

**KY COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE**



October 20, 2020 – 3:00 p.m. ET
ZOOM teleconferencing for Committee members
Livestream video for public: <https://youtu.be/7BzLb5qJnao>

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<i>Next committee meeting: Dec. 15, 2020 @ 3pm ET</i>	

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: August 18, 2020
Time: 3:00 p.m. ET
Location: Virtual Meeting – Committee member by ZOOM teleconference. Public viewing at: <https://youtu.be/MgXYUTHkj7Y>

CALL TO ORDER

The Finance Committee met Thursday, July 9, 2020, at 9:30 a.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/MgXYUTHkj7Y>. Chair Ben Brandstetter presided.

ATTENDANCE

Members in attendance: Benjamin Brandstetter, Colby Birkes, Richard Nelson, Carol Wright, and Sherrill Zimmerman. All attended by teleconference.

Members not in attendance: Kim Halbauer and Robert Staat

Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the July 9, 2020 Finance Committee meeting were approved as distributed.

PRESENTATION TO INTERIM BUDGET REVIEW SUBCOMMITTEE ON EDUCATION

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, CPE's Director of Finance, briefed the Committee on what would be

presented to the Interim Budget Review Subcommittee on Education at their meeting on August 19, 2020. Topics included a review of CPE's budget cuts sustained the last ten years and related impact, CPE's administration of the GEER and HEER pandemic relief funding, and the financial impact of COVID-19 on CPE and the Kentucky college campuses.

UPDATE ON CARES ACT FUNDING

Dr. Payne updated the Committee on the four pools of CARES Act Funding: (1) GEER Fund Grants, (2) HEER Fund Grants to Students, (3) HEER Fund Awards to Institutions, and (4) HEER Fund HBCU and SIP Awards. The information focused on the amounts allocated and accessed by public institutions.

UPDATE ON POSTSECONDARY EDUCATION WORKING GROUP

Dr. Payne provided the Committee with the information reviewed at the first meeting of the Postsecondary Education Working Group on Performance Funding. He also discussed the outcomes from that meeting and stated the group will be meeting monthly through the end of the year with the goal of completing its work by December 15, 2020.

ADJOURNMENT

The Finance Committee adjourned at 3:45 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: _____

TITLE: Interim Capital Project – UofL J.B. Speed Building Renovation

RECOMMENDATION: Staff recommends that the Finance Committee recommend for full Council approval of an \$18,700,000 agency fund interim project at the University of Louisville to renovate the J.B. Speed School of Engineering Building.

PRESENTERS: Shaun McKiernan, Director of Finance and Budget, CPE
Ryan Kaffenberger, Senior Associate for Budget & Finance, CPE

SUPPORTING INFORMATION

University of Louisville (UofL) officials request authorization for an interim capital project to renovate and upgrade the J.B. Speed School of Engineering building. This asset preservation project was approved by the UofL Board and was approved by the Council as part of the 2020-22 biennial budget recommendation. Council approval is needed since the project was not included in the enacted 2020-21 state budget.

Upon approval, work will begin on the building’s heating and cooling system upgrades. Renovation of the basement-based HVAC system is the first step required to enhance the facility’s comfort and energy efficiency.

This project was approved by UofL’s Board of Trustees on October 24, 2019 as part of the institution’s 2020-2026 Capital Plan as “Renovate and Expand JB Speed Bldg.” Upgrading the building’s HVAC system is Phase 1 of the total \$18,700,000 renovation and expansion project and is estimated to cost \$1,290,000. More information can be found in the attached documentation. Upgrades to other building mechanicals and improvements to other building systems will be completed prior to any aesthetic improvements.

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee. The pertinent section of KRS 164A.575 is provided below:

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
- (a) The full cost shall be funded solely by non-general fund appropriations;
 - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
 - (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

- The project must be approved by an institution's board of trustees or regents;
- The project must be submitted to the Council on Postsecondary Education for review and action;
- If approved by the Council, projects at KCTCS and KSU are submitted to the Secretary of the Finance and Administration Cabinet for review and action, and subsequently submitted by the Secretary to the Capital Projects and Bond Oversight Committee for review;
- If approved by the Council, projects at EKV, MoSU, MuSU, NKU, UK, UofL, and WKU are submitted by the requesting institution to the Capital Projects and Bond Oversight Committee for review, and a copy is provided to the Finance and Administration Cabinet as information; and
- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because this project was not authorized in the enacted 2020-21 budget (HB 352), Council approval is now required to authorize this project. UofL will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following Council action, staff will notify the president of UofL, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.

September 28, 2020

Senator Rick Girdler
Representative Walker Thomas
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capital Annex Room 34
Frankfort, KY 40601

RE: Renovation & Expand J.B. Speed Building

Dear Senator Girdler and Representative Thomas:

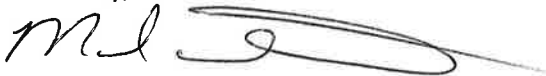
In accordance with provisions of KRS 45.760 (7), I am writing to request authorization to begin the renovation of the J.B. Speed Building. This project will be completed in phases as funds are identified. Funding has been identified for the upgrade of the HVAC system, which will be Phase 1. Third party engineering firm developed the project cost estimate based on the current market. The budget submitted in the 2020-2026 Capital Plan was \$18,700,000. Phase 1 of the project cost estimate is \$1,290,000.

J.B. Speed School of Engineering has a systemic heating/cooling issues that can be resolved with an upgraded heating, ventilation and air conditioning (HVAC) system. Renovation of the basement-based HVAC system is an imperative first step to upgrading the facility for both comfort and efficiency measures.

The University of Louisville Board of Trustees approved the project on October 24, 2019. This project was submitted as part of the University of Louisville's Six-Year Capital Plan 2020-2026. This project will not use any current general funds or any funds appropriated for another purpose.

We appreciate your support, and if you have any questions, please contact Kim Noltemeyer at 502-852-5699.

Sincerely,



Mark J. Watkins
Chief Operating Officer
University of Louisville

cc: President Neeli Bendapudi
Dan Durbin, CFO
Shaun McKiernan
Carla Wright (OSBD)

RECOMMENDATION TO THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF LOUISVILLE
REGARDING SIX-YEAR CAPITAL PLAN

Finance Committee – October 24, 2019
Board of Trustees – October 24, 2019

RECOMMENDATION:

The President recommends that the list of projects, as **attached**, be approved for submission to the Capital Planning Advisory Board as the university's 2020-2026 Capital Plan.

BACKGROUND:

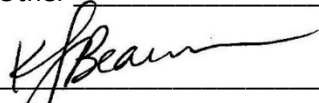
An Executive Summary follows the list of projects.

COMMITTEE ACTION:

Passed X

Did Not Pass

Other

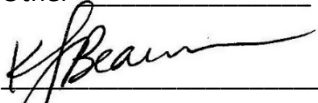

Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass

Other


Assistant Secretary

Biennium	Authorized for 2018-2020	Priority	DRAFT - Project Title	GF / AB / FF	Restricted Funds	Other	Total Amount
2020-2022	YES	1	Upgrade STEM Instructional Buildings	50,000,000			50,000,000
2020-2022		2	Capital Renewal Replace and Upgrade Pool	100,000,000			100,000,000
2020-2022	YES	3	Renovate School of Med. Building 55A (five floor renovation plus infrastructure)		42,000,000		42,000,000
2020-2022	YES	4	Renovate HSC Instructional and Student Service Space 55B		20,000,000		20,000,000
2020-2022	YES	5	Regional Biocontainment Lab Pressurization Control Upgrade		10,868,707		10,868,707
2020-2022	YES	6	Renovation and Adaption Projects for Various Campus Buildings		50,000,000		50,000,000
2020-2022		7	New - Renovate Bldg 55A - 9th floor into a vivarium		8,000,000		8,000,000
2020-2022	YES	8	Construct - College of Business Building	40,000,000		80,000,000	120,000,000
2020-2022	YES	9	Public/Private Partnership Residence Hall			51,000,000	51,000,000
2020-2022	YES	10	Renovate and Expand JB Speed Bldg		18,700,000		18,700,000
2020-2022	YES	11	Renovate Natural Science Building		30,000,000		30,000,000
2020-2022	YES	12	Renovate Vivarium Facilities		75,000,000		75,000,000
2020-2022	YES	13	Construct Plant based Pharmaceutical Research Facility		1,700,000		1,700,000
2020-2022	YES	14	Renovate Life Sciences Building Vivarium		3,470,767		3,470,767
2020-2022		15	Purchase Next Generation/ERP Support System		20,000,000		20,000,000
2020-2022	YES	16	Chemistry Fume Hood Redesign, Phase II		9,750,000		9,750,000
2020-2022	YES	17	Renovate College of Business Classrooms		2,000,000		2,000,000
2020-2022	YES	18	Robotic Book Retrieval System Expansion - Ekstrom Library Project		4,900,000		4,900,000
2020-2022		19	NEW-Vivarium Equipment Pool		20,000,000		20,000,000
2020-2022	YES	20	Expand Patterson Baseball Stadium/Construct Indoor Facility			9,500,000	9,500,000
2020-2022	YES	21	Replace Electronic Video Boards			2,000,000	2,000,000
2020-2022	YES	22	Renovate Dental School Admin Space		1,000,000		1,000,000
2020-2022	YES	23	Renovate Chemistry Teaching Laboratories and Auditorium		3,960,000		3,960,000
2020-2022	YES	24	Speed School Multidisciplinary Engineering Bldg #1		65,000,000		65,000,000
2020-2022	YES	25	Construct Utility Infrastructure Upgrade		21,975,000		21,975,000
2020-2022	YES	26	Improve Housing Facilities Pool		10,000,000		10,000,000
2020-2022	YES	27	Renovate Parking Structures		3,600,000		3,600,000
2020-2022	YES	28	Resurface and Repair Parking Lots		2,500,000		2,500,000

TITLE: Interim Capital Project – UofL Medical Tower-55A Vivarium

RECOMMENDATION: Staff recommends that the Finance Committee recommend for full Council approval an \$8,000,000 interim project at the University of Louisville to renovate the 8th and 9th floors of Medical Tower-55A. The project is federally-funded by a grant from the National Institutes of Health (NIH).

PRESENTERS: Shaun McKiernan, Director of Finance and Budget, CPE
Ryan Kaffenberger, Senior Associate for Budget & Finance, CPE

SUPPORTING INFORMATION

University of Louisville (UofL) officials request authorization for an interim capital project to renovate the 8th and 9th floors of Medical Tower-55A. This renovation will convert the 9th floor of the building into a vivarium. The renovation of the 8th floor will contain the mechanical support required for the vivarium. This project will support the institution's research and advance the mission of the university to become a premier, nationally-recognized metropolitan research university.

This project was approved by UofL's Board of Trustees on October 24, 2019 as part of the institution's 2020-2026 Capital Plan as "New - Renovate Bldg 55A - 9th floor into a vivarium". The project cost is expected to be \$8,000,000 and will be federally-funded by an NIH grant awarded on September 19, 2020. More information can be found in the attached documentation.

Kentucky Revised Statute 45.760 allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget that are funded with federal or private funds provided they do not jeopardize funding for existing programs, do not reallocate moneys previously appropriated for another purpose and are submitted by the institution to the Capital Projects and Bond Oversight Committee for review. The pertinent section of KRS 45.760 is provided below:

(7) A capital construction project or a major item of equipment may be authorized even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:

- (a) Fifty percent (50%) or more of the actual cost shall be funded by federal or private funds, and fifty percent (50%) or less of the actual cost shall be funded by moneys appropriated to the capital construction and equipment purchase contingency account or, if the purpose of the project or equipment is to reduce energy costs, the relevant entity head certifies projected energy cost savings associated with the project or equipment are reasonable and sufficient to produce an aggregate simple payback period, as defined by KRS 56.770, of five (5) years or less;
- (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or reallocated for expenditure on the project or major item of equipment; moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
- (c) The relevant entity head, or his designee, shall submit the project or major item of equipment to the committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

- The project must be approved by an institution's board of trustees or regents;
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Because this project was not authorized in the enacted 2020-21 budget (HB 352), Council approval is now required to authorize this project. UofL will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following Council action, staff will notify the president of UofL, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.

September 28, 2020

Senator Rick Girdler
Representative Walker Thomas
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capital Annex Room 34
Frankfort, KY 40601

RE: Renovation Building 55A – 9th Floor into a Vivarium

Dear Senator Girdler and Representative Thomas:

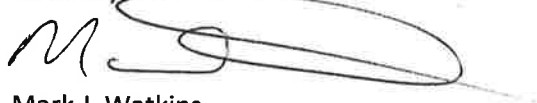
In accordance with provisions of KRS 45.760 (7), I am writing to request authorization to begin the renovation of the 8th and 9th floor of the University of Louisville Medical Tower-55A. Funding has been identified for the project, which is an NIH grant for \$8,000,000 awarded on September 19, 2020. Kentucky architectural firm developed the project cost estimate based on the current market. The budget expectation was \$8,000,000 in the 2020-2026 Six-Year Capital Plan.

This project will renovation the 9th floor of the building into a vivarium. The 8th floor renovation will house the mechanical support for the vivarium. The vivarium will aid in research, and continue the mission of the university to become a premier, nationally-recognized metropolitan research university.

The University of Louisville Board of Trustees approved the project on October 24, 2019. This project was submitted as part of the University of Louisville's Six-Year Capital Plan 2020-2026. NIH grant will fund the project. This project will not use any current general funds or any funds appropriated for another purpose.

We appreciate your support, and if you have any questions, please contact Kim Noltemeyer at 502-852-5699.

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Mark J. Watkins
Chief Operating Officer
University of Louisville

cc: President Neeli Bendapudi
Dan Durbin, CFO
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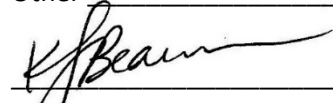
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COMMITTEE ACTION:

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Did Not Pass

Other

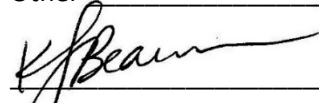

Assistant Secretary

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2020-2022	YES	28	Resurface and Repair Parking Lots		2,500,000		2,500,000

TITLE: Interim Capital Project – MuSU Lovett Auditorium – Delegation of Authority

DESCRIPTION: Murray State University will be requesting CPE approval for a proposed \$2,000,000 interim capital project to make significant upgrades and repairs to the Lovett Auditorium HVAC system. MuSU officials plan to take this project to their Board on December 4, 2020 and will then need Council approval. Due to the timing of the Board meeting, staff recommends that the Finance Committee obtain approval from the Council to approve the project when the committee meets on December 15, 2020.

PRESENTERS: Shaun McKiernan, Director of Budget and Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget and Finance, CPE

SUPPORTING INFORMATION

Murray State University (MuSU) officials plan to request authorization for an interim capital project to replace the HVAC System and repair ductwork in the Lovett Auditorium. Ductwork in the attic space above the auditorium has damaged insulation causing it to sweat. The duct cannot be easily reinsulated or replaced. This project will robotically clean and seal the ductwork from the inside in the auditorium's attic and repair the damaged plaster ceiling. The air handlers on the stage will be replaced with a new one in the basement and new supply ductwork routed through the crawl space. New boilers will be installed in order to remove the building from the central steam system. The old ductwork in the attic will be repurposed as the return duct for the new HVAC system. The old electrical transformers and switchgear for the building will also be replaced as part of the project. These replacements and repairs will also improve the efficiency of the building's HVAC system.

The total scope of the Lovett Auditorium project is anticipated to be \$2,000,000. The project is expected to use \$600,000 of revenue from the institution's asset preservation fee as support. The remaining financing will come from other agency funds. This project is expected to be approved at MuSU's Board meeting on December 4, 2020.

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state

budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee.

TITLE: Special Use Fee - Revenue and Use Report

DESCRIPTION: An annual report of the public postsecondary system's Special Use Fee revenue and uses. Brief narratives of projects funded using the fee are provided, with detail of fee revenue and uses attached.

PRESENTERS: Shaun McKiernan, Director of Budget and Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget and Finance, CPE

SUPPORTING INFORMATION

Background

On April 28, 2011, the Council on Postsecondary Education approved a Special Use Fee Exception Policy that allows institutions to request an exemption from a Council approved tuition and fee rate ceiling for a Special Use Fee that meets certain policy provisions, including student endorsement of the fee. According to the policy:

A student endorsed fee is a mandatory flat-rate fee, that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

The policy requires that all enrolled students have been afforded ample opportunity to be informed, voice their opinions, and participate in the decision to endorse the Special Use Fee. Specifically, it must be shown that fee details have been widely disseminated, broadly discussed, voted on while school is in session, and requested by students. Additionally, the proposed fee and exemption request must have been adopted by the requesting institution's governing board. Lastly, the institution is required to have a plan in place for the eventual reduction or elimination of the fee upon debt retirement, and details of that plan must be shared with students.

For your reference, an updated list of questions and answers regarding each institution's Special Use Fee features, projects, and timelines is attached.

UofL Special Use Fee History

On June 10, 2011, the Council approved the creation of the University of Louisville's Special Use Fee according to the Council's Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$98 per student per semester for new, full-time students (i.e., \$196 annually) and is prorated per credit hour for new, part-time students, beginning fall semester 2011.
- Fee revenue will be used to pay architectural and engineering costs, long-term debt amortization, and ongoing Maintenance and Operations (M&O) expenses on a newly constructed \$37.6 million Student Recreation Center (SRC) located near new student housing on the Belknap campus.
- Once the bond amortization payments for the SRC are completed, the fee will be reduced to \$48.50 per student per semester to cover ongoing programmatic costs not associated with debt service (i.e., supervision and operation, equipment M&O, long-term equipment maintenance, and facility M&O).

UofL Special Use Fee Report

The University of Louisville's Special Use Fee has generated \$23,578,035 since its implementation in fiscal year (FY) 2014.

In FY 2020, the fee generated \$3,235,875, which was expended on debt service, operating expenses and salaries and benefits related to running and maintaining the Student Rec Center. A debt service payment of \$2,677,975 accounted for over 81% of current year receipts. A carryforward balance of -\$52,700 in FY 2020 was due to a revenue decrease because the special use fee was suspended for students enrolled in summer classes. It was an action taken in response to COVID-19 and recognition of the shift to all online courses for summer.

Special Use Fee Revenue and Uses University of Louisville	
Sources of Funds	FY 2020
Carryforward From Prior Year	-
Current Year Receipts	\$3,235,875
Total Sources of Funds	\$3,235,875
Uses of Funds	
Salaries & Benefits	\$456,914
Operating Expenses	\$153,686
Capital Outlay	-
Debt Service	\$2,677,975
Total Uses of Funds	\$3,288,575
Carryforward	-\$52,700

EKU Special Use Fee History

On April 17, 2015, the Council approved the creation of Eastern Kentucky University's Special Use Fee according to the Council's Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$150 per semester for full-time students (i.e., \$300 annually, not including summer), and is prorated for part-time students, effective fall semester 2015. Part-time students are assessed a fee of \$12.50 for each credit hour.
- Revenue from the fee will support renovation of the ECU Student Union (Powell Building) and the construction of a new Recreation and Wellness Center. Fee revenue will be used to pay debt service on an estimated \$60 million, 20-year bond. Any fee revenue in excess of the debt service obligation may be used to fund maintenance and operations of the buildings.
- When the debt service on the bond is fully paid, the fee will end. It is projected that the debt service will be paid off in 20 years.

EKU Special Use Fee Report

Eastern Kentucky University's Special Use Fee has generated \$21,430,146 since its implementation in FY 2016.

In FY 2020, the fee generated \$3,961,849. The only expense supported by fee revenue in the year was \$4,572,341 in debt service. A carryforward balance of \$9,026,390 remained in FY 2020. See attachment for more information.

Special Use Fee Revenue and Uses Eastern Kentucky University	
Sources of Funds	FY 2020
Carryforward From Prior Year	\$9,636,883
Current Year Receipts	\$3,961,849
Total Sources of Funds	\$13,598,732
Uses of Funds	
Salaries & Benefits	-
Operating Expenses	-
Capital Outlay	-
Debt Service	\$4,572,341
Total Uses of Funds	\$4,572,341
Carryforward	\$9,026,390

MoSU Special Use Fee History

On June 10, 2011, the Council approved the creation of Morehead State University's Special Use Fee according to the Council's Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$5.00 per credit hour, discounted by 60 percent for hours 13 and above (i.e., \$132 annually, not including summer), beginning fall semester 2011.
- All revenue generated from the proposed fee increase will be used to pay debt service on a new \$24.0 million Student Recreation Center (SRC). MoSU will pay the costs of operating the facility.
- The per-credit hour Student Recreation Fee will be eliminated from the base tuition and fee rate when the debt service on the facility has been retired.

MoSU Special Use Fee Report

Morehead State University's Special Use Fee has generated \$8,468,671 since its implementation in FY 2012.

In FY 2020, the fee generated \$842,175, which was expended on debt service. The debt service payment for the year used all \$842,175 of fee revenue available. No carryforward balance remained in FY 2020. See attachment for more information.

Special Use Fee Revenue and Uses Morehead State University	
Sources of Funds	FY 2020
Carryforward From Prior Year	-
Current Year Receipts	\$842,175
Total Sources of Funds	\$842,175
Uses of Funds	
Salaries & Benefits	-
Operating Expenses	-
Capital Outlay	-
Debt Service	\$842,175
Total Uses of Funds	\$842,175
Carryforward	-

NKU Special Use Fee History

On June 10, 2011, the Council approved the creation of Northern Kentucky University's Special Use Fee according to the Council's Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$16.00 per credit hour (i.e., \$384 annually, not including summer) and was phased in over four years. The fee is capped at 12 credit hours per semester for full-time students.
- The fee will support a \$45.4 million project to renovate and double in size (i.e., about 110,000 gross square feet will be added) NKU's existing Campus Recreation Center (CRC) and construct two lighted turf intramural fields.
- When the debt service on the CRC construction bond is fully paid, the fee will end.

NKU Special Use Fee Report

Northern Kentucky University's Special Use Fee has generated \$32,048,000 since its implementation in FY 2012.

In FY 2020, the fee generated \$4,351,000, which was expended on debt service, operating expenses and salaries and benefits. A debt service payment of \$3,057,000 accounted for over 75% of current year expenses. A carryforward balance of \$2,967,000 remained in FY 2020. See attachment for more information.

Special Use Fee Revenue and Uses Northern Kentucky University	
Sources of Funds	
Carryforward From Prior Year	\$2,681,000
Current Year Receipts	\$4,351,000
Total Sources of Funds	\$7,032,000
Uses of Funds	
Salaries & Benefits	\$493,000
Operating Expenses	\$515,000
Capital Outlay	-
Debt Service	\$3,057,000
Total Uses of Funds	\$4,065,000
Carryforward	\$2,967,000

WKU Special Use Fee History – Downing University Center Renovation

On June 10, 2011, the Council approved the creation of Western Kentucky University’s first Special Use Fee according to the Council’s Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$70 per semester for full-time students (i.e., \$140 annually), and is prorated per credit hour for part-time students, effective fall semester 2011.
- All revenue generated from the fee will be used to pay debt service on a \$49.1 million renovation of the Downing University Center (DUC).
- When the debt service has been fully paid, the fee will terminate. It is projected that debt service for the project will be paid off in 20 years.

WKU Special Use Fee Report - Downing University Center Renovation

Western Kentucky University’s first Special Use Fee has generated \$17,551,797 since its implementation in FY 2012.

In FY 2020, the fee generated \$1,689,540, which was expended on debt service. Debt service paid using the fee was \$1,689,540. No carryforward balance remained in FY 2020. See attachment for more information.

Special Use Fee Revenue and Uses Western Kentucky University - DUC	
Sources of Funds	FY 2020
Carryforward From Prior Year	-
Current Year Receipts	\$1,689,540
Total Sources of Funds	\$1,689,540
Uses of Funds	
Salaries & Benefits	-
Operating Expenses	-
Capital Outlay	-
Debt Service	\$1,689,540
Total Uses of Funds	\$1,689,540
Carryforward	-

WKU Special Use Fee History – Parking Structure Construction

On June 12, 2015, the Council approved the creation of Western Kentucky University’s second Special Use Fee according to the Council’s Special Use Fee Exception Policy. Important features of the fee are outlined below.

- The amount of the fee is \$30 per semester for full-time students (i.e., \$60 annually), and is prorated per credit hour for part-time students, effective fall semester 2015.
- All revenue generated from the proposed fee increase will be used to pay debt service on a \$10 million parking structure (PSC).
- When the debt service has been fully paid, the fee will terminate. It is projected that debt service will last 20 years.

WKU Special Use Fee Report - Parking Structure Construction

Western Kentucky University’s second Special Use Fee has generated \$3,973,742 since its implementation in FY 2016.

In FY 2020, the fee generated \$724,723, which was expended on debt service. Debt service paid using the fee was \$724,723. No carryforward balance remained in FY 2020. See attachment for more information.

Special Use Fee Revenue and Uses Western Kentucky University - PSC	
Sources of Funds	FY 2020
Carryforward From Prior Year	-
Current Year Receipts	\$724,723
Total Sources of Funds	\$724,723
Uses of Funds	
Salaries & Benefits	-
Operating Expenses	-
Capital Outlay	-
Debt Service	\$724,723
Total Uses of Funds	\$724,723
Carryforward	-

Special Use Fee Information

Presented at the October 20, 2020 CPE Finance Committee Meeting

Introduction to Survey Questions

At its April 28, 2011 meeting, the Council adopted a Special Use Fee Exception Policy that allows certain kinds of student-endorsed fees to be considered outside of Council approved tuition and fee rate ceilings. Revenue from such fees may be used to pay debt service and M&O expenses on new facilities or capital renewal and replacement costs on existing facilities and equipment that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, or tutoring centers.

In April 2018, CPE staff collected answers to a number of questions on Special Use fees and projects. In September 2020, CPE staff asked institution representatives to review and update their answers to these questions on Special Use fee implementation on their campus.

University of Kentucky – No Special Use Fee under this Policy

The University of Kentucky has not implemented a fee under CPE's Special Use Fee Exception Policy.

University of Louisville (UofL) – Student Recreation Fee

Please see the attached table for annual fee revenue and expenditure information.

- When did the institution begin charging students a Special Use Fee?
The University of Louisville approved the Student Recreation Center fee for the fall semester 2011.
- What is the amount of the fee? How is the fee assessed (e.g., per credit hour, per semester, other)? How long will the fee be in place?
The Student Recreation Center fee is \$98 per semester and pro-rated per credit hour for less than full-time students. There is no end date for the fee but it will be reduced once the bond is retired.
- What is the status of the building project that is supported by Special Use Fee revenue?
The Student Recreation Center opened in October 2013.

- Have bonds been issued to finance the project? If so, what was the date of issuance and bond amount?
The university issued \$33,790,000 of General Receipts 2011 Series A bonds on August 24, 2011. The university refinanced that debt in 2020.
- What were the terms of the financing (e.g., interest rate, over how many years)? What are the annual debt service payments?
Refinanced interest rate is 1.550 percent with a final maturity in 2032.
- What is the next major milestone for the project and when will it occur?
There are actually two milestones – October 28, 2018 will mark the 5-year anniversary of the Student Recreation Center (SRC). The second milestone is that in 2017-18 we had our 2,000,000th user hour, demonstrating the popularity of the SRC with our students.
- What, if any, feedback has been received from students regarding implementation of the Special Use Fee?
The feedback has been extremely positive. Our students have overwhelmingly embraced the SRC, as evidenced by the outstanding usage. They feel they are getting a great value for the recreation fee they are paying.
- What, if any, feedback has been received from faculty, staff, and administrators?
The feedback from faculty, staff and administrators has been extremely positive. Our Admissions Office has stated that the SRC is a great asset in recruiting students to the University of Louisville. Our faculty, staff and administrators recognize that the SRC is enhancing the vibrancy of student life on campus, as well as contributing to student recruitment and retention. In fact, a study in 2015 revealed that freshmen using the SRC had a retention rate of 85% from Spring 2015 to Fall 2015.

Eastern Kentucky University (EKU) – Special Use Fee

Please see the attached table for annual fee revenue and expenditure information.

- When did the institution begin charging students a Special Use Fee?
July 1, 2015
- What is the amount of the fee? How is the fee assessed (e.g., per credit hour, per semester, other)? How long will the fee be in place?

\$150 per semester, per student fee. Prorated for Graduate and Part-time students.
The fee has a 20-year life.

- What is the status of the building project or projects supported by Special Use Fee revenue?

There are three separate building projects:

Student Rec. Center – Under Construction

Powell Student Center Renovation – Under Construction

Robert Martin Bypass Pedway – Planning, out for bid

- Have bonds been issued to finance the project? If so, what was the date of issuance and bond amount?

Yes, there were two separate bond issues for the project:

2017 Series A General Receipts Bonds - \$46,140,000, closed 04/11/2017

2018 Series A General Receipts Bonds - \$21,860,000, closed 01/30/2018

- What were the terms of the financing (e.g., interest rate, over how many years)? What are the annual debt service payments?

2017 Series A General Receipt Bonds – 3.433% TIC, 20-Year repayment schedule, \$3,362,000 average annual debt service.

2018 Series A General Receipt Bonds – 3.017% TIC, 20-Year repayment schedule, \$1,580,463 average annual debt service.

- What is the next major milestone for the project and when will it occur?

Steel erection for the Student Rec Center will begin Summer/Fall 2018.

Phase I of the Powell Student Center project will open in September 2018.

Bid packages for the Pedway are due back April 25th.

- What, if any, feedback has been received from students regarding implementation of the Special Use Fee?

The students voted to impose the Special Use Fee to improve Student Life Facilities.

- What, if any, feedback has been received from faculty, staff, and administrators?

None

Kentucky State University – No Special Use Fee under this Policy

Kentucky State University has not implemented a fee under CPE's Special Use Fee Exception Policy.

Morehead State University (MoSU)

Please see the attached table for annual fee revenue and expenditure information.

- When did the institution begin charging students a Special Use Fee?
August 2011 (Fall 2011 semester)
- What is the amount of the fee? How is the fee assessed (e.g., per credit hour, per semester, other)? How long will the fee be in place?
For full-time undergraduate students, the fee is \$66 per semester. For part-time and graduate students, the fee is \$5 per credit hour. The fee will be in place for 20 years, when the bond will be paid in full.
- What is the status of the building project that is supported by Special Use Fee revenue? Construction of the facility was completed in August 2011.
- Have bonds been issued to finance the project? Yes. If so, what was the date of issuance and bond amount?
General Receipts Bond, Series 2009A issued July 29, 2009 for \$24 million. Refunded with General Receipts Bond, Series 2014A issued July 24, 2014.
- What were the terms of the financing (e.g., interest rate, over how many years)?
General Receipts Bond, Series 2009A with coupon rates ranging from 2.0 – 6.0%, 20 year bond; General Receipts Bond, Series 2014A with coupon rates ranging from 2.0 – 5.0%
- What are the annual debt service payments?
Per the debt service payment schedule, the annual payments vary slightly from year to year. The average payment for the current bond issue is \$1,689,650 with final payment to be made 10/1/2028.
- Is your institution in the planning or construction phase of the building project? No. Has the building project been completed? Yes.
- What is the next major milestone for the project and when will it occur?
N/A. The project has been completed.
- What, if any, feedback has been received from students regarding implementation of the Special Use Fee?

There has been an overwhelmingly positive response from students since the opening of the student recreation and wellness center. The center houses three basketball courts, two racquetball courts, multiple fitness areas with weight and exercise equipment, and a swimming pool. The facility also offers free group fitness classes to students and is home to numerous intramural sports leagues. Students may also sign up for outdoor adventure trips, take workshops on various survival skills, rent camping and hiking equipment, or kayaks and paddleboards for Eagle Lake. Over the course of the Fall 2017 semester, 115 students were hired in various areas of the center and were trained on facility policies, use of the management software system, and emergency procedures and CPR/First Aid.

- What, if any, feedback has been received from faculty, staff, and administrators?
The facility has been a welcome addition for faculty, staff, and administrators. MoSU employees frequently use the equipment, walking track and attend group fitness classes. Several employees engage in friendly games of basketball during evening and weekend hours. The center provides an atmosphere for employees to focus on a healthier body and mind.

Murray State University – No Special Use Fee under this Policy

Murray State University has not implemented a fee under CPE's Special Use Fee Exception Policy.

Northern Kentucky University (NKU) – Campus Recreation Fee

Please see the attached table for annual fee revenue and expenditure information.

- When did your institution begin charging students a Special Use Fee?
NKU implemented Special Use Fee (Campus Recreation Fee) in FY 2011-2012 and began charging students the fee in the fall of 2011.
- What is the amount of the fee? How is the fee assessed (e.g., per credit hour, per semester, other)? How long will the fee be in place?
The fee is \$16 per credit hour and is capped at 12 credit hours (\$192 per semester). It will be in place until the Bonded Debt Service is paid in full on Sept. 1, 2033.
- What is the status of the building project that is supported by Special Use Fee revenue?
The building has been on-line since summer of 2014.

- Have bonds been issued to finance the project? If so, what was the date of issuance and bond amount?

Yes, bond have been issued. See below:

The bonds were issued on 1/7/14. The par amount of the 2014 Series A General Receipts bonds was \$47.375 million, but the total bond proceeds available for the Welcome Center (BB&T) Garage and the Rec Center Expansion projects, including the bond premium, was \$52 million (excludes cost of issuance) as follows:

Campus Rec	43,000,000.00
WC Garage	9,000,000.00
Bond proceeds	<u>52,000,000.00</u>

- What were the terms of the financing (e.g., interest rate, over how many years)? What are the annual debt service payments? (See above info)
20 yr. fixed debt, True Interest Cost 3.70%, average annual debt service payment \$3,050,000, last bond maturity Sept. 1, 2033.
- What is the next major milestone for the project and when will it occur?
The project is complete.
- What, if any, feedback has been received from students regarding implementation of the Special Use Fee?
No feedback has been requested or received, but use of the center is up.
- What, if any, feedback has been received from faculty, staff, and administrators?
No feedback has been requested or received, but use of the center is up.

Western Kentucky University (WKU) – Student Centers Fee, Parking Structure Fee

- When did your institution begin charging students a Special Use Fee?
Fall 2011 Student Centers Fee, DSU Renovation Bonds
Fall 2015 Parking Structure Fee, Creason Bonds
- What is the amount of the fee? How is the fee assessed (e.g., per credit hour, per semester, other)? How long will the fee be in place?

Fall 2011 Student Centers Fee, DSU Renovation Bonds, \$70/semester for full-time student and prorated to part-time students except for professional MBA, part-time only online students, dual credit and active military.

Fall 2015 Parking Structure Fee, Creason Bonds, \$30/semester full-time student and prorated to part-time students except for professional MBA, part-time only online students, dual credit and active military.

- Is the amount paid for the fee capped for full-time students? If so, what is the cap (e.g., 15 credit hours per semester, other)?

The fee is charged to part-time undergraduate students per credit hour.

Undergraduate full time students (12 hours or more) pay for 12 hours. Graduate students pay rate per credit hour.

- What is the status of the building project that is supported by Special Use Fee revenue?

DSU renovated. Creason Garage constructed and open.

- Have bonds been issued to finance the project? If so, what was the date of issuance and bond amount?

On June 6, 2012, the University issued Western Kentucky University General Receipts Bonds, Series 2012A. The \$35,860,000 proceeds generated from the bond issue were used for the Phase 3 renovation of Downing Student Union.

On October 25, 2016, the University issued Western Kentucky University General Receipts Bonds, Series 2016B. The \$8,905,000 proceeds were used to construct a parking structure (Creason Garage).

- What were the terms of the financing (e.g., interest rate, over how many years)? What are the annual debt service payments?

Series 2012A: interest rates from 2.00% to 5.00%. Final principal payment date is May 1, 2032. Annual payments increase slightly over life of bonds. FY 2020 P&I totals \$2,490,272.50

Series 2016B: interest rates from 2.00% to 4.00%. Final principal payment date is September 1, 2036. Annual payments increase slightly over life of bonds. FY 2020 P&I totals \$633,850.00

If any surplus in special use fees, the bonds will be paid off early.

- Is your institution in the planning or construction phase of the building project? Has the building project been completed?

All construction completed.

- What is the next major milestone for the project and when will it occur?

N/A

- What, if any, feedback has been received from students regarding implementation of the Special Use Fee?

None regarding the fees. Students are pleased with garage and student union.

- What, if any, feedback has been received from faculty, staff, and administrators?

None.

Kentucky Community and Technical College System

The Kentucky Community and Technical College System has not implemented a fee under CPE's Special Use Fee Exception Policy.

**Special Use Fee Revenue and Uses
University of Louisville
Student Recreation Center Project**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020*
Sources of Funds									
Carryforward from Prior Year									
Current Year Receipts			3,090,224	3,312,283	3,501,073	3,508,664	3,470,876	3,459,041	3,235,875
Total Sources of Funds	0	0	3,090,224	3,312,283	3,501,073	3,508,664	3,470,876	3,459,041	3,235,875
Uses of Funds									
Salaries & Benefits		35,792	239,929	425,052	431,712	368,150	448,709	510,036	456,914
Operating Expenses		-35,793	67,714	383,386	414,588	144,668	202,621	227,161	153,686
Capital Outlay									
Debt Service	814,437	2,641,550	2,643,325	2,643,150	2,640,650	2,641,250	2,639,850	2,641,350	2,677,975
Total Uses of Funds	814,437	2,641,550	2,950,969	3,451,588	3,486,950	3,154,067	3,291,180	3,378,547	3,288,575
Carryforward	-814,437	-2,641,550	139,255	-139,305	14,123	354,596	179,696	80,494	-52,700

*Due to COVID-19, UofL closed the Student Rec Center for a period of time this summer and did not charge students the fee if they enrolled in summer courses. This contributed to the minor deficit in FY 2020. This was made whole by other expense savings within the Student Affairs department.

**Special Use Fee Revenue and Uses
Eastern Kentucky University
Student Union Renovation & Recreation/Wellness Center Construction Project**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Funds					
Carryforward from Prior Year		4,574,484	9,013,015	10,076,236	9,636,883
Current Year Receipts	4,574,484	4,438,531	4,322,832	4,132,450	3,961,849
Total Sources of Funds	4,574,484	9,013,015	13,335,847	14,208,686	13,598,732
Uses of Funds					
Salaries & Benefits					
Operating Expenses					
Capital Outlay					
Debt Service			3,259,612	4,571,803	4,572,341
Total Uses of Funds	0	0	3,259,612	4,571,803	4,572,341
Carryforward	4,574,484	9,013,015	10,076,236	9,636,883	9,026,390

**Special Use Fee Revenue and Uses
Morehead State University
Student Recreation Center Construction**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Funds									
Carryforward from Prior Year									
Current Year Receipts	975,819	1,002,635	1,037,512	977,052	962,831	927,946	893,808	848,893	842,175
Total Sources of Funds	975,819	1,002,635	1,037,512	977,052	962,831	927,946	893,808	848,893	842,175
Uses of Funds									
Salaries & Benefits									
Operating Expenses									
Capital Outlay									
Debt Service	975,819	1,002,635	1,037,512	977,052	962,831	927,946	893,808	848,893	842,175
Total Uses of Funds	975,819	1,002,635	1,037,512	977,052	962,831	927,946	893,808	848,893	842,175
Carryforward	0	0	0	0	0	0	0	0	0

**Special Use Fee Revenue and Uses
Northern Kentucky University
Campus Recreation Center**

	FY 2012	FY 2013	FY 2014*	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Funds									
Carryforward from Prior Year		455,000	1,358,000	6,107,000	7,359,000	3,382,000	3,047,000	2,842,000	2,681,000
Current Year Receipts	1,155,000	2,339,000	3,412,000	4,385,000	4,257,000	3,986,000	4,031,000	4,132,000	4,351,000
Total Sources of Funds	1,155,000	2,794,000	4,770,000	10,492,000	11,616,000	7,368,000	7,078,000	6,974,000	7,032,000
Uses of Funds									
Salaries & Benefits			67,000	91,000	525,000	797,000	774,000	768,000	493,000
Operating Expenses				4,000	437,000	389,000	389,000	386,000	515,000
Capital Outlay	700,000	1,436,000	-1,676,000		4,232,000	97,000	13,000	82,000	
Debt Service			272,000	3,038,000	3,040,000	3,038,000	3,060,000	3,057,000	3,057,000
Total Uses of Funds	700,000	1,436,000	-1,337,000	3,133,000	8,234,000	4,321,000	4,236,000	4,293,000	4,065,000
Carryforward	455,000	1,358,000	6,107,000	7,359,000	3,382,000	3,047,000	2,842,000	2,681,000	2,967,000

*Negative Capital Outlay of \$1,676,000 represents a return of funds that had been advanced to the construction project in FY12 and FY13, prior to the issuance of the 2014 Series A General Receipts Bonds in FY14.

**Special Use Fee Revenue and Uses
Western Kentucky University
Downing University Center Renovation**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Funds									
Carryforward from Prior Year									
Current Year Receipts	2,131,839	2,099,406	2,023,588	2,003,977	1,996,862	1,944,806	1,862,441	1,799,338	1,689,540
Total Sources of Funds	2,131,839	2,099,406	2,023,588	2,003,977	1,996,862	1,944,806	1,862,441	1,799,338	1,689,540
Uses of Funds									
Salaries & Benefits									
Operating Expenses									
Capital Outlay									
Debt Service	2,131,839	2,099,406	2,023,588	2,003,977	1,996,862	1,944,806	1,862,441	1,799,338	1,689,540
Total Uses of Funds	2,131,839	2,099,406	2,023,588	2,003,977	1,996,862	1,944,806	1,862,441	1,799,338	1,689,540
Carryforward	0	0	0	0	0	0	0	0	0

**Special Use Fee Revenue and Uses
Western Kentucky University
Parking Structure Construction**

FY 2016 FY 2017 FY 2018 FY 2019 FY 2020

Sources of Funds

Carryforward from Prior Year					
Current Year Receipts	847,869	833,481	797,855	769,814	724,723
Total Sources of Funds	847,869	833,481	797,855	769,814	724,723

Uses of Funds

Salaries & Benefits					
Operating Expenses					
Capital Outlay					
Debt Service	847,869	833,481	797,855	769,814	724,723
Total Uses of Funds	847,869	833,481	797,855	769,814	724,723

Carryforward	0	0	0	0	0
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TITLE: Asset Preservation Fee - Revenue and Use Report

DESCRIPTION: An annual report of the public postsecondary system's Asset Preservation Fee revenue and uses. Brief narratives of projects funded using the fee are provided, with detail of fee revenue and uses attached.

PRESENTERS: Shaun McKiernan, Director of Budget and Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget and Finance, CPE

SUPPORTING INFORMATION

On February 2, 2018, the Council on Postsecondary Education approved an Asset Preservation Fee Exemption Policy that allows institutions to request an exemption from a Council approved tuition and fee rate ceiling for an Asset Preservation Fee that meets certain policy provisions. According to the policy:

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects, or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution.

The policy requires that a proposed fee and the project(s) supported shall be approved by an institution's governing board, and that the fee's impact on total tuition and fee charges will be reasonable in the year in which the fee is implemented. According to Council policy, a fee that qualifies for an exemption and is approved by the Council shall not be in effect for a time period longer than 25 years.

Institutions with asset preservation fees must provide an annual report of the fee revenue generated and asset preservation projects financed using that revenue.

Eastern Kentucky University

On June 22, 2018, the Council approved the creation of Eastern Kentucky University's Asset Preservation Fee according to the Council's Asset Preservation Fee Exemption Policy. Important features of the fee are outlined below.

- The amount of the fee is \$10.⁰⁰ per-credit-hour and will be capped at \$300 annually for full-time students, effective fall semester 2018. The fee will not apply to dual-credit or on-line credit hours.
- All revenue generated from the fee, estimated to be \$3,000,000 annually, will be used to pay for Education and General (E&G) asset preservation projects, which will be reported annually to the Council. The fee will terminate in 25 years (2043).
- EKU's Board of Regents approved the fee's creation, and its use as funding for an initial list of multi-year projects, at their meeting on June 25, 2018. The six projects were estimated to cost \$35.2 million in total.

EKU Asset Preservation Fee Report

Eastern Kentucky University's Asset Preservation Fee has generated \$5,204,325 since its implementation in fiscal year (FY) 2019. In FY 2020, the fee generated \$2,483,930, which was expended on 13 projects. In total, \$1,320,094, or 53% of current year receipts, was used to support a variety of small projects related to the six large projects initially approved. There was a carryforward balance of \$3,706,029 remaining from the fee in FY 2020. See attachment for more information.

Asset Preservation Fee Revenue and Uses Eastern Kentucky University	
Sources of Funds	FY 2020
Carryforward From Prior Year	\$2,542,193
Current Year Receipts	\$2,483,930
Total Sources of Funds	\$5,026,123
Uses of Funds	
13 Project Total	
Project Expenses	\$1,320,094
Total Uses of Funds	\$1,320,094
Carryforward	\$3,706,029

Kentucky State University

On June 22, 2018, the Council approved the creation of Kentucky State University’s Asset Preservation Fee according to the Council’s Asset Preservation Fee Exemption Policy. Important features of the fee are outlined below.

- The amount of the fee is \$10.00 per-credit-hour and is capped at 30 credit hours per academic year for full-time students, effective fall semester 2018. The fee does not apply to dual-credit hours.
- All revenue generated from the fee, which was estimated to be \$340,000 annually, will be used to pay for Education and General (E&G) asset preservation projects, which will be reported annually to the Council. The fee will terminate in 25 years (2043).
- KSU’s Board of Regents approved the fee’s creation on June 7, 2018. The fee revenue will be used to support debt service for agency bonds for projects to replace roofs and address water infiltration on campus buildings.

KSU Asset Preservation Fee Report

Kentucky State University’s Asset Preservation Fee has generated \$750,339 since its implementation in FY 2019. In FY 2020, the fee generated \$398,525. In FY 2019, fee revenue of \$50,000 was used to assess the repair or replacement of Kentucky Hall’s roof. There was a balance of \$700,340 in the fund at the end of FY 2020. The roof project is expected to start during the spring semester 2021. See attachment for more information.

Asset Preservation Fee Revenue and Uses Kentucky State University	
Sources of Funds	FY 2020
Carryforward From Prior Year	\$301,815
Current Year Receipts	\$398,525
Total Sources of Funds	\$700,340
Uses of Funds	
Project Expenses	\$0
Total Uses of Funds	\$0
Carryforward	\$700,340

Morehead State University

On June 22, 2018, the Council approved the creation of Morehead State University's Asset Preservation Fee according to the Council's Asset Preservation Fee Exemption Policy. Important features of the fee are outlined below.

- The amount of the fee is \$5.⁰⁰ per-credit-hour capped at 12 credit hours per academic term (i.e., \$60 per semester, or \$120 annually) for full-time students, effective fall semester 2018. The fee will not apply to dual-credit hours.
- All revenue generated from the fee, estimated to be \$750,000 annually, will be used to pay for Education and General (E&G) asset preservation projects, which will be reported annually to the Council. The fee will terminate in 25 years (2043).
- MoSU's Board of Regents approved the fee's creation at their March 29, 2018 meeting. An initial list of nine authorized projects to be funded with fee revenue was included in the request letter. The projects were estimated to cost \$760,000 in total.

MoSU Asset Preservation Fee Report

Morehead State University's Asset Preservation Fee has generated \$1,520,324 since its implementation in FY 2019. In FY 2020, the fee generated \$754,124, which was expended on 10 projects. The projects totaled \$253,549 and included a variety of projects such as renovations to HVAC, plumbing, building facades and more. There was a carryforward balance of \$715,513 remaining from the fee in FY 2020. See attachment for more information.

Asset Preservation Fee Revenue and Uses Morehead State University	
Sources of Funds	FY 2020
Carryforward From Prior Year	\$214,937
Current Year Receipts	\$754,124
Total Sources of Funds	\$969,061
Uses of Funds	
10 Project Total	
Project Expenses	\$253,549
Total Uses of Funds	\$253,549
Carryforward	\$715,513

Murray State University

On April 26, 2019, the Council approved the creation of Murray State University’s Asset Preservation Fee according to the Council’s Asset Preservation Fee Exemption Policy. Important features of the fee are outlined below.

- The amount of the fee is \$10.⁰⁰ per credit hour (capped at 15 credit hours per semester) as fully implemented beginning with the fall semester 2020. In 2019-20, the fee was \$7.⁰⁰ per credit hour (capped at 12 credit hours per semester), or \$168.⁰⁰ annually for full-time students. The fee does not apply to dual-credit or on-line hours.
- All revenue generated from the fee, which is estimated to be \$1 million in 2019-20 and \$1.6 million in 2020-21 and beyond, will be used to pay for Education and General (E&G) asset preservation projects, which will be reported annually to the Council. The fee will terminate in 25 years, at the end of 2043-44.
- MuSU’s Board of Regents approved the fee’s creation and its use of funding two projects at the Waterfield Library that address heating, ventilation, air conditioning, and water intrusion projects. The projects were estimated to cost \$1.1 million in total.

MuSU Asset Preservation Fee Report

Murray State University’s Asset Preservation Fee has generated \$1,003,694 since its implementation in FY 2020. In FY 2020, the fee generated \$1,003,694, which was expended on two projects. \$962,983 was used for partial HVAC replacements and major maintenance at the Waterfield Library. \$40,711 was used for water intrusion remediation at the Waterfield Library Breezeway. There was no carryforward balance remaining from the fee in FY 2020. See attachment for more information.

Asset Preservation Fee Revenue and Uses	
Murray State University	
Sources of Funds	FY 2020
Carryforward From Prior Year	-
Current Year Receipts	\$1,003,694
Total Sources of Funds	\$1,003,694
Uses of Funds	
Project #1 – Waterfield Library HVAC	
Project Expenses	\$962,983

Project #2 – Waterfield Library Breezeway	
Project Expenses	\$40,711
Total Uses of Funds	\$1,003,694
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Carryforward	-

**Asset Preservation Fee Revenue and Uses
Eastern Kentucky University**

FY 2019 FY 2020

Sources of Funds

Carryforward from Prior Year		2,542,193
Current Year Receipts	2,720,395	2,483,930
Total Sources of Funds	2,720,395	5,026,123

Uses of Funds

Project #1 Campus B&T, Whalin, Summer 2019 Classrooms Improvements		
Project Expenses	0	18,513
Project #2 Education, Combs, Wallace Summer 2019 Classrooms Improvements		
Project Expenses	0	27,093
Project #3 Ault Roof Top Unit HVAC		
Project Expenses	0	98,906
Project #4 Begley Replace Hot Water System with Instantaneous		
Project Expenses	0	101,955
Project #5 B&T Chiller Repairs, Stairs Repairs		
Project Expenses	1,840	50,716
Project #6 Campbell Building Lock Repair		
Project Expenses	1,830	
Project #7 Disney Building 107		
Project Expenses	108	0
Project #8 Crabbe Library HVAC/Cooling Tower Replacement		
Project Expenses	0	404,730
Project #9 Moberly Building Chill Water Lines		
Project Expenses	7,132	0
Project #10 Roark 108 Audio/Visual Upgrade, Roof Repair		
Project Expenses	9,170	10,022

**Asset Preservation Fee Revenue and Uses
Eastern Kentucky University**

	FY 2019	FY 2020
Project #11 Rowlett Cooling Tower Replacement Study		
Project Expenses	1,525	0
Project #12 Science Building Lock/Server Repair		
Project Expenses	2,328	0
Project #13 Stratton Building Lock Repair, Sewer Pump		
Project Expenses	137,939	0
Project #14 Wallace Lock, Stairways		
Project Expenses	16,331	0
Project #15 Health Sciences Summer 2019 Classrooms Improvements - Burrier; Fitness & Wellness		
Project Expenses		1,576
Project #16 CLASS Summer 2019 Classrooms Improvements - Burrier; Cammack; Campbell; Wallace		
Project Expenses	0	64,380
Project #17 Campus Science Classroom Improvements, Memorial Science, Wallace, Summer 2019		
Project Expenses	0	110,405
Project #18 Chiller/Piping/Switchgear		
Project Expenses	0	15,000
Project #19 12th Flr Renovation		
Project Expenses	0	0
Project #20 IT Helpdesk and Printing		
Project Expenses	0	0
Project #21 Boiler Upgrade-Replmnt Phase 1		
Project Expenses	0	409,299

**Asset Preservation Fee Revenue and Uses
Eastern Kentucky University**

	FY 2019	FY 2020
Project #22 Boiler Controls Upgrade		
Project Expenses	0	0
Project #23 HVAC, Building Automation System BAS upgrade		
Project Expenses	0	7,500
Total Uses of Funds	178,202	1,320,094
Carryforward	2,542,193	3,706,029

Asset Preservation Fee Revenues and Uses Kentucky State University

	FY 2019	FY 2020
Sources of Funds		
Carryforward from Prior Year		301,815
Current Year Receipts	351,815	398,525
Total Sources of Funds	351,815	700,340
Uses of Funds		
Project #1 (Kentucky Hall Roof Assessment and Repair)		
Project Expenses	50,000	0
Total Uses of Funds	50,000	0
Carryforward	301,815	700,340

Notes:

\$50,000 was paid for an assessment on roof replacement/repair for Kentucky Hall. Project scheduled to start during the Spring 2021

**Asset Preservation Fee Revenue and Uses
Morehead State University**

FY 2019 FY 2020

Sources of Funds

Carryforward from Prior Year	0	214,937
Current Year Receipts	766,199	754,124
Total Sources of Funds	<u>766,199</u>	<u>969,061</u>

Uses of Funds

Project #1 Lappin Hall Roof

This expenditure in FY2020 was for having an infrared thermal scan of the roof so that the wet spots could be identified and removed prior to replacing the roof. The roof replacement project is now under contract and scheduled to be replaced in the Fall of 2020 with FY2021 funding.

Project Expenses	<u>0</u>	<u>3,800</u>
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Project #2 Bert Combs Bldg. Elevator Repair

In August of 2018 this elevator failed the leveling test. It was determined that the elevator piston, cylinder and head had to be replaced and that the shaft would have to be re-drilled. DC Elevator (the elevator contractor on price contract with MSU) was hired to do this work. DC had to hire a specialty drilling company to re-drill the shaft. The presence of large amounts of groundwater complicated the cylinder replacement and thereby increased the cost. This building could not be taken out of service and the piston/cylinder replacement was very loud, so the work had to be done at night which also impacted the cost. The project was completed on October 15, 2018 and successfully put back into service.

Project Expenses	<u>84,490</u>	<u>0</u>
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Asset Preservation Fee Revenue and Uses Morehead State University

FY 2019 FY 2020

Project #3 Camden-Carroll Library Facade

In 2017 MSU began to notice limestone debris falling from the façade of this facility. A study was performed and determined that the limestone façade should be replaced and estimated a \$7 million cost. MSU has consistently requested funding in its Capital Plan and Budget request process since that time. Since no capital funding was forthcoming and since this falling limestone presented a hazardous condition, MSU contacted CPE to get permission to utilize asset preservation funding to design and erect a structural steel awning and perimeter fence to keep pedestrians out of the potential fall zone. The FY2019 expenditure was primarily for design and the FY2020 was for construction of foundations, structural steel frame, heavy gauge metal roof and metal perimeter fence. During construction, existing concrete foundations were encountered and the design and construction had to be altered.

Project Expenses	7,326	49,659
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Project #4 Camden-Carroll Library Tower Chiller Compressor

In April of 2019, the compressor on the chiller that serves the tower portion of the Camden-Carroll Library failed and had to be replaced. The chiller was only 15 years old at the time and still had useful life, so it was the recommendation of the engineers to replace the compressor only. This project had to be completed very quickly as the failure occurred right on the eve of the peak cooling season. This project was complete in the summer of 2019.

Project Expenses	53,185	0
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Project #5 Lappin Hall Exhaust Hood Stacks

In the early 2019, the MSU Office of Facilities Management received multiple complaints of noxious odors in Lappin Hall and it was determined that the discharge of exhaust from certain biological fume hoods was getting intermixed with the outdoor air intake in the HVAC system on the roof. The existing exhaust hood stacks and fans are over 30 years old and no longer compliant with current code and needed to be replaced. This expenditure in FY2020 was for some control work to allow the fume hood exhaust to be temporarily re-directed until the existing vent hood stacks could be replaced and brought up to current code. The new exhaust hood stacks are currently under contract and scheduled to be replaced in FY2021.

Project Expenses	0	3,242
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**Asset Preservation Fee Revenue and Uses
Morehead State University**

FY 2019 FY 2020

Project #6 Ginger Hall Cooling Tower

The Ginger Hall Cooling Tower was 20+ years old and in poor condition and had to be replaced. The FY2019 expenditure was for the replacement of the cooling tower only. It was completed in April of 2019. During the 2019 cooling season it was determined that some of the old piping also had to be replaced. The FY2020 expenditure was for piping replacement.

Project Expenses	66,298	8,449
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Project #7 Mechanical, Electrical, and Plumbing Repairs

This pool of projects in FY2019 included; replacement of elevator phone lines for code compliance and replacement of water service lines in the Playforth Drive parking lot that were severely leaking. The pool of projects for FY2020 included; replacement of structural supports in steam tunnel, replacement of coils in the Recreation Center AHU, replacement of old electrical and control wiring for Lappin sump pumps.

Project Expenses	26,590	44,003
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Project #8 Baird Music Hall Duct Cleaning

In FY2019, severe indoor air quality issues were experienced in this facility. The University hired an environmental consulting firm to do extensive sampling, testing and analysis to determine the problem and make recommendations. Multiple recommendations were given, including major cleaning of all ductwork throughout the building, roof repairs and drainage repairs. These expenditures relate to the testing, environmental consulting and HEPA-vac cleaning of all the building ductwork.

Project Expenses	116,603	0
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**Asset Preservation Fee Revenue and Uses
Morehead State University**

FY 2019 FY 2020

Project #9 Academic-Athletic Center Roof & Electrical

In FY2019, the University began to occupy a portion of the AAC building that had not been occupied for more than 10 years. The roof over this area was over 25 years old and in need of replacement. There was also multiple electrical conduits, lighting and equipment that had aged and deteriorated and in very poor condition that needed to be replaced. These expenditures related to these replacements.

Project Expenses	155,963	0
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Project #10 Lappin Hall - HVAC Coils

In FY2019 there were multiple complaints of unreliable heating and cooling in Lappin Hall. The University hired an engineering consultant to evaluate the problem. It was determined that most of the aged coils and air handler units were severely deteriorated and not functioning properly. Since funding was not available, the University began a phased approach of replacing the worst coils and AHUs. These costs represent the 1st phase of the coil replacements in FY2019. The FY2020 expenditures were for engineering on the 2nd phase of replacements which are scheduled for replacement in FY2021.

Project Expenses	40,808	6,000
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Project #11 Accessibility Pool

This pool of projects for FY2020 included; campus-wide sidewalk concrete leveling to make our walks ADA compliant, removing and replacing tactile strips at intersections of sidewalks and miscellaneous repairs to sidewalks to make them ADA compliant.

Project Expenses	0	30,456
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Project #12 Indoor Air Quality (IAQ)

This project included costs of testing areas that had complaints of mold and the purchase of HEPA-filter air scrubbers to place in spaces that had high counts.

Project Expenses	0	6,401
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**Asset Preservation Fee Revenue and Uses
Morehead State University**

FY 2019 FY 2020

Project #13 Button Auditorium Repairs

Button Auditorium was constructed in 1929 and it has not been significantly renovated in over 30 years. The plaster ceilings, ornate trim work and fixed stage are in disrepair. This FY2020 expenditure was for plaster repairs and partial refurbishment of the stage area.

Project Expenses	0	3,721
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Project #14 Life Safety Pool

This pool of projects for FY2020 included; replacing elevator phone devices that were not working properly or out of compliance, replacing fire alarm systems in E&G buildings and repairing faulty sprinkler heads in the Recreation Center.

Project Expenses	0	97,818
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Total Uses of Funds	551,263	253,549
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Carryforward	214,937	715,513
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Asset Preservation Fee Revenue and Uses

Murray State University

FY 2020

Sources of Funds

Carryforward from Prior Year	0
Current Year Receipts	1,003,694
Total Sources of Funds	1,003,694

Uses of Funds

Project #1 Waterfield Library HVAC partial replacements and major maintenance

This project was to replace various HVAC air handling units throughout the building, some of these units were installed in the original 1959 Student Union Building. The project included chilled water piping modification and heating water modifications to help control moisture in the building. The project also included a new building automation system (BAS) tie-in to assist with monitoring and controls of the HVAC system.

Project Expenses	962,983
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Project #2 Waterfield Library Breezeway water intrusion remediation

This project was to replace the breezeway surface which is directly over the West portion of the basement level. Due to water intrusion, it was determined that new waterproofing and a new surface needed to be installed to stop water from penetrating the roof deck and basement walls. The surface was removed, new waterproofing installed as well as perimeter drainage, and a new concrete surface was poured with all joints sealed.

Project Expenses	40,711
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Total Uses of Funds	1,003,694
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Carryforward	0
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TITLE: KCTCS Agency Bond Fee - Revenue and Use Report

DESCRIPTION: A report of the Kentucky Community and Technical College System's (KCTCS) Agency Bond Fee revenue and uses. Brief narratives of projects funded using the fee are provided, with detail of fee revenue and uses attached.

PRESENTERS: Shaun McKiernan, Director of Budget and Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget and Finance, CPE

SUPPORTING INFORMATION

Background

In the 2014-16 budget bill (HB 235), the General Assembly authorized the BuildSmart initiative for KCTCS institutions, also referred to as the KCTCS BuildSmart Investment for Kentucky Competitiveness Initiative. The budget bill authorized \$194.0 million in capital investment, to be funded with KCTCS issued Agency Bonds (75%, or \$145.5 million) and matching private and other funds raised by KCTCS institutions (25%, or \$48.5 million). The General Assembly authorized a mandatory student fee, known as the Agency Bond Fee, that would be paid by KCTCS students, which would generate revenue to pay the debt service on the bonds. The fee was implemented at \$4.⁰⁰ per credit hour in fiscal year 2015, increasing to \$8.⁰⁰ per credit hour in subsequent years. The authorization for the fee in HB 235 is as follows:

The Kentucky Community and Technical College System may establish a mandatory student fee, not to exceed \$4 per credit hour in fiscal year 2015 and \$8 per credit hour thereafter, to be used exclusively for debt service on \$145,500,000 in agency bond projects authorized in the budget. The fee shall be used only to pay debt service and shall cease to be assessed when the bonds used to finance the projects are retired.

BuildSmart is intended to meet the needs of KCTCS students and keep Kentucky's workforce competitive with new and upgraded facilities. The General Assembly last funded a portion of a capital project at a KCTCS institution in 2008.

KCTCS Agency Bond Fee Report

KCTCS's Agency Bond Fee has generated \$52.6 million since its inception in 2014-15. Through fiscal 2020, \$44.7 million in fee revenue has been used to pay debt service. As of the end of 2019-20, 14 of the 16 projects approved in the 2014-16 budget have been completed or are in progress. More information on Agency Bond Fee revenue and uses of funds can be found in Attachment A. Descriptions of the BuildSmart projects, including project status, can be found in Attachment B. The table below shows fiscal 2019-20 sources and uses of funds.

Agency Bond Fee Revenue and Uses Kentucky Community & Technical College System	
Sources of Funds	FY 2020
Carryforward From Prior Year	\$8,121,224
Current Year Receipts	\$8,831,296
Total Sources of Funds	\$16,952,520
Uses of Funds	
KCTCS Debt Service for all Colleges	
Project Expenses	\$9,063,483
Total Uses of Funds	\$9,063,483
Carryforward	\$7,889,037

Attachment A

**Agency Bond Fee Revenue and Uses
Kentucky Community & Technical College System**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Funds						
Carryforward from Prior Year		5,525,008	15,903,235	22,183,083	23,579,963	8,121,224
Current Year Receipts	5,525,008	10,378,227	9,600,760	9,266,216	8,995,785	8,831,296
Total Sources of Funds	5,525,008	15,903,235	25,503,995	31,449,299	32,575,747	16,952,520
Uses of Funds						
KCTCS Debt Service for all Colleges**						
Debt Service	0	0	3,320,912	7,869,336	24,454,523	9,063,483
Project Expenses	0	0	3,320,912	7,869,336	24,454,523	9,063,483
Total Uses of Funds	0	0	3,320,912	7,869,336	24,454,523	9,063,483
Carryforward	5,525,008	15,903,235	22,183,083	23,579,963	8,121,224	7,889,037

**See attachment for project descriptions.

Attachment B

**Kentucky Community & Technical College System
2014-16 Biennium BuildSmart Projects
September 17, 2020**

<u>Page</u>	<u>College</u>	<u>Project Title</u>	<u>Bond Funds</u>	<u>Matching Funds</u>	<u>Other Funds</u>	<u>Total Scope</u>	<u>Expenses as of 6/30/20</u>	<u>Design Start Date</u>	<u>Construction Start Date</u>	<u>Completion Date</u>
BuildSmart Projects										
9	Ashland CTC	Renovate Main Bldg - College Drive	\$ 7,500,000	\$ 2,500,000		\$ 10,000,000	\$ 9,963,048	Nov-14	May-16	Jan-18
10	Big Sandy CTC	Expansion of Pikeville Campus	\$ 1,500,000	\$ 500,000		\$ 2,000,000	\$ 757,885	Nov-14	N/A	N/A
11	Bluegrass CTC	Newtown Campus Expansion	\$ 18,000,000	\$ 6,000,000		\$ 24,000,000	\$ 23,935,900	Oct-14	Jun-16	Dec-17
12	Elizabethtown CTC	Renovate Owen Classroom Building	\$ 750,000	\$ 250,000		\$ 1,000,000	\$ 997,080	Oct-14	May-17	Dec-17
13	Gateway CTC	Construct Urban Campus	\$ 11,250,000	\$ 3,750,000		\$ 15,000,000	\$ 14,169,798	Jul-14	Apr-16	Jan-19
14	Hazard CTC	Construct Community Intergenerational Center - Lees	\$ 1,500,000	\$ 500,000	\$ 5,108,000	\$ 7,108,000	\$ 7,030,086	Jun-17	Apr-18	Oct-19
15	Henderson CC	Renovate Campus Wide Facilities	\$ 3,750,000	\$ 1,250,000		\$ 5,000,000	\$ 4,931,467	Jul-14	Jun-16	Dec-17
16	Hopkinsville CC	Construct Agriculture Health & Career Tech Ctr, Ph I	\$ 11,250,000	\$ 3,750,000		\$ 15,000,000	\$ 13,965,388	Oct-14	Oct-17	Aug-19
17	Jefferson CTC	Construct Carrollton Campus, Ph I	\$ 12,000,000	\$ 4,000,000		\$ 16,000,000	\$ 15,290,466	Jul-14	Mar-16	Jun-17
18	Madisonville CC	Construct Postsecondary Education Center	\$ 15,000,000	\$ 5,000,000		\$ 20,000,000	\$ 19,899,325	Sep-14	Apr-16	Dec-17
19	Maysville CTC	Construct MCTC/MoSU Postsecondary Ctr of Excellence, Ph I	\$ 21,000,000	\$ 7,000,000		\$ 28,000,000	\$ 27,976,361	Nov-14	Jun-16	Dec-17
20	Owensboro CTC	Construct Advanced Technology Ctr, Ph II	\$ 9,000,000	\$ 3,000,000		\$ 12,000,000	\$ 11,770,660	Oct-14	Apr-16	Feb-18
21	Somerset CC	Construct Arts and Humanities Building - North	\$ 1,500,000	\$ 500,000		\$ 2,000,000	\$ 674,585	Jan-15	N/A	N/A
22	Southcentral KY CTC	Construct Instructional Complex	\$ 16,500,000	\$ 5,500,000		\$ 22,000,000	\$ 20,752,656	Oct-14	Jun-16	Apr-18
23	Southeast KY CTC	Construct Ed. Alliance Ctr - Middlesboro	\$ 7,500,000	\$ 2,500,000		\$ 10,000,000	\$ 9,976,431	Sep-14	Jun-17	Dec-18
24	West KY CTC	Construct 2D Arts School, Ph I	\$ 7,500,000	\$ 2,500,000		\$ 10,000,000	\$ 9,998,327	Jul-14	Sep-14	Jan-16
Total BuildSmart Projects			\$ 145,500,000	\$ 48,500,000	\$ 5,108,000	\$ 199,108,000	\$ 192,089,463			

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ASHLAND CTC – RENOVATE MAIN BUILDING, COLLEGE DRIVE CAMPUS

Programs and Services: The Ashland Community and Technical College, Main Building was originally constructed in 1967 and consists of approximately 150,000 gross square feet. This facility is primarily used for education. The building consists of Classroom Space, Laboratory Space, Offices/Conference, Special Use Space, General Use, and Support Facilities. Primarily this project consisted of HVAC and electrical upgrades, new ceiling, painting, lighting upgrades, and communication cabling.

Project Status: Construction was complete in January 2018.



BIG SANDY CTC – DESIGN AND PLANNING, EXPANSION OF PIKEVILLE CAMPUS

Programs and Services: This project will be planning and designing the expansion of the Pikeville Campus. The design will be for an approximately 60,000 gsf facility. This facility will provide additional growth opportunity for allied health and technical programs identified as needed in the Big Sandy Community and Technical College service area. Programs may include the need for classrooms, computer labs, technology labs, auditorium, bookstore, and technical related program areas.

Project Status: Design is complete through Phase B. At this time, funding for construction is not authorized.



BLUEGRASS CTC – NEWTOWN CAMPUS EXPANSION (SCIENCE BUILDING)

Programs and Services: This project constructed an approximate additional 64,000 square foot facility on the Newtown Campus of Bluegrass Community and Technical College that will house science classrooms, labs, faculty/staff offices, administrative offices, and other student support spaces.

Project Status: This project is complete.



ELIZABETHTOWN CTC – RENOVATE OWEN CLASSROOM BUILDING, MAIN CAMPUS

Programs and Services: The Owen Classroom project included renovating the Morrison Art Gallery, Behan Community Room, Faculty/Staff Lounge, Student Lounge, Conference Room and Vending Area.

PROJECT STATUS: Project is complete.



Behan Community Room



Student Lounge



GATEWAY CTC – CONSTRUCT URBAN CAMPUS

Program and Services: The overall project encompasses land acquisition, facilities design, construction, and renovation.

Project Status: To date, YMCA Building, Robke (Transportation) building and Technology/Innovation/Enterprise (TIE) building have been acquired. Renovation is complete for the Transportation Center. The Transportation program is relocated to this facility and holding classes. Remaining funds are being used to replace the windows in the Emerge Building.



HAZARD CTC – CONSTRUCT COMMUNITY INTERGENERATIONAL CENTER

Program and Services: The Intergenerational Center is a proposed 15,800 gsf building on the Lees Campus of Hazard Community and Technical College. The center will provide technical training for three priority business sectors: Business and Information Technology, Advanced Manufacturing and Health Sciences. The center will include classrooms, computer labs, technology labs, and flexible career related teaching areas with a large bay door.

Project Status: Hazard was awarded funding for construction from the Work Ready Skills Initiative. Construction was complete June 2019.



HENDERSON CC – RENOVATE CAMPUS WIDE FACILITIES

Program and Services: This project included renovations in five buildings on the Henderson Campus. The buildings needed upgrades and renovations to bring them into the 21st century. Renovations included HVAC upgrades in the Administration Building, new elevators in two buildings, roof repairs, flooring, and ADA issues throughout the buildings.

Project Status: Construction is complete.



HOPKINSVILLE CC – CONSTRUCT AGRICULTURE HEALTH AND CAREER TECHNOLOGY CENTER

Programs and Services: This project provided additional growth opportunity for new allied health programs which include Clinical Lab Technician, Radiology/Sonography Technician and Physical Therapy Assistant.

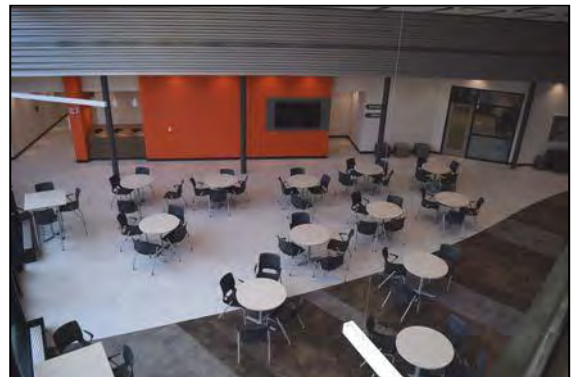
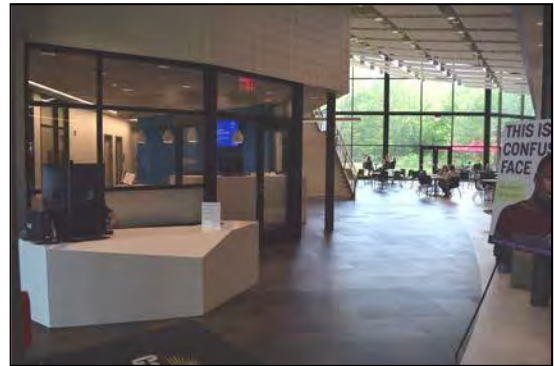


Project Status: Construction is complete. Remaining funds are being used for landscaping and additional equipment.

JEFFERSON CTC, CONSTRUCT CARROLLTON CAMPUS, PHASE I

Programs and Services: A new campus expanded on the community and technical college programming providing testing and assessment services, technical training and business and industry training facilities to expand postsecondary education opportunities in the region.

Project Status: Project is complete. Remaining funds are being used toward noise reduction in lab and additional equipment for the building. Interior Pictures below.



MADISONVILLE CC – CONSTRUCTION POSTSECONDARY EDUCATION CENTER

Program and Services: The Steve Beshear Center for Postsecondary Education consists of an office suite for 12 faculty offices, 2 counseling areas, 4 adjunct faculty offices, conference room, waiting and reception area and ample storage and support space. Also, 15 classrooms, 5 ITV classrooms, Barnes & Noble Bookstore, and a 5,000 sq. ft. community room. Offices are shared with both MCC and MSU faculty to accommodate individual, concurrent and transfer enrollment for both colleges. Joint programming affords Associate, Bachelor's and Master's degrees in more than 25 program areas of study. General areas would include Business, Education, Logistics, Nursing, Public Health, Social Work, Special Education, Telecommunications, Human Development and Leadership, Nurse Anesthesia, Teacher Leadership, Criminal Justice, Non-Profit Leadership, Organizational Communications and Agricultural Sciences.



Project Status: The Steve Beshear Center for Postsecondary Education is complete. Construction is also complete for Phase II of this project, which included renovating the Gray Building courtyard and Student Center. Remaining funds are being used toward landscaping and equipment. Pictures of the renovations are below.

Courtyard Renovation



Student Center – Gray Building



MAYSVILLE CTC – CONSTRUCT MCTC/MoSU POSTSECONDARY CENTER OF EXCELLENCE, PHASE I, ROWAN CAMPUS

Program and Services: This project constructed Phase I of the new campus replacing Mayville’s Rowan Campus located in Morehead Kentucky. The first phase of the new campus is an 87,100 gsf structure which houses a Postsecondary Center of Excellence in Advanced Manufacturing program. The facility includes 28 state-of-the-art classrooms as well as high-bay industrial laboratories allowing students to learn in a hands-on simulated modern manufacturing environment. In addition to general education and dual credit opportunities the facility will offer workforce training that is customized to meet the changing needs of the region’s business and manufacturing industry. The new facility also supports students and staff with onsite food service and student lounge area, bookstore services, Allied Health Programs, and Workforce Development.



Project Status: This project is complete.

Ribbon Cutting Ceremony



Interior Picture



OWENSBORO CTC – CONSTRUCT ADVANCED TECHNOLOGY CENTER PHASE II

Program and Services: This project constructed a 50,200 gsf second phase to the Owensboro Advanced Technology Center. Phase I was completed in 2007. The new building, Industry Innovation Center will be home to the Welding program, Heating Ventilating and Air Conditioning program, Electrical Technology courses and Robotics. This phase will allow for relocation of programs to the Main Campus and open valuable space at the Downtown and Southeastern Campus locations for program expansion.



Project Status: The Industry Innovation Center is complete. Remaining funds are being used toward landscaping and equipment for the building.

Interior Pictures



SOMERSET CC – PLANNING AND DESIGN ARTS AND HUMANITIES BUILDING, NORTH CAMPUS

Program and Services: This project provides for the construction of a 74,000 gsf Arts and Humanities Building. This project will house the Art, Music, Theater and Culinary Arts programs.

Project Status: This project is in Phase B design. At this time, funding for construction is not authorized.



SOUTHCENTRAL KENTUCKY CTC – CONSTRUCT INSTRUCTIONAL COMPLEX, MAIN CAMPUS

Program and Services: This project constructed a 76,000 gsf facility to house the Instructional Classroom Complex. The new building houses flexible multi-purpose classrooms, science labs, and open and collaborative space environments that include library capacity, open computing space, and student tutoring.

Project Status: Construction is complete. Remaining funds are being used toward landscaping and equipment.



SOUTHEAST KY CTC – CONSTRUCT EDUCATIONAL ALLIANCE CENTER, MIDDLESBORO CAMPUS

Program and Services: This building space will include primarily instructional space for wet laboratories, Nursing patient simulation equipment and beds, aviation simulator equipment, communication and broadcasting studio, and multi-purpose classroom space. The Nursing Program was moved from Pineville to the Education Alliance Center in Middlesboro.

Project Status: Project is complete.



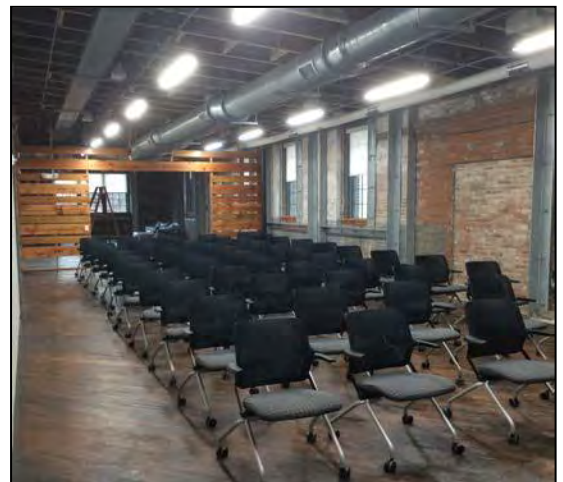
WEST KENTUCKY CTC – CONSTRUCT 2D ARTS SCHOOL, PHASE I

Program and Services: This project constructed a 33,700 gsf facility to complete the art school offerings. The facility houses classroom, studio, office, and gallery space. Academic courses, as well as master workshops are conducted in drawing, painting, digital photography, and graphic design.

Project Status: Project is complete.



Interior Pictures



TITLE: Asset Preservation Fee – Murray State University (MuSU) FY 2021 Projects

DESCRIPTION: This item provides an overview of Murray State University’s upcoming capital projects to be funded with asset preservation fee revenue. Brief project narratives are included along with projected fee revenue and uses.

PRESENTERS: Shaun McKiernan, Director of Budget & Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget & Finance, CPE

SUPPORTING INFORMATION

Background

On February 2, 2018, the Council on Postsecondary Education approved an Asset Preservation Fee Exception Policy that allows institutions to request an exemption from a Council approved tuition and fee rate ceiling for an Asset Preservation Fee that meets certain policy provisions. According to the policy:

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution’s governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects, or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution.

The policy requires that a proposed fee and the project(s) it will support be approved by an institution’s governing board, and that the fee’s impact on total tuition and fee charges will be reasonable in the year in which the fee is imposed. According to Council policy, a fee that qualifies for an exemption and is approved by the Council shall not be in effect for a period longer than 25 years.

Asset preservation projects supported by fee revenue must meet eligibility criteria. According to the policy:

The cost of a given asset preservation and renovation or fit-for-use project shall equal or exceed \$1.0 million; however, several smaller asset preservation projects may be bundled to meet the threshold requirement.

MuSU's FY 2021 Projects Funded by Asset Preservation Fee Revenue

Murray State University's Asset Preservation Fee is anticipated to generate \$1,415,913 in FY 2021. The institution plans to use these fee revenues to fund four asset preservation projects in FY 2021. Murray State officials plan to use \$600,000 in fee revenue to partially fund HVAC ductwork replacement and repairs at the Lovett Auditorium. The project has a total scope of \$2,000,000. Window and door replacements and implement energy efficiency measures at Wilson Hall are expected to cost about \$414,900. Similar upgrades at Wells Hall are estimated to cost \$533,500. Finally, officials plan to spend \$350,000 to upgrade an outdated building automation system (BAS) at one of 16 priority buildings. Officials do not anticipate a carryforward balance of fee revenue at the end of FY 2021. See Attachment A for more information and project details.

FY 2021 Asset Preservation Fee Projects Murray State University	
Sources of Funds	FY 2021
Carryforward From Prior Year	-
Current Year Receipts	\$1,415,913
Total Sources of Funds	\$1,415,913
Uses of Funds	
Project #1 – Lovett Auditorium HVAC Estimated AP Fee Use	\$600,000
Project #2 – Wilson Hall Energy Efficiency Estimated AP Fee Use	\$414,884
Project #3 – Wells Hall Energy Efficiency Estimated AP Fee Use	\$533,520
Project #4 – Building Automation System Estimated AP Fee Use	\$350,000
Total Uses of Funds	\$1,415,913
Carryforward	-

Attachment A

**FY 2021 Projects to be Funded with Asset Preservation Fee Revenue
Murray State University**

FY 2021

Sources of Funds

Carryforward from Prior Year	\$ -
Current Year Expected Receipts	\$ 1,415,913 (net)
Total Sources of Funds	\$ 1,415,913

Project #1 Lovett Auditorium HVAC ductwork replacement and repairs

Ductwork in the attic space above the auditorium has insulation that is falling off the duct causing it to sweat. The duct is sitting on the plaster ceiling and cannot be easily reinsulated. This project will be to replace the duct work in the attic with new insulated duct and repair the damaged plaster ceiling. This work will also improve the efficiency of the building HVAC system.

Estimated AP Fee Use	\$ 600,000
Total Project Scope	\$ 2,000,000

Project #2 Wilson Hall Window and Door

Wilson Hall windows are single pane glass in steel frames. These window frames have asbestos glazing that will be abated. Replacement windows with insulated low-emissivity glass will be installed and repair to adjacent surfaces. Repair/replacement of the existing louvers in the exterior surfaces, and repair/replacement of the main and secondary entrance doors is included.

Estimated AP Fee Use	\$ 414,884
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Project #3 Wells Hall Windows and Doors

Windows in Wells Hall are wood double hung windows. The windows will be replaced with new energy efficient windows with low-emissivity glass and repairs to adjacent surfaces. Repair/replacement of the existing louvers in the exterior surfaces, the replacement of most exterior doors, and the repair/replacement of the porticos and columns on the courtyard doors is also included in this project.

Estimated AP Fee Use	\$ 533,520
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Project #4 Building Automation System

Building Automation Systems (BAS) are the eyes and ears for the equipment in the mechanical spaces and occupied spaces of the buildings. These systems allow the temperature to be adjusted, monitored, and scheduled for operation. It is critical that these systems provide data and communicate to our maintenance department in order to provide the best indoor air quality and comfort levels we can. The priority buildings on this list are all currently on the existing Delta channel 5 which has been failing. The current Delta system is continuing to run in our Central Plant on a computer running Windows 95 and cannot be upgraded. There are 16 buildings still running on Delta. There are two other priority buildings currently running on an old Honeywell DDC system. The Honeywell DDC system operates off of a dial-up modem and needs to be replaced with a system that communicates over our fiber network. Based on the funds available, one of the 16 BAS will be fully or partially replaced.

Estimated AP Fee Use	\$ 350,000
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Total Uses of Funds	\$ 1,415,913
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Carryforward	\$ -
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Note:

FY 2020 was the first year of implementation for the Asset Preservation Fee.

BOARD OF REGENTS: 08.28.20

Agenda Item: 10.F.2.

TOPIC: Finance Committee – Asset Preservation Fee Projects Approval*

STAFF CONTACTS: Jackie Dudley – Vice President for Finance and Administrative Services
Jason Youngblood – Director of Facilities Management

BACKGROUND:

The Murray State University Board of Regents and the Council for Postsecondary Education (CPE) approved an Asset Preservation Fee, beginning with the Fall 2019 Semester. This fee was established to help address the overwhelming asset preservation and renovation and fit-for-use needs to existing facilities.

Murray State's fee is \$10 per credit hour and capped at 15 credit hours per semester. For Fiscal Year 2020-21 (FY20-21), this fee is budgeted to generate \$1,415,913.

Per the CPE policy, the cost of a given asset preservation and renovation or fit-for-use project shall equal or exceed \$1 million; however, several smaller asset preservation projects may be bundled to meet the threshold requirement. This policy also requires that any asset preservation project(s) financed with this fee be approved by the Board of Regents and the CPE.

The projects recommended to be funded from the FY20-21 asset preservation fee are listed on the following page. The total projects are greater than the amount of fee revenue budgeted due to possible fluctuations in enrollment and credit hours. An increased amount is being recommended to allow for variables related to total project costs, ability to obtain suitable contractors and change orders that may be required. One or more of these projects may have to be phased for the same reasons cited above.

RECOMMENDATION:

That the Board of Regents, upon the recommendation of the President of the University, approve the projects on the attached listing to be funded with Fiscal Year 2020-21 Asset Preservation Fee revenue.

RECOMMEND APPROVAL: Robert L Jackson, President

COMMITTEE ACTION: Approved, Finance Committee.

BOARD ACTION: Approved.

Murray State University
Projects to be funded with FY20-21 Asset Preservation Fees

Project Description	Project Scope
<p>1. Lovett Auditorium HVAC ductwork replacement and repairs</p> <p>Ductwork in the attic space above the auditorium has insulation that is falling off the duct causing it to sweat. The duct is sitting on the plaster ceiling and cannot be easily reinsulated. This project will be to replace the duct work in the attic with new insulated duct and repair the damaged plaster ceiling. This work will also improve the efficiency of the building HVAC system.</p>	<p>\$ 600,000</p>
<p>2. Wilson Hall Window and Door Replacements and Energy Efficiency Measures</p> <p>Wilson Hall windows are single pane glass in steel frames. These window frames have asbestos glazing that will be abated. Replacement windows with insulated low-emissivity glass will be installed and repair to adjacent surfaces. Repair/replacement of the existing louvers in the exterior surfaces, and repair/replacement of the main and secondary entrance doors is included.</p>	<p>\$ 414,884</p>
<p>3. Wells Hall Windows and Doors Replacement and Energy Efficiency Measures</p> <p>Windows in Wells Hall are wood double hung windows. The windows will be replaced with new energy efficient windows with low-emissivity glass and repairs to adjacent surfaces. Repair/replacement of the existing louvers in the exterior surfaces, the replacement of most exterior doors, and the repair/replacement of the porticos and columns on the courtyard doors is also included in this project.</p>	<p>\$ 533,520</p>
<p>4. Building Automation System</p> <p>Building Automation systems (BAS) are the eyes and ears for the equipment in the mechanical spaces and occupied spaces of the buildings. These systems allow the temperature to be adjusted, monitored, and scheduled for operation. It is critical that these systems provide data and communicate to our maintenance department in order to provide the best indoor air quality and comfort levels we can. The priority buildings on this list are all currently on the existing Delta channel 5 which has been failing. The current Delta system is continuing to run in our Central Plant on a computer running Windows 95 and cannot be upgraded. There are 16 buildings still running on Delta. There are two other priority buildings currently running on an old Honeywell DDC system. The Honeywell DDC system operates off of a dial-up modem and needs to be replaced with a system that communicates over our fiber network. Based on the funds available, one of the 16 BAS will be fully or partially replaced.</p>	<p>\$ 350,000</p>

Total Project Scopes

\$ 1,898,404

TITLE: Review of Asset Preservation Fee Policy

DESCRIPTION: As part of the annual reporting process and in response to questions from campus officials, CPE staff has reviewed the existing Asset Preservation Fee Exemption Policy and identified proposed changes shown in the attached document. The proposed changes will enhance the policy's clarity and better meet postsecondary institution needs. CPE staff will seek Committee approval concerning a final proposal at a later date.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Budget and Finance, CPE
Ryan Kaffenberger, Senior Associate for Budget and Finance, CPE

SUPPORTING INFORMATION

On February 2, 2018, the Council on Postsecondary Education approved an Asset Preservation Fee Exception Policy that allows institutions to request an exemption from a Council approved tuition and fee rate ceiling for an Asset Preservation Fee that meets certain policy provisions. According to the policy:

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects, or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution.

The policy requires that a proposed fee and the project(s) supported be approved by an institution's governing board, and that the fee's impact on total tuition and fee charges will be reasonable in the year in which the fee is implemented. According to Council policy, a fee that qualifies for an exemption and is approved by the Council shall not be in effect for a time period longer than 25 years.

Institutions that have adopted asset preservation fees must provide an annual report of the fee revenue generated and asset preservation projects funded using fee revenue.

Proposed Changes

As part of the annual reporting process and in response to questions from campus officials, CPE staff reviewed the existing Asset Preservation Fee Exemption Policy. As a result of that review process, on October 8, 2020, staff contacted campus chief budget officers (CBOs) and requested feedback and suggestions to make the policy clearer and better suited to meet their needs.

Campus officials provided the requested feedback, and staff created a revised Asset Preservation Fee Exemption Policy that reflects the proposed changes (see Attachment A). The proposed changes are summarized below.

- Remove the requirement that the cost of a proposed asset preservation and renovation or fit-for-use project or a grouping of such projects must equal or exceed a \$1.0 million threshold.
- Add language to clarify that fee revenue may be accumulated over time until it meets a specific project's scope and that fee revenue may be used to pay debt service on instruments used to finance asset projects other than Agency Bonds.
- Provide guidance regarding the use of fee revenue on ongoing asset preservation, renovation and fit-for-use projects not included in the initial approval of the institution's Asset Preservation Fee.

CPE staff is in the process of vetting these proposed changes with campus presidents and CBOs and will bring a final proposal for review and action at the next Finance Committee meeting.

Asset Preservation Fee Exemption Policy Adopted by CPE – February 2, 2018

During the 2017-18 tuition setting process, campus officials asked if the Council would consider allowing institutions to assess a new student fee, dedicated to supporting expenditures for asset preservation and renovation projects, that would be treated as being outside the tuition and fee caps set annually by the Council. Staff responded that it was too late in the process to allow for a full vetting of a proposed change to the Council's Tuition and Mandatory Fee Policy prior to the Council adopting tuition ceilings at the March 31, 2017 meeting. In addition, staff wanted to explore the possibility of adopting a system-wide asset preservation fee that would benefit and address asset preservation needs at every public postsecondary institution.

In August 2017, staff determined that there was general interest among campus officials to pursue a change in tuition policy that would allow each institution the option to implement a student fee for asset preservation, if its administrators and governing board chose to do so, that would be exempted from Council approved tuition and fee ceilings. In September and October, Council staff worked with campus presidents, chief budget officers, and Budget Development Work Group members to develop the Asset Preservation Fee Exception Policy described below.

- Given that in 2007, Council and postsecondary institution staffs contracted with Vanderweil Facilities Advisors, Inc. (VFA) and Paulien and Associates to conduct a comprehensive assessment of Kentucky's public postsecondary education facilities to determine both system and individual campus needs for new and expanded space, asset preservation and renovation, and fit-for-use capital projects;
- Given that in 2013, VFA adjusted the data from its 2007 study to account for continuing aging of postsecondary facilities and rising construction costs, and projected that the cumulative need for asset preservation and fit-for-use expenditure would grow to \$7.3 billion within the 2017 to 2021 timeframe;
- Given that over the past five biennia, 2008-10 through 2016-18, the Commonwealth of Kentucky has appropriated a total of \$262.0 million for its public colleges and universities to address asset preservation and renovation and fit-for-use projects, representing about 3.6% of the total cumulative need identified by VFA;

- Given that in late summer 2017, the Council and postsecondary institutions concluded that one reasonable course of action to begin to address the overwhelming asset preservation and renovation and fit-for-use needs was through sizable and sustained investment in existing postsecondary facilities, which could be accomplished through a cost sharing arrangement involving the state, postsecondary institutions, and students and families;
- Given that the best way to ensure the ongoing commitment and participation of students and families in a cost-sharing partnership to address asset preservation and renovation needs is through the implementation of an optional dedicated student fee;
- Given that such an asset preservation fee, when implemented in the same year that the Council adopts a tuition and fee rate ceiling, would reduce the amount of additional unrestricted tuition and fee revenue available for an institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$10.⁰⁰ per credit hour at the public universities, capped at 15 credit hours per semester for undergraduate students, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$5.00 per credit hour at KCTCS institutions, capped at 15 credit hours per semester, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution.

Definition

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects, or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution. Thus, by definition, fee revenue and bond proceeds derived from such fees shall be restricted funds for the purposes of financing asset preservation and renovation projects. As a mandatory fee, an asset preservation fee may be assessed to students regardless of degree level or program or full-time or part-time status.

Eligibility Criteria

An asset preservation fee may qualify for an exemption from Council approved tuition and fee rate ceilings, provided the following criteria are met:

- The proposed asset preservation project(s) and related fee shall be approved by the requesting institution's governing board.
- ~~The cost of a given asset preservation and renovation or fit-for-use project shall equal or exceed \$1.0 million; however, several smaller asset preservation projects may be bundled to meet the threshold requirement.~~
- Revenue from the fee may either be expended upon collection on asset preservation and renovation or fit-for-use projects, **accumulated to meet a specific project's scope**, or used to pay debt service on agency bonds **or other instruments used** issued to finance such projects.
- Both the direct expenditure of ~~fee revenue~~ and the expenditure of agency bond funds generated by the fee may be used to meet matching requirements on state bond funds issued for asset preservation projects. In previous biennia, state leaders have required a dollar-for-dollar institutional match on state-funded asset preservation pools.
- In any given academic year, the impact of implementing an asset preservation fee, when combined with a tuition and fee increase supporting campus operations, will be reasonable for Kentucky students and families. For the purposes of this policy exemption, the Council shall determine whether a proposed asset preservation fee, in combination with a tuition and fee increase allowed under a Council-approved tuition ceiling, is reasonable. This assessment will be made within the context of state economic and budgetary conditions, institutional resource needs, and affordability concerns at the time.
- Depending on the outcome of the aforementioned assessment, it may be appropriate to phase in a requested fee over multiple years to maintain affordability and access.
- The Council does not expect a fee that qualifies for an exemption under this policy to remain in effect in perpetuity. To be eligible for an exemption, the requesting institution must have a plan in place for the eventual elimination of a proposed asset preservation fee within 25 years of its initial implementation date.

Exemption Process

The Council will evaluate requests for a fee exemption under this policy on a case-by-case basis. To initiate the process:

- An institution's governing board must approve the proposed asset preservation project(s) and related student fee.
- Campus officials must submit to the Council a copy of that board approval, along with a written request to exempt the asset preservation fee from Council tuition and fee ceilings.
- Council staff will review the request, assess whether or not the proposed project(s) and related fee qualify for an exemption, and make a recommendation to the Council.

To facilitate the exemption-request review process, a requesting institution shall provide the Council with the following information:

- Documents certifying that the specific asset preservation project(s) financed and proposed fee details have been approved by the institution's governing board.
- Documents specifying the fee amount, anticipated implementation date, revenue projections, uses of revenue, number of years the fee will be in place, and impact on tuition and fees in the year imposed (i.e., percentage points above the ceiling).
- Documents identifying the project's scope, its timeframe for completion, debt payment schedule, and plan for the eventual elimination of the fee upon debt retirement.

Periodic Reporting

- Upon request by the Council, the postsecondary institutions will provide documentation certifying the date an asset preservation fee was implemented, annual amounts of fee revenue generated to date, uses of fee revenue, the amount of fee revenue or agency bond funds used to meet state matching requirements on asset preservation project appropriations, and the number of years the fee will remain in place.

Ongoing Usage

Once an Asset Preservation Fee is approved by the Council, revenue generated from the fee may be used for ongoing asset preservation, renovation and fit-for-use projects with institutional board approval.

- Asset preservation, renovation and fit-for-use project(s) financed with asset preservation fee revenue shall comply with all statutory requirements pertaining to the approval of capital projects (KRS 45.750, KRS 45.763, KRS 164.020 (11) (a), KRS 164A.575).

DRAFT

TITLE: Update on Postsecondary Education Working Group on Performance Funding

DESCRIPTION: Summary of topics discussed at the October 7, 2020 work group meeting.

PRESENTERS: Bill Payne, Vice President for Finance and Administration
Shaun McKiernan, Director of Budget and Finance, CPE

The third meeting of the Performance Funding Working Group was held on October 7, 2020. A copy of the PowerPoint presentation shared with the working group is attached AS reference.

At the meeting, CPE staff presented information about the change in state appropriations at the universities and community colleges that occurred at Kentucky's colleges and universities between fiscal years 2016-17 and 2020-21. Specifically, staff shared tables and charts showing the dollar and percent change in State Funds for Educating Students, the change in each institution's share of total funding, and the change in per student funding during this time period. State Funds for Educating Students is defined as each institution's regular General Fund appropriation, plus any performance fund distribution, minus debt service and mandated programs.

Staff then presented a review of Campus Summary Statements, which were requested by, and submitted to, CPE. These statements included assessments of both public university and KCTCS funding models, identifying ways that the models are working as intended, any unintended consequences, and any recommendations for change. Campus presidents had the opportunity to explain their recommendations to working group members, and the recommendations were discussed by the group.

Finally, staff presented a proposal that was developed by several university presidents and sent to President Jackson, president of Murray State University and convener of the conference of presidents. The proposal recommended changes in application of the model, calling for a 0% stop loss in fiscal year 2021-22, adopting a 2% stop loss in 2022-23 and maintaining that level of stop loss going forward, and modifying the small school adjustment in 2021-22 so that the fiscal cliff at KSU, MoSU, and MuSU would be eliminated.



Postsecondary Education Working Group Performance Funding Model Review

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education
October 7, 2020



Meeting Agenda

- I. Financial Impact Information
 - A. Public Universities
 - B. KCTCS Institutions

- II. Campus Summary Statements
 - A. Models Functioning as Expected
 - B. Unintended Consequences
 - C. Recommended Adjustments

- III. Review MuSU Proposal

- IV. Next Steps

Financial Impact Information

State Funds for Educating Students (All Institutions)

Change in State Funds for Educating Students¹
Between Fiscal Years 2016-17 and 2020-21

Note: These figures show the combined impact of state budget cuts (-6.25% and -1.0%) and performance funding

<u>Institution</u>	<u>Fiscal 2016-17 State Funds</u>	<u>Fiscal 2020-21 State Funds</u>	<u>Dollar Change</u>	<u>Percent Change</u>
University of Kentucky	\$181,125,800	\$184,662,000	\$3,536,200	2.0%
University of Louisville	132,076,800	126,211,600	(5,865,200)	-4.4%
Eastern Kentucky University	62,572,300	60,842,300	(1,730,000)	-2.8%
Kentucky State University	19,993,600	18,235,500	(1,758,100)	-8.8%
Morehead State University	38,889,200	34,931,500	(3,957,700)	-10.2%
Murray State University	43,376,600	40,553,800	(2,822,800)	-6.5%
Northern Kentucky University	45,029,500	50,923,600	5,894,100	13.1%
Western Kentucky University	66,445,600	67,619,000	1,173,400	1.8%
KCTCS	<u>169,503,700</u>	<u>165,761,600</u>	<u>(3,742,100)</u>	-2.2%
Total	\$759,013,100	\$749,740,900	(\$9,272,200)	-1.2%

¹ State Funds for Educating Students is defined as each institution's regular General Fund appropriation plus any performance fund distribution, minus debt service and mandated program funding.

Financial Impact Information

Share of State Funds (All Institutions)

Share of State Funds for Educating Students¹
Fiscal Years 2016-17 and 2020-21

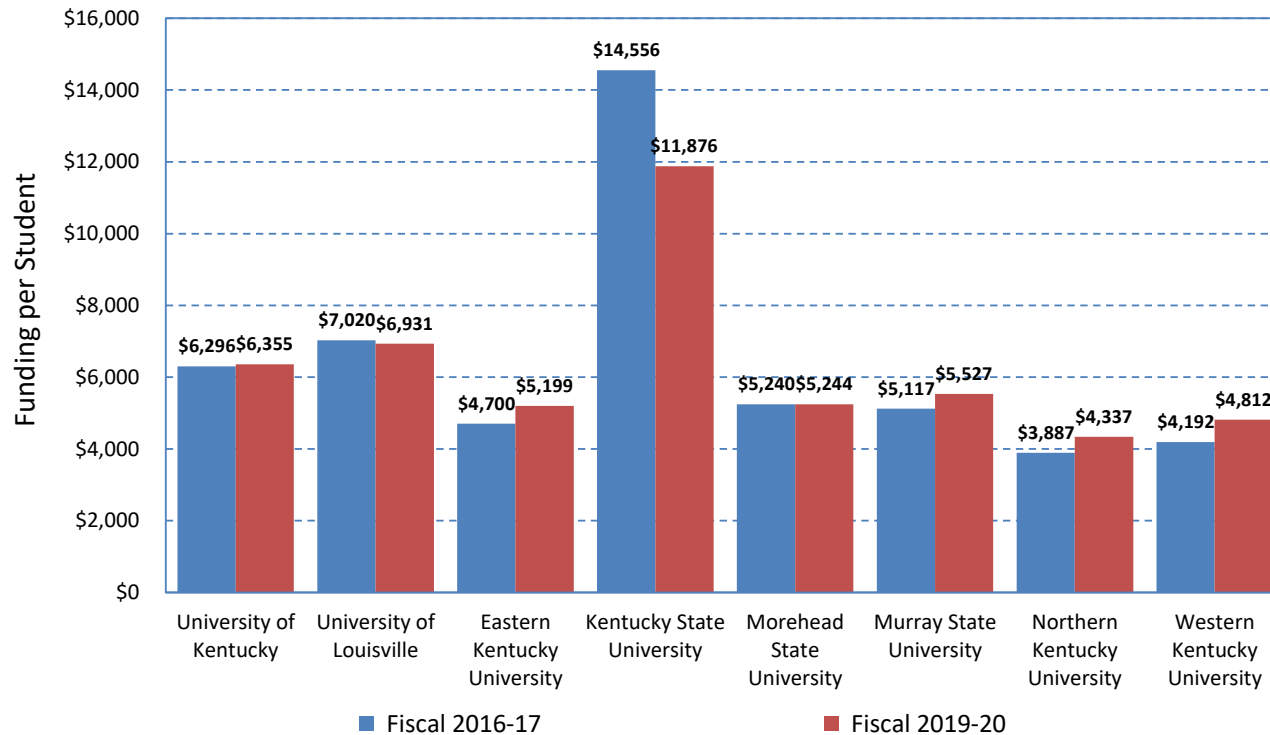
<u>Institution</u>	<u>Fiscal 2016-17 % Share</u>	<u>Fiscal 2020-21 % Share</u>	<u>% Point Difference</u>
University of Kentucky	23.9%	24.6%	0.8%
University of Louisville	17.4%	16.8%	-0.6%
Eastern Kentucky University	8.2%	8.1%	-0.1%
Kentucky State University	2.6%	2.4%	-0.2%
Morehead State University	5.1%	4.7%	-0.5%
Murray State University	5.7%	5.4%	-0.3%
Northern Kentucky University	5.9%	6.8%	0.9%
Western Kentucky University	8.8%	9.0%	0.3%
KCTCS	22.3%	22.1%	-0.2%
Total	100.0%	100.0%	0.0%

¹ Regular General Fund appropriation plus performance fund distribution, minus debt service and mandated program funding.

Financial Impact Information

State Funds per FTE Student (Public Universities)

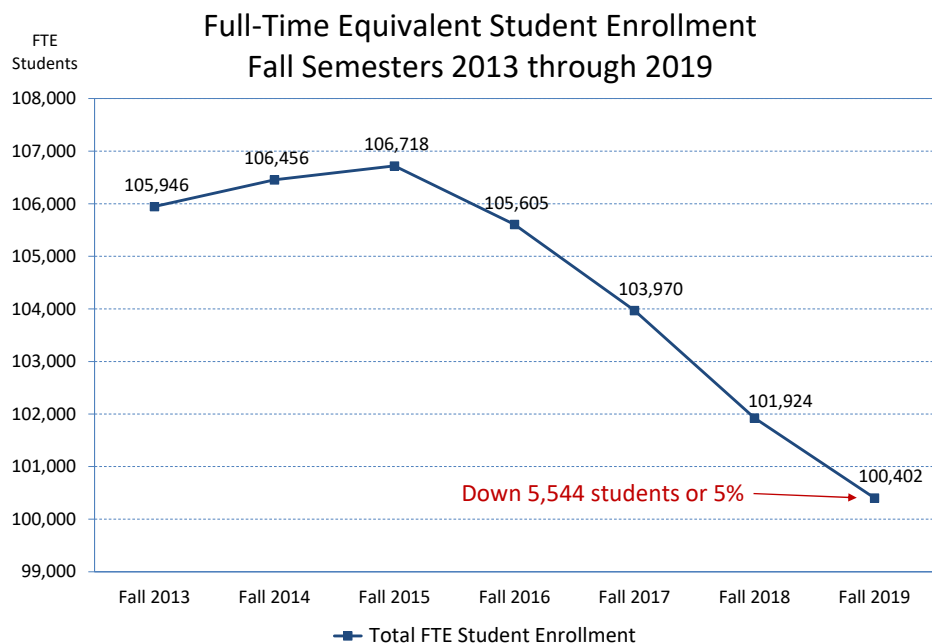
State Funds for Educating Students¹ per Full-Time Equivalent Student
Fiscal Years 2016-17 and 2019-20



¹ Regular General Fund appropriation plus performance fund distribution, minus debt service and mandated program funding.
Source: Council on Postsecondary Education, Finance and Budget Unit, and Data and Advanced Analytics Unit.

Financial Impact Information

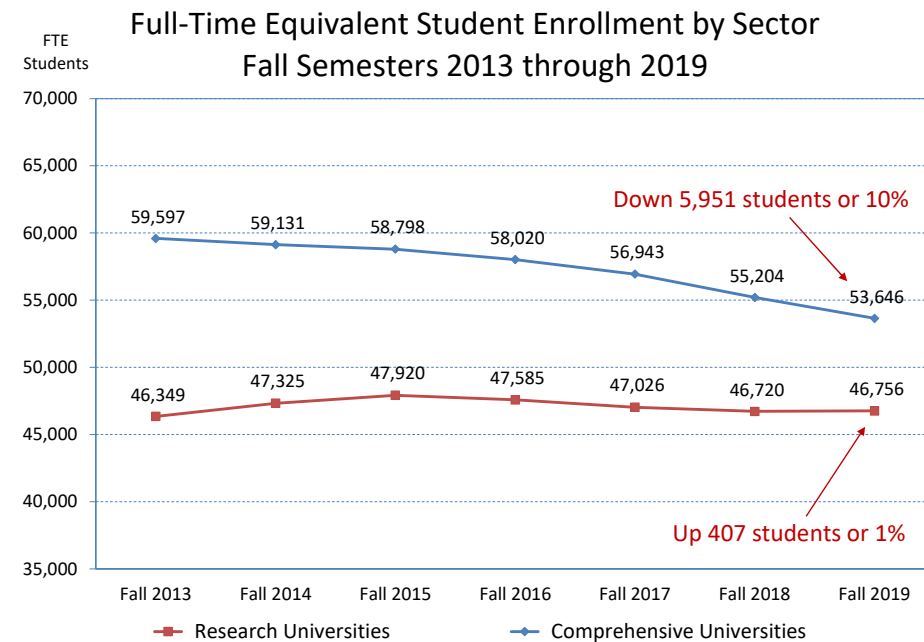
Trend in FTE Student Enrollment (Public Universities)



Source: Council on Postsecondary Education, Data and Advanced Analytics Unit.

- Aggregate public university full-time equivalent enrollment is decreasing at an average rate of about 1.0% per year.

- UK is the only university that recorded an increase in FTE enrollment (+951 students or 3.4%) during this period.



Source: Council on Postsecondary Education, Data and Advanced Analytics Unit.

Financial Impact Information

State Funds for Educating Students (KCTCS Institutions)

Change in State Funds for Educating Students¹
Between Fiscal Years 2016-17 and 2020-21

Note: These figures show the combined impact of state budget cuts (-6.25% and -1.0%) and performance funding

<u>College</u>	<u>Fiscal 2016-17 State Funds</u>	<u>Fiscal 2020-21 State Funds</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Ashland	\$9,538,900	\$8,599,200	(\$939,700)	-9.9%
Big Sandy	10,802,900	9,735,900	(1,067,000)	-9.9%
Bluegrass	17,580,700	18,096,700	516,000	2.9%
Elizabethtown	10,776,800	11,444,800	668,000	6.2%
Gateway	8,605,400	8,924,600	319,200	3.7%
Hazard	12,399,500	11,049,500	(1,350,000)	-10.9%
Henderson	4,703,100	4,231,400	(471,700)	-10.0%
Hopkinsville	5,999,400	6,014,700	15,300	0.3%
Jefferson	21,020,200	20,833,700	(186,500)	-0.9%
Madisonville	8,755,000	7,898,500	(856,500)	-9.8%
Maysville	7,943,900	7,970,100	26,200	0.3%
Owensboro	7,886,600	8,168,200	281,600	3.6%
Somerset	13,128,700	12,459,300	(669,400)	-5.1%
Southcentral	8,243,300	9,259,200	1,015,900	12.3%
Southeast	10,321,800	9,248,600	(1,073,200)	-10.4%
West Kentucky	11,797,500	11,827,200	29,700	0.3%
Total	\$169,503,700	\$165,761,600	(\$3,742,100)	-2.2%

¹ Regular General Fund appropriation plus performance fund distribution, minus debt service and mandated program funding.

Financial Impact Information

Share of State Funds (KCTCS Institutions)

Share of State Funds for Educating Students¹
Fiscal Years 2016-17 and 2020-21

<u>College</u>	<u>2016-17 % Share</u>	<u>2020-21 % Share</u>	<u>% Point Difference</u>
Ashland	5.6%	5.2%	-0.4%
Big Sandy	6.4%	5.9%	-0.5%
Bluegrass	10.4%	10.9%	0.5%
Elizabethtown	6.4%	6.9%	0.5%
Gateway	5.1%	5.4%	0.3%
Hazard	7.3%	6.7%	-0.6%
Henderson	2.8%	2.6%	-0.2%
Hopkinsville	3.5%	3.6%	0.1%
Jefferson	12.4%	12.6%	0.2%
Madisonville	5.2%	4.8%	-0.4%
Maysville	4.7%	4.8%	0.1%
Owensboro	4.7%	4.9%	0.3%
Somerset	7.7%	7.5%	-0.2%
Southcentral	4.9%	5.6%	0.7%
Southeast	6.1%	5.6%	-0.5%
West Kentucky	7.0%	7.1%	0.2%
Total	100.0%	100.0%	0.0%

¹ Regular General Fund appropriation plus performance fund distribution, minus debt service and mandated program funding.

Campus Summary Statements

Section Overview

- Models Functioning as Expected
- Unintended Consequences
- Recommended Adjustments

Campus Summary Statements

Models Functioning as Expected

Most institutions responded that:

- Overall, the models are working as expected
- The models are using the appropriate metrics
- Student success metrics are enhancing focus on state goals
- State funds are no longer being distributed based on historical share, but on outcomes
- Growth rates above the sector average are resulting in an increased share of funding for a given metric

Campus Summary Statements

Models Functioning as Expected (Cont'd)

- The funding models are providing financial incentives for increased progression and timely completion
- The models include sizable premiums for STEM+H, URM, and low income degrees
- Institutions are reacting to the model strategically
- In both the university and KCTCS models, institutions are progressing toward funding parity

Campus Summary Statements

Unanticipated Consequences

Sector Competition

- Perception that comprehensive and smaller institutions are disadvantaged by research sector weights and volume focus
- Harder for smaller institutions to earn additional funding

Complexity

- It's hard to anticipate ROI, explain the connection between performance and funding
- Complexity reduces the model's effectiveness and ability to drive change

Campus Summary Statements

Unanticipated Consequences (Cont'd)

Some Metrics Don't Consider Efficiency

- Square footage metric rewards new construction, not asset preservation or innovative use of space on campus
- Square footage metric does not consider efficient space utilization, age of facilities, or energy efficiency
- Instruction and Student Services spending metric does not take into account operating efficiency
- Benefit of enrolling nonresident students is limited by 50% earned credit-hour weighting (runs counter to NR tuition policy)

Campus Summary Statements

Unanticipated Consequences (Cont'd)

Funding Advocacy

- When enrollment declines, volume-based models do not support advocacy efforts
- Harder to advocate for additional funding for mandated programs
- Redistribution of base shifts focus from system funding needs

Competition

- Increases competition, decreases collaboration
- Model doesn't sufficiently recognize differences in mission

Campus Summary Statements

Unanticipated Consequences (Cont'd)

Financial Concerns

- During three-year phase in, models were implemented with no new funding
- In budget-cut years, stop-loss contributions act as a second budget cut for some
- KSU, MoSU, MuSU, and six KCTCS colleges are facing fiscal cliffs in 2021-22 (i.e., 2% stop loss sunset)
- Unfunded KERS cost increases place comprehensives at a competitive disadvantage

Campus Summary Statements

Recommended Adjustments

Sector Differentiation

- Keep all universities in one model (UK, UofL)
- Adopt separate models for research and comprehensive universities (EKU, NKU, WKU)

Funding Model Metrics

- All degrees and credentials should be rewarded (NKU, WKU)
- Eliminate or modify square footage metric (UofL, EKU, MoSU)
- Revisit 50% nonresident student weighting (MuSU, NKU, WKU)
- Change Instruction and Student Services metric (EKU, MoSU)

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Campus Summary Statements

Recommended Adjustments (Cont'd)

Funding Model Metrics (Cont'd)

- Increase Low Income and URM weights (UofL, NKU)
- Decrease operational support metric weights (UofL, NKU)

Application of the Model

- Reinvest in postsecondary education (UK, UofL, EKV, MuSU, NKU)
- 0% Stop Loss in 2021-22 (UofL, MoSU, MuSU)
- Permanent Stop Loss needed (UofL, MoSU, MuSU)
- Preserve hold harmless amounts in an institution's base (not subject to redistribution) beginning in 2021-22 (MoSU, MuSU)¹⁷

Campus Summary Statements

Recommended Adjustments (Cont'd)

Institution Specific

- UK: Eliminate degree efficiency metric (normalization of bachelor's degrees using degrees per 100 FTE index)
- EKU: No small school adjustment for UK and UofL
No difference in research sector weighting for FTE
- KSU: Redesign model to include some common and some institution-specific metrics
- MoSU: Model should include a poverty adjustment, similar to the small school adjustment

Campus Summary Statements

Recommended Adjustments (Cont'd)

Institution Specific (Cont'd)

MUSU: Eliminate earned credit hour weighting by level and discipline and nonresident student differential

No difference in research sector weighting for Low Income and URM degrees

Use percent of formula share to distribute funds

NKU: Add a first generation metric

Add KCTCS transfer metric to university model

Review mandated programs & small school adjustment

Review MuSU Proposal

Components

Given economic uncertainties caused by the pandemic, unknown status of additional federal stimulus, potential for a significant mid-year budget cut, and rising pension costs:

- 1) Continue to run the funding model for 2021-22 per KRS 164.092, with any modifications identified by the working group and adopted by the General Assembly
- 2) Apply the model in 2021-22, so that no institution incurs a financial loss or gain of General Fund as a result of running the model (i.e., implement a 0% stop loss in 2021-22)
- 3) In addition, no formula gains or deficits will accumulate and have no future financial impact for any institution

Review MuSU Proposal

Components (Cont'd)

- 4) Existing appropriations should be maintained at 2020-21 levels for each institution, unless new funds are awarded to the performance fund or base of each university
- 5) Implement a perpetual 2% stop-loss beginning in 2022-23 so that no institution loses more than 2% of its formula base in any one year due to the model
- 6) Beginning in 2021-22, Hold Harmless amounts calculated in the current year (i.e., 2020-21) should be retained by institutions that had a Hold Harmless allocation and treated similar to the Small School Adjustment (i.e., eliminate fiscal cliff at KSU, MoSU, and MuSU)

Review MuSU Proposal

Eliminate Fiscal Cliff

Impact of Adopting Modified Small School Adjustment
Comparison of Performance Distributions and Hold Harmless Allocations

→ Fiscal Year 2020-21

Institution	Actual 2020-21 Calculations		<i>Hypothetical</i> ¹ Modified Small School Adjustment		(C - A)
	A Performance Distribution	B Hold Harmless Allocations	C Performance Distribution	D Hold Harmless Allocations	E Distribution Differences
University of Kentucky	\$6,621,600	\$0	\$6,621,300	\$0	(\$300)
University of Louisville	2,938,900	0	2,938,800	0	(100)
Eastern Kentucky University	394,200	0	394,300	0	100
Kentucky State University	0	(6,885,400)	100	0	100
Morehead State University	0	(2,826,900)	0	0	0
Murray State University	0	(675,800)	0	0	0
Northern Kentucky University	967,000	0	967,200	0	200
Western Kentucky University	757,900	0	757,900	0	0
Total	\$11,679,600	(\$10,388,100)	\$11,679,600	\$0	\$0

¹ Murray State University is proposing a change in the public university funding model that would add calculated hold harmless amounts in fiscal year 2020-21 to the respective small school adjustments at KSU, MoSU, and MuSU, which would eliminate the fiscal cliff at those institutions.

Review MuSU Proposal

Eliminate Fiscal Cliff (Cont'd)

Impact of Adopting Modified Small School Adjustment
Comparison of Performance Distributions and Hold Harmless Allocations

→ Fiscal Year 2021-22

Institution	<i>Hypothetical</i> ¹		<i>Hypothetical</i> ²		(C - A) E Distribution Differences
	Current Model With No Changes		Modified Small School Adjustment		
	A Performance Distribution	B Hold Harmless Allocations	C Performance Distribution	D Hold Harmless Allocations	
University of Kentucky	\$4,296,900	\$0	\$3,692,900	\$0	(\$604,000)
University of Louisville	2,934,000	0	2,524,100	0	(409,900)
Eastern Kentucky University	1,419,900	0	1,216,900	0	(203,000)
Kentucky State University	0	(6,495,800)	364,800	0	364,800
Morehead State University	0	(2,028,700)	698,600	0	698,600
Murray State University	262,900	0	811,100	0	548,200
Northern Kentucky University	1,185,900	0	1,018,700	0	(167,200)
Western Kentucky University	1,579,900	0	1,352,400	0	(227,500)
Total	\$11,679,500	(\$8,524,500)	\$11,679,500	\$0	\$0

¹ The current model with no changes approach assumes flat funding, a 2.0% stop loss contribution, and no change in performance metric data.

² The modified small school adjustment approach also assumes flat funding, a 2.0% stop loss contribution, and no change in performance metric data, but it adds calculated hold harmless amounts from fiscal year 2020-21 to the small school adjustments at KSU, MoSU, and MuSU.

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Review MuSU Proposal

Eliminate Fiscal Cliff (Cont'd)

Impact of Adopting Modified Small School Adjustment
Comparison of Stop Loss Contributions and Performance Distribution

→ Fiscal Year 2021-22	<i>Hypothetical</i>		(B - A)
	A	B	C
	2.0% Stop Loss Contributions ¹	Modified SSA Distribution ²	Difference
University of Kentucky	\$3,693,200	\$3,692,900	(\$300)
University of Louisville	2,524,200	2,524,100	(100)
Eastern Kentucky University	1,216,800	1,216,900	100
Kentucky State University	364,700	364,800	100
Morehead State University	698,600	698,600	0
Murray State University	811,100	811,100	0
Northern Kentucky University	1,018,500	1,018,700	200
Western Kentucky University	1,352,400	1,352,400	0
Total	\$11,679,500	\$11,679,500	\$0

¹ Hypothetical 2.0% stop loss contributions that assume performance funds distributed in 2020-21 become recurring to the base of institutions that earned those funds in 2021-22, flat funding, and no change in debt service or mandated program funding.

² Assumes adoption of a modified small school adjustment approach, flat funding, a 2.0% stop loss, and no change in performance metric data.

Next Steps

- Financial Impact Information (Cont'd)
- Major Decision Points
 - Sector Differentiation (One University Model or Two)
 - Nonresident Student Weighting
 - Weighting Between Sectors
- Performance Metrics
 - Reward All Degrees Conferred
 - Eliminate or Modify Square Footage Metric
 - Modify Low Income and URM Degree Weights
 - Add Adult Learner Metric
 - Modify Direct Cost Metric (Instruction + Student Services Spending)

Questions?



Twitter: CPENews and CPEPres



Website: <http://cpe.ky.gov>



Facebook: KYCPE





**PowerPoint Slides
referenced during the meeting
October 20, 2020**



Council on Postsecondary Education Finance Committee Meeting

October 20, 2020

Agenda



III. Interim Capital Projects for Approval

JB Speed Building Renovation (UofL)

Medical Tower 55A Vivarium (UofL)

IV. Lovett HVAC (MuSU) Delegation of Authority

V. Special Fee Reports

Special Use Fee Report – UofL, ECU, MoSU, NKU, WKU

Asset Preservation Fee Report – ECU, KSU, MoSU, MuSU

Agency Bond Fee Report – KCTCS

MuSU New Asset Preservation Projects for FY 2020-21

Interim Capital Projects for Approval



JB Speed Building Renovation (UofL)

\$18,700,000 – Restricted Fund Project

Approved by UofL Board, Oct. 24, 2019; CPE, Nov. 2019

Was not included in the 2020-21 state budget

Interim approval is allowed by KRS 164A.575(15), which allows postsecondary institutions to initiate “non-General Fund” capital projects

After CPE approval, these projects go to the Capital Projects and Bond Oversight Committee.

Staff is recommending that the FC endorse this project for Council approval in November.

Interim Capital Projects for Approval



Medical Tower Vivarium (UofL)

\$8,000,000 – Federally Funded Project

Approved by UofL Board, Oct. 24, 2019; CPE, Nov. 2019

Was not included in the 2020-21 state budget

Renovates 8th and 9th floors to help meet UofL's vivarium needs

Interim approval is allowed by KRS 45.760(7), which allows all state agencies and postsecondary institutions to initiate projects funded primarily with federal or private funds

After CPE approval, these projects go to the Capital Projects and Bond Oversight Committee

Interim Capital Project – Delegation of Authority



Lovett Auditorium HVAC (MuSU)

\$2,000,000 – Restricted Funds (\$600,000 from Asset Preservation fee revenue)

Scheduled for MuSU approval on Dec. 4, 2020. Since the Board has not approved the project, staff recommends the Council delegate approval authority to the FC

Repairs ductwork and replaces HVAC system

Interim approval is allowed by KRS 164A.575(15), which allows postsecondary institutions to initiate “non-General Fund” capital projects

After CPE(FC) approval, this project will go to the Capital Projects and Bond Oversight Committee

Special Fee Reports



These fees were created in response to concerns that institutions expressed to the Council (Special Use Fees, Asset Preservation Fees) and to the General Assembly (Agency Bond Fees)

Special Use Fees – the first of the “Special Fees,” a Council policy that was adopted in April 2011 allowed these fees to be considered “outside of the cap” provided that certain criteria were met.

- Fee revenue must be used to support debt service and maintenance and operations (M&O) for new or renovated student activities and service facilities (e.g., student unions, fitness and recreation centers, tutoring centers, etc.)
- Fee must be approved by the institution’s board, students and CPE

Special Fee Reports

– Special Use Fees



The concern being addressed was that with tuition and fee caps in place, student life items would never get funded.

CPE's Special Use Fee policy allowed students and institutions a way to fund these projects.

Special Use Fees, like all of the Special Fees, are not a part of the base rate at an institution. The fees do not go up with tuition and fee increases. (However, CPE can require institutions to phase-in Special Use and Asset Preservation Fees).

Note: Agency Bond Fees (KCTCS only) were authorized by the General Assembly.

Special Fee Reports

– Special Use Fees



Full-Time Comparison Rate (15 Fall + 15 Spring Credit Hours)

Campus	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
UofL	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196
EKU	-	-	-	-	300	300	300	300	300	300
MoSU	132	132	132	132	132	132	132	132	132	132
NKU	96	192	288	384	384	384	384	384	384	384
WKU ¹	140	140	140	140	140	140	140	140	140	140
WKU ²	-	-	-	-	60	60	60	60	60	60

Projects:

- UofL - Student Recreation Center
- EKU - Student Union and Rec. Center and Pedway Construction
- MoSU - Student Recreation Center Construction
- NKU - Renovation and doubling the size of the Recreation Center
- WKU¹ - Renovation of Student Union
- WKU² - Parking Structure Construction

Special Fee Reports

– Asset Preservation Fees



Asset Preservation Fees – Council policy adopted **February 2018** allowed these fees to be considered “outside of the cap.”

- Fee revenue must be used to support asset preservation for instruction-related facilities.
- Fee must be approved by the institution board and CPE. Cannot exceed \$10 per credit hour at universities, \$5 per credit hour at KCTCS institutions.
- Can be used as matching funds if required by the General Assembly for any state Asset Preservation appropriations.
- Can be used to pay debt service or upon collection.
- Annual report required.

Special Fee Reports

– Asset Preservation Fees



Full-Time Comparison Rate (15 Fall + 15 Spring Credit Hours)

Campus	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EKU	-	-	-	-	-	-	-	\$300	\$300	\$300
KSU	-	-	-	-	-	-	-	300	300	300
MoSU	-	-	-	-	-	-	-	120	120	120
MuSU	-	-	-	-	-	-	-	-	168	300

Special Fee Reports

– KCTCS Agency Bond Fee



Full-Time Comparison Rate (15 Fall + 15 Spring Credit Hours)

System	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
KCTCS	-	-	-	\$120	\$240	\$240	\$240	\$240	\$240	\$240

Agency Bond Fee – Policy adopted by the General Assembly in the **2014-16 budget bill** authorized a mandatory student fee as part of the BuildSmart initiative for KCTCS colleges.

- Fee revenue must be used for debt service on \$145.5 M of agency bonds issued for BuildSmart projects (75% of \$194.0 M Total).
- Agency bonds issued to fund BuildSmart projects must be matched by private/other funds raised by KCTCS colleges (25%, or \$48.5 M).
- The fee could not exceed \$4 per credit hour in fiscal year 2015 and \$8 per credit hour in the years following.
- 14 of the 16 BuildSmart projects are complete or underway.

Special Fee Reports

– MuSU 2020-21 AP Fee Projects



Projects to be Funded with AP Fee Revenue in FY21	Estimated Use of Fee Revenue
Lovett Auditorium HVAC (portion of \$2M scope)	\$600,000
Wilson Hall Windows and Doors - Energy Efficiency	414,884
Wells Hall Energy Windows and Doors - Efficiency	533,520
Building Automation System	350,000
Total	\$1,898,404
Estimated FY 2020-21 Fee Revenue: \$1,415,913	

Questions?



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