

TITLE: Interim Capital Project Request - Elizabethtown Community & Technical College

DESCRIPTION: The Finance Committee recommends the Council approve of a \$3,500,000 interim capital project to expand the Science Building at Elizabethtown Community and Technical College.

STAFF CONTACT: Shaun McKiernan, Executive Director of Finance and Budget

COMMITTEE REVIEW & APPROVAL

The Finance Committee reviewed and approved the proposed interim capital project from KCTCS at its January 16, 2024, meeting.

SUPPORTING INFORMATION

On January 2, 2024, KCTCS officials requested CPE approval for a \$3,500,000 interim capital project which was approved by the KCTCS Board of Trustees on December 8. The project will expand the existing Science Building on the Elizabethtown Community and Technical College (ECTC) main campus by 7,000 square feet and will be funded with institutional resources (i.e., agency restricted funds).

ECTC currently has a project underway to renovate their Science Building. This \$6,400,000 project is funded in part with asset preservation pool funds. The primary focus of the renovation is to expand lab capacity and update lab design to enhance the learning environment and modernize facilities that support the following science programs: Physics, Microbiology, Biology, Anatomy Physiology, Organic Chemistry, and Chemistry.

The requested addition of \$3,500,000 in funding is needed to expand the facility, which will allow for larger science labs. The additional funding will also be used to update the facade of the building.

Approval Process

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 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 ECU, 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 previously approved by the Council and was not authorized in the enacted 2022-2024 Budget of the Commonwealth, Council approval is now required to authorize this project. KCTCS 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 KCTCS, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.