

TITLE: Interim Capital Project – Maysville Community and Technical College Montgomery Campus Welding Lab Renovation

DESCRIPTION: The Finance Committee recommends the Council approve, contingent upon approval by the KCTCS Board of Regents, a \$1,220,000 federal and agency restricted fund interim project at the Maysville Community and Technical College Montgomery Campus that will renovate space for a new welding lab.

STAFF CONTACT: Ryan Kaffenberger, Director, Finance Policy and Programs

COMMITTEE REVIEW & APPROVAL

The Finance Committee reviewed and endorsed for final approval the proposed interim capital project at Maysville Community and Technical College Montgomery Campus at its November 15, 2024, meeting.

SUPPORTING INFORMATION

Kentucky Community and Technical College System (KCTCS) staff request authorization for an interim capital project to renovate space at the Maysville Community and Technical College Montgomery Campus for a new welding lab. The lab will include 14 welding booths. One of the booths will be designed to be ADA accessible. The project’s total scope is \$1,220,000 and will be funded with \$976,000 in federal funds and \$244,000 in agency restricted funds.

The project will be submitted for approval by the KCTCS Board of Regents at their December 6, 2024, meeting. As such, CPE staff recommends the Finance Committee endorse the project for full Council approval contingent upon its approval by the KCTCS Board of Regents.

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 EKU, 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 2024-26 budget (HB 6), 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 action by the Council and KCTCS Board of Regents, CPE staff will notify the president of KCTCS, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee concerning this interim capital project.