

**Council on Postsecondary Education  
July 24, 2009**

**Status Report of Capital Projects**

**Capital Project Pools**

The following is a brief update on several capital or institutional infrastructure-related issues.

***2008-10 Research Challenge Trust Fund and Comprehensive University Excellence Trust Fund Program Activities***

The 2008 General Assembly authorized \$50 million in General Fund-supported bonds in 2008-09 for the Research Challenge Trust Fund (RCTF) to support the Endowment Match Program and a newly created Research Capital Match Program. In accordance with KRS 164.7917, these funds are allocated two-thirds to the University of Kentucky (\$33.3 million) and one-third to the University of Louisville (\$16.7 million).

The 2008 General Assembly also authorized \$10 million in bond funds in 2008-09 for the Comprehensive University Excellence Trust Fund (CUETF) to support Endowment Match Program activities or to fund capital projects at the comprehensive universities. These funds are allocated among the comprehensive institutions based on their respective share of total 2007-08 General Fund appropriations, excluding debt service and specialized non-instructional appropriations.

In accordance with the Council's guidelines and documentation received from each four-year institution, the boards of regents and trustees have allocated the pool authority among endowment match and capital projects as follows:

<u>Institution</u>	<u>Percent Allocation for Endowment</u>	<u>Percent Allocation for Capital</u>
<i>Board Action Complete:</i>		
Kentucky State University	100.0	
Morehead State University	28.3	71.7
Murray State University	97.1	2.9
Northern Kentucky University		100.0
University of Kentucky	34.2	65.8
<i>Board Action Pending:</i>		
Eastern Kentucky University	53.5	46.5
Western Kentucky University	100.0	
University of Louisville	100.0	

Institutions identified as board action pending are scheduled to present the proposed allocations to the boards of regents/trustees at the next scheduled meeting. Following action by the board, appropriate documentation will be forwarded to the Council.

### **2008-10 Capital Renewal Pool (HB 406)**

The 2008 General Assembly restored a \$13.9 million Capital Renewal and Maintenance (CR&M) Pool of matching funds to address critical upgrades and replacement of building systems (e.g., HVAC systems, electrical systems, and roofs) that were vetoed following the 2006 session. Similar capital renewal pools of \$20.6 million and \$30 million were funded in the 1998-2000 and 2000-02 biennia, respectively. However, these pools provide only a small fraction of the resources needed to adequately upgrade and preserve what is increasingly an aging institutional infrastructure according to the comprehensive facilities assessment study completed in 2007. There is a requirement that the institution provide a match for each dollar received from the pool.

In accordance with the Council's adopted guidelines, all institutions have submitted projects for staff review and are implementing the projects to preserve the existing physical assets on their campuses. The projects and funding proposals meet the requirements of the Council and HB 406.

Institution	Pool Allocation	Institution Match	Total Completed
KCTCS institutions	\$3,181,700	\$2,227,200	\$5,408,900
Eastern Kentucky University	1,353,200	947,200	2,300,400
Kentucky State University	370,000	333,000	703,000
Morehead State University	696,700	487,700	1,184,400
Murray State University	986,600	690,600	1,677,200
Northern Kentucky University	831,400	665,100	1,496,500
Western Kentucky University	1,003,700	702,600	1,706,300
University of Kentucky	3,445,500	2,067,300	5,512,800
University of Louisville	2,058,200	1,440,700	3,498,900
<b>System Total</b>	<b>\$13,927,000</b>	<b>\$9,561,400</b>	<b>\$23,488,400</b>

### **2010-16 Capital Plan Development**

KRS 7A.120(3) directs that in odd numbered years each state agency shall submit information about its facilities and facilities-related needs to the Capital Planning Advisory Board. The individual agency plans are used by the CPAB to develop a comprehensive statewide capital improvements plan, encompassing all state agencies and postsecondary institutions. The Governor, the Chief Justice, and the Legislative Research Commission receive the plans November 1 of each odd numbered year.

The projects included in the Statewide Capital Improvements Plan, if implemented, will enable the postsecondary system to provide services to students and the public in a coordinated and collaborative fashion. The calendar of events leading to development and publication of a statewide capital improvements plan are:

<u>Plan Development Activity</u>	<u>Date Due</u>	<u>Status</u>
Capital Plan Submission	April 15, 2009	Complete
Revision of Submission 1 <sup>st</sup> opportunity	June 12, 2009	Complete
CPAB Public Hearing on Plans (CPE/Institutions)	July 7, 2009	Complete
Evaluate 2010-12 Capital Requests (CPE Staff)	July 29-30, 2009	Pending
CPAB Public Hearings (completion)	August 21, 2009	
CPE/COT Submit Statewide Capital Priorities	September 18, 2009	
CPAB Establish Statewide Plan Priorities	October 9, 2009	
CPAB Publish 2010-16 Statewide Capital Plan	November 1, 2009	

### ***SB 189 Report to Legislative Research Commission***

The General Assembly directed the Council on Postsecondary Education and the Office of the State Budget Director to produce and present to the Legislative Research Commission on or before December 1, 2008, a report with recommendations addressing the establishment and implementation of a process for funding deferred and future major capital renewal, maintenance, and renovation needs costing \$600,000 or more each for facilities owned by the Commonwealth and operated by the postsecondary institutions.

Because of unforeseen circumstances, particularly related to the state's budget problems, the report has been delayed. Council staff continues to work with the Office of the State Budget Director to finalize the report.