset preservation and the Board’s recommendation, the Executive Branch Budget included a \$563.0 million asset preservation pool authorization in General Fund-supported bond funds over the 2024-2026 fiscal biennium. The appropriation includes language requiring a 25% match of the funds from research institutions (UK and UofL). The bill provides the necessary agency bond and restricted fund appropriation for the institutions to meet the match requirements.

General Fund-Supported Bond Fund Appropriations			
	FY 2024-25	FY 2025-26	Total
Eastern Kentucky University	25,910,000	25,910,000	51,820,000
Kentucky Community and Technical College System	35,500,000	35,500,000	71,000,000
Kentucky State University	30,000,000	30,000,000	60,000,000
Morehead State University	18,835,000	18,835,000	37,670,000
Murray State University	23,341,000	23,341,000	47,176,000
Northern Kentucky University	23,076,000	23,076,000	46,682,000
University of Kentucky	61,725,000	61,725,000	123,450,000
University of Louisville	34,553,000	34,553,000	69,106,000
Western Kentucky University	28,581,000	28,581,000	57,162,000
Total	281,521,000	281,521,000	563,042,000

Agency Bond Fund and Restricted Fund Appropriations			
	FY 2024-25	FY 2025-26	Total
University of Kentucky	15,431,000	15,431,000	30,862,000
University of Louisville	8,638,000	8,638,000	17,276,000
Total	24,069,000	24,069,000	48,138,000

Combined with the 2022-2024 enacted budget’s \$683.5 million authorization, the \$563.0 million General Fund-supported bond fund investment in asset preservation at postsecondary institutions totals over \$1.2 billion during a four-year period. This total represents roughly 16% of the \$7.3 billion investment recommended in the Vanderweil Facility Advisors Inc. reports.

INFORMATION ITEM

ATTACHMENT D: STATE AGENCY MAINTENANCE POOLS UPDATE

The Capital Planning Advisory Board’s [2024-2030 Statewide Capital Improvements Plan](#) continued its long-standing recommendation that appropriating “**adequate amounts for agency miscellaneous maintenance pools [is] a top priority for funding in the biennial budget.**” Miscellaneous maintenance pools appropriated to the various state agencies are used primarily for planned and unanticipated projects (maintenance, minor construction, etc.) costing less than the threshold requiring line-item authorization in the biennial budget bill (currently \$1 million).

The Board acknowledged the 2022 General Assembly’s widespread policy of supplanting the use of bond fund appropriations with traditional cash financing in the 2022 Regular Session Budget Bills by amending the long-standing policy recommendation to read as follows: “**The board encourages *continued* use of traditional cash financing for maintenance pools when funds are available, as done in the 2022-2024 biennial budget.**” A recent history of these appropriations has been updated for the 2024-2026 authorizations:

Maintenance Pool Appropriations (\$ millions)

Biennium	Agency Bonds	Bond Funds	Cash	Federal Funds	Restricted Funds	Road Fund	Total
2014-2016		\$27.9	\$5.7		\$162.7	\$6.0	\$202.2
2016-2018		32.3	9.7		15.0	5.5	62.5
2018-2020		42.5	10.9		73.9	5.9	133.2
2020-2022	\$4.5	43.0	19.2		25.0	5.9	97.6
2022-2024	0.1	5.0	143.8		27.9	8.0	184.8
2024-2026	6.4	58.0	95.4	\$3.0	31.0	8.0	201.8

Notes: Figures account for miscellaneous maintenance pools and do not reflect pools for specific categories of needs such as chillers, handicapped access, life safety, roofs, or nonconstruction items such as equipment maintenance.

Under a long-standing executive and legislative policy, capital construction investment income has also been the source of state funding for agency maintenance pools. Investment income is cash from interest earned on the investment of money appropriated to capital construction accounts, trust and agency accounts, and trust and agency revolving accounts that are not otherwise dedicated. The “Cash” totals above include use of either General Fund or investment income.

As seen in the following chart, most agency miscellaneous maintenance pool allocations were funded at their requested level, utilizing a combination of investment income, bond funds, restricted funds, or a combination thereof. Three state agencies within the Justice and Public Safety Cabinet received significantly less than requested in the first fiscal biennium of their capital plan: the Department of Corrections, the Department of Juvenile Justice, and the Kentucky State Police. The Education and Labor Cabinet (ELC) and Tourism, Arts and Heritage Cabinet (TAHC) received authorizations for new maintenance pools: the KET Capitol Production Center Maintenance Pool (ELC) and the Fish and Wildlife Resources Maintenance Pool (TAHC).

INFORMATION ITEM

Agency Miscellaneous Maintenance Pools FY 2024-26 Authorizations

State Agency	2024-2030 Capital Plan Request – First Biennium	2024-26 Budget
Department of Education	\$3,100,000	\$3,100,000
Department of Military Affairs (DMA) Armory Installation Facility	\$10,000,00	\$8,000,000
DMA Bluegrass Station Facility	\$2,000,000	\$2,000,000
DMA Youth Challenge Academies	\$2,000,000	\$2,000,000
Department of Veterans Affairs	\$2,000,000	\$2,000,000
Education and Labor/General Admin.	\$1,000,000	\$1,000,000
Education and Labor/KET	\$1,000,000	\$1,500,000
<i>Education and Labor/KET Capitol Production Center*</i>	\$2,000,000	\$1,000,000
Education and Labor/Workforce Dev	\$1,400,000	\$1,400,000
Energy and Environment Cabinet	\$1,012,000	\$1,012,000
Finance and Administration Cabinet (FAC) – Facilities and Support Services	\$15,000,000	\$15,000,000
Cabinet for Health and Family Services	\$24,308,000	\$24,308,000
Justice and Public Safety/Criminal Justice Training	\$6,000,000	\$6,000,000
Justice and Public Safety/Corrections	\$56,930,000	\$40,000,000
Justice and Public Safety/Juvenile Justice	\$22,950,000	\$10,000,000
Justice and Public Safety/State Police	\$30,756,000	\$12,000,000
Eastern Kentucky University	\$20,000,000	\$20,000,000
Morehead State University	\$11,067,000	\$6,428,000
Tourism/Artisan Center	\$1,000,000	\$1,000,000
Tourism/Center for the Performing Arts	\$1,100,000	\$1,100,000
Tourism/Dept of Parks	\$24,000,000	\$20,000,000
<i>Tourism/Fish and Wildlife Resources*</i>		\$6,000,000
Tourism/Horse Park Commission	\$3,000,000	\$3,000,000
Tourism/State Fair Board	\$6,000,000	\$6,000,000
Transportation Cabinet	\$12,000,000	\$8,000,000
Total	\$249,623,000	\$201,848,000

This chart does not reflect pools for specific categories of needs (e.g., chillers, deferred maintenance pools, handicapped access, school improvements, parking garages, roofs) or non-construction items (e.g., aircraft, equipment maintenance).

**Denotes new maintenance pool.*

INFORMATION ITEM

ATTACHMENT E: SPECIFIC PROJECT RECOMMENDATIONS AUTHORIZATION UPDATE

Regarding projects proposed to be financed from state General Funds in the 2024–2026 Executive Budget, board members recommended 45 specific projects in three areas: construction (maintenance/renovation), construction (new), and information technology. The Board’s project recommendations by project category with the corresponding budget authorization and fund source, where applicable, are identified below:

Maintenance/Renovation Projects

Project Title	State Agency	Capital Plan Request Fund Source Total	Budget Authorization	Fund Source
Ashland Armory Restoration Phase 1	Dept of Military Affairs	\$4,000,000	\$ 4,000,000	BF/FF
Asset Preservation Projects Pool	KY State University	\$25,000,000	\$ 60,000,000	BF
Central Lab Roof	Dept for Facilities & Support Services	\$8,000,000	\$ 8,000,000	BF
CHR Renovation Construction Phase 1	Dept for Facilities & Support Services	\$5,000,000	\$ 5,000,000	BF
Cumberland Falls Lodge Rm Upgrade/Reconfiguration	Dept of Parks	\$10,000,000	\$ 10,000,000	BF
Eastern Kentucky Correctional Complex HVAC Replacement Phase 1	Dept of Corrections	\$80,000,000	\$ 80,000,000	BF
Kentucky State Penitentiary Utilities Infrastructure Replacement	Dept of Corrections	\$4,320,000	\$ 4,320,000	BF
Jenny Wiley Marina Reconstruction	Dept of Parks	\$12,200,000	\$ 12,200,000	BF
KSB McDaniel/Scoggin Classroom Building Upgrades	Dept of Education	\$8,000,000	\$ 8,000,000	BF
Radcliff HVAC System Replacement	Dept of Veterans Affairs	\$9,000,000	\$ 9,000,000	BF
Renovate Louisville Detention Center Phase 2*	Dept of Juvenile Justice	\$11,600,000	-	
Thomson-Hood Veterans Center Exterior Lighting Replacement	Dept of Veterans Affairs	\$1,500,000	\$ 1,500,000	BF
Transportation Building New Roof	Dept for Facilities & Support Services	\$8,000,000	\$ 8,000,000	BF
Utility Infrastructure Replacement Phase 2	Dept of Parks	\$55,000,000	\$ 45,000,000	BF
Western State Hospital Replacement of HVAC Piping	Dept for Behavioral Health, Dev. Disab.	\$12,019,300	\$ 12,019,000	BF

*Authorization for additional/reauthorization of original "Renovate Louisville Detention Center" for \$25,500,000 in Bond Funds versus Phase 2.

INFORMATION ITEM

Information Technology Projects

Project Title	State Agency	Capital Plan Request Fund Source Total	Budget Authorization	Fund Source
Adult Education System Modernization	General Administration & Support/All Other	\$2,800,000	\$ -	
Augmented Reality (AR) Inspection Forms	Secretary's Office/All Other (EEC)	\$1,397,000	\$ -	
eMARS Upgrade & Systems Enhancements	Office of the Controller	\$3,500,000	\$ 3,500,000	BF
Enhance Network/Infrastructure Resources - Add'l	Morehead State University	\$3,750,000	\$ -	
KCTCS Information Technology Pool	KY Community and Technical College System	\$9,500,000	\$ -	
KentuckyWired Critical Infrastructure Upgrades	KY Communications Network Authority	\$12,927,000	\$ 12,927,000	BF
KET Capitol Production Center Maintenance Pool	KY Educational Television	\$1,000,000	\$ 1,000,000	II
Legacy Modernization	Commonwealth Office of Technology	\$20,000,000	\$ 10,000,000	BF
Replace Enterprise Resource Planning System	Northern KY University	\$15,000,000	\$ -	
SAMS Replacement	Dept of Aging and Independent Living	\$13,000,000	\$ -	
Telecommunicator Technology	KY State Police	\$2,200,000	\$ 2,200,000	BF
Unified Case Management	Unified Prosecutorial System	\$3,700,000	\$ -	
Upgrade Information Tech Infrastructure	KY State University	\$14,450,000	\$ -	
Upgrade IT Infrastructure	Western KY University	\$6,600,000	\$ -	
Upgrade IT Infrastructure Pool	Northern KY University	\$9,950,000	\$ -	

Other Construction/New

Project Title	State Agency	Capital Plan Request Fund Source Total	Budget Authorization	Fund Source
Building Renovation to Improve Security	KY Center for the Arts	\$1,525,000	\$ 1,525,000	II
Construct Armory Addition Shelbyville	Dept of Military Affairs	\$4,000,000	\$ 4,000,000	BF/FF
Construct Readiness Center Somerset-Additional	Dept of Military Affairs	\$9,470,000	\$ 9,470,000	BF/FF
Construction Court of Appeals	KY Court of Justice	\$14,100,000	\$ 14,100,000	BF
Design Level 4 Prison in Eastern KY	Dept of Corrections	\$29,000,000	\$ 29,000,000	BF
EKCC Façade & Structural Repairs/Replacement	Dept of Corrections	\$77,000,000	\$ 85,400,000	BF
Central Lab Expansion*	Dept for Public Health	\$185,000,000	\$ 36,450,000	BF
KCPC Construct Forensic Psychiatric Hospital	Dept for Behavioral Health, Dev. Disab.	\$63,863,000	\$ 63,863,000	BF
Kentucky Abandoned Storage Tank and Orphan Well	Dept for Natural Resources	\$1,000,000	\$ 1,000,000	GF
Kentucky Old State Capitol Preservation	KY Historical Society	\$2,354,000	\$ 2,354,000	BF/Other
KET Studio Lighting	KY Educational Television	\$1,750,000	\$ 1,750,000	GF
Posts 7 (Richmond) & 10 (Harlan) Construction	KY State Police	\$5,980,000	\$ 7,250,000	BF
State Superfund Sites	Dept for Environmental Protection	\$2,038,000	\$ 2,038,000	BF
State-Owned Dam Repair	Dept for Environmental Protection	\$22,200,000	\$ 22,200,000	BF
Wiley Property Site	Dept for Environmental Protection	\$9,480,000	\$ 9,480,000	BF

*Authorization for "Expand Central Laboratory" to fund the design of an addition to the state lab facility.

INFORMATION ITEM

Abbreviation Key:

AB: Agency Bonds (debt service supported by agency revenues)

BF: Bond Funds (debt service supported by the General Fund)

FF: Federal Funds

GF: General Fund (Cash)

II: Investment Income (Cash)

OT: Other Funds

For the board's recommendations, Agency Bonds, Federal Funds, and Other Funds were defined as not state funds.