

**TITLE:** Interim Capital Project – KSU Fiber Infrastructure Project

**RECOMMENDATION:** The Finance Committee recommends the Council approve a \$2,888,000 federally funded, interim project at Kentucky State University to upgrade fiber infrastructure.

**PRESENTERS:** Eric Farris, Chair of the Finance Committee

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**COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the interim capital project request from the Kentucky State University during its September 11, 2023, meeting.

**SUPPORTING INFORMATION**

On September 9, 2023, Kentucky State University (KSU) officials requested Council approval for an interim capital project to upgrade the university’s fiber infrastructure, using federal Higher Education Emergency Relief Funds (HEERF).

The upgrade to fiber infrastructure will include installation of single-mode fiber on campus with redundant connection hubs. Implementing a single-mode fiber infrastructure will enhance KSU's network connection, ensuring greater reliability, security, and speed. This upgrade is crucial for KSU's academic initiatives and programming, particularly for facilitating remote teaching and learning. In addition to supporting academic initiatives, upgrading to a single-mode fiber infrastructure will enable KSU to achieve a more reliable, secure, and faster network connection, which is essential for campus safety and security.

The KSU Board of Regents approved this project on August 8, 2023. If approved, KSU officials anticipate construction to start in December 2023 and to be completed by September 2024. State General Fund appropriations will not be used for this project, and no funds appropriated for another purpose will be used to complete this project.

KRS 45.760 (7) allows projects that are at least 50% funded with federal or private funds and don’t divert funds appropriated for another purpose to be authorized. 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 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 previously approved by the Council and it was not authorized in the enacted 2022-2024 budget, Council approval is now required to authorize this project. KSU will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

## **NEXT STEPS**

Following final 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 this project.