

TITLE: Interim Capital Project Requests – Kentucky State University

DESCRIPTION: The Finance Committee recommends the Council approve two interim capital project requests from Kentucky State University – Blazer Library and Carver Hall.

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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 10, 2024, Kentucky State University officials requested CPE approval for two interim capital projects, approved by the KSU Board of Trustees at their November 28, 2023, meeting. Both projects will be funded with Title III federal funds.

- 1) **Blazer Library Renovations - \$1,700,000.** This project will replace windows, repair exterior deterioration, replace flooring, and update finishes at Blazer Library. Constructed in the 1960s, Blazer Library last had renovations and additions completed in the 1980s and 1990s. The building contains systems that have been unchanged since the original construction. Failing windows have caused water infiltration and structural issues that need to be addressed immediately to prevent the more damage and expenses. The building's finishes have outlived their useful lives.
- 2) **Carver Hall Building Modifications for Engineering Program - \$2,700,000.** This project will replace outdated building systems and renovate all spaces to meet the needs of an engineering program, which KSU is establishing using a phased approach. Carver Hall was built in the 1960s and additions to the building were completed in the 1980s. The building still has original systems that are now at the end of their useful lives. Carver Hall currently houses the University's science programs, and the space includes offices, classrooms, laboratories, and a lecture hall. Asset preservation pool funds may be used for a portion of this project since Title III funds may not be used for improvements to office space.

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; and
- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because these projects were not previously approved by the Council and were not authorized in the enacted 2022-24 budget, Council approval is now required to authorize these projects. KSU will not be debt financing any portion of these projects; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

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