

Council on Postsecondary Education
February 11, 2010

2010-12 Executive Budget Recommendation
Summary

On Tuesday, January 19, 2010, Governor Beshear released his 2010-12 Executive Budget recommendation which includes \$780 million in revenue from video lottery terminals to help protect core priorities including SEEK – the primary classroom funding formula, Medicaid, and public safety. The Executive Budget proposes cuts to most state agencies of 2 percent, which is in addition to the 20 to 25 percent budget reductions received over the last two years.

In his budget address, the Governor stated that, if additional federal funds become available, these additional resources should be used to increase teacher and state employee pay, restore cuts to higher education and the Department of Community-Based Services, and rebuild Kentucky's rainy day fund.

See **Attachment A** for additional details from the Executive Budget briefing. Listed below is an overview of key items in the Executive Budget related to postsecondary and adult education.

Institution Operations

- The Executive Budget for 2010-12 recommends a straight-lined budget for FY11, through a combination of General Funds (\$979 million) and federal stimulus funds (\$57 million in FY11), and a 2 percent reduction in FY12.
- Technical adjustments were made for debt service and the UofL hospital contract, but not for KSU's land grant funds or for M&O on new facilities.
- See **Attachment B** for details by institution.

Capital Investments

- The Executive Budget includes General Fund debt service for \$584 million in state funded capital projects, including the highest priority project for each university and the highest two priorities for KCTCS.
- The recommendation also allows the institutions to fund with agency bonds another \$323 million in capital projects.
- See **Attachment C** for details on the capital projects.

CPE Agency Funds (Statewide Coordination and Statewide Educational Programs and Services)

- The Executive Budget proposes a 2 percent reduction (\$878,000) to CPE Agency Funds in FY11 and straight-line appropriations in FY12. Unfortunately, the General Fund support for Kentucky Adult Education, which was exempted from several prior cuts, was included as part of CPE's total budget reduction.
- The Executive Budget recommendation does increase the number of veterinary spaces to 164 from 154 in the Contract Spaces Program in FY11 and FY12 and provides for increases in tuition in the program.

- Approximately a half-year of debt service totaling \$28 million for postsecondary education capital projects is included in FY12.
- The Executive Budget recommendation does include \$4.7 million in FY11 to support SB 1 (2009) implementation, and \$1.8 million in FY12.
- See **Attachment D** for details.

Financial Aid

- The Executive Budget dedicates 100 percent of the value of the lottery revenues for student financial aid.
- The recommendation fully funds the KEES program at \$94 million in FY11 and \$99 million in FY12.
- The Executive Budget increases funding to Kentucky's need-based financial aid program, the College Access Program (CAP), from \$64 million to \$73 million in FY11 and \$76 million in FY12.
- The Kentucky Tuition Grant (KTG), need-based aid specifically for students who attend independent colleges and universities, is straight-lined at \$33 million in FY11 and \$34 million in FY12.
- For the first time, student financial aid is proposed to be funded with bond funds for FY11 and FY12 versus lottery proceeds.

Executive Branch Budget FY 2010 - 2012

House Appropriations and Revenue
Committee

January 26, 2010

Mary Lassiter, State Budget Director

John Hicks, Deputy State Budget Director

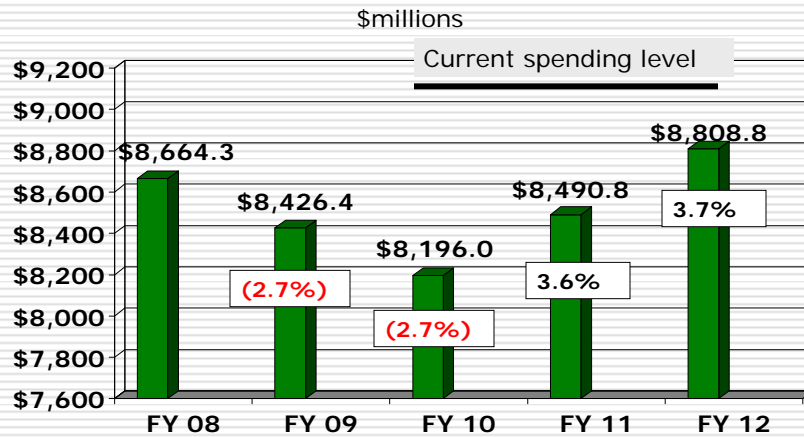
Kevin Cardwell, Deputy State Budget Director

Greg Harkenrider, Deputy Exec. Director, Governor's Office of
Economic Analysis

Governor's Goals

- Job creation and retention
 - No broad-based tax increases
 - Preserve SEEK funding
 - Provide healthcare for most vulnerable
 - Protect the public's safety
 - Increase recurring revenues
 - Make critical investments for the future
 - Continue to reduce costs
-

FY08 Revenue Levels Will Not Return until FY12



Solutions to Address the Shortfall

- No Broad Based Tax Increases
- Revenue Growth
- Remaining Federal Stimulus Funds
- Debt Restructuring
- Limited Expansion of Gaming
- Alternative Financing
- Fund Transfers
- Revenue Collection Enhancements
- Kentucky Smart Government Initiative
- Continue to Reduce Spending

Revenue Growth

- Despite record unemployment and lagging current revenues, revenue growth is predicted for the next two years, reflecting signs of recovery from the recession

 - FY 11: 3.6% growth = \$295 million
 - FY 12: 3.7% growth = \$318 million
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Remaining Federal Stimulus Funds

- \$268 million State Fiscal Stabilization Funds
 - Six months of higher federal match rate in Medicaid
 - Will be exhausted in FY 11
 - Causes the General Fund need to be higher for:
 - SEEK
 - Postsecondary Education Institutions
 - Corrections
 - State Police
 - Medicaid
-

Debt Restructuring

- ❑ Restructuring outstanding liabilities to realize debt service savings in the biennium.
- ❑ Upfront savings used to keep from cutting priorities – long term increased costs.
- ❑ FY 11: \$73 million
- ❑ FY 12: \$130 million

Gaming Revenues Prevent Deeper Cuts

	Biennial Total With Gaming Revenues (millions)	Biennial Total Without Gaming Revenues (millions)
Shortfall Between Resources and Spending Needs		
Previously Identified Shortfall	\$1,446	\$1,446
FY 10 Cuts and Other Adjustments	(\$64)	(\$64)
Medicaid Management Initiatives and Funding Gap	(\$205)	(\$205)
Debt Restructuring	(\$203)	(\$203)
Additional Recommended Spending	\$587	\$587
Revised Shortfall	<u>\$1,561</u>	<u>\$1,561</u>
Balancing Solutions to Fund Needs		
Expanded Gaming Revenues	\$780	\$0
Alternative Financing	\$488	\$488
Fund Transfers	\$116	\$116
Revenue Collection Enhancements	\$66	\$66
Budgeted Lapse for Smart Government Initiative	\$33	\$33
Budget Cuts	<u>\$78</u>	<u>\$858</u>
Total Solutions	\$1,561	\$1,561
Additional Percentage Cuts to Agencies Not Exempted	2% FY 11	14% FY 11
	2% FY 12	34% FY 12

Continue Spending Reductions

- 2% further reductions for most agencies in FY 11
 - Straight-lined in FY 12
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85% of General Fund Spending spared from cuts FY 11; 80% in FY 12

- | | |
|-----------------------------|---|
| ▪ SEEK | ▪ Coal Severance Funds |
| ▪ Medicaid | ▪ Horse Park |
| ▪ Universities* | ▪ Behavioral Health |
| ▪ Corrections (bed related) | ▪ State Police |
| ▪ Debt Service | ▪ Public Advocacy |
| ▪ Health Insurance | ▪ Prosecutors |
| ▪ Teachers' Retirement | ▪ Mine Permitting, Safety & Reclamation |
| ▪ Student Financial Aid | ▪ Revenue |
| ▪ Economic Development | ▪ Others |

*Exempt in FY 11

K-12 Education Highest Priority

Preserves SEEK

- Same total General Fund appropriation in FY 11 and FY 12 as FY 10
- Base per-pupil guarantee increases to \$3,891 in FY 11 and \$3,927 in FY 12

Funds SB 1 Implementation

- Standards, Assessments and Professional Development; KDE & CPE
- \$11.5 M in FY 11 \$10.4 M in FY 12

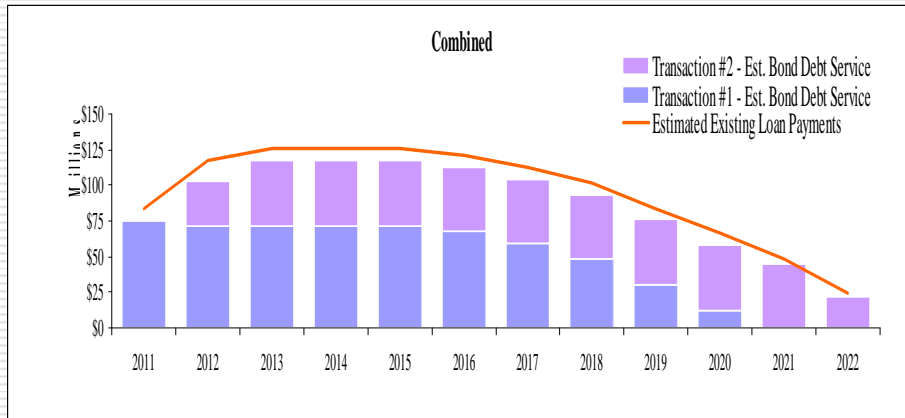
Funds \$150 million School Facilities Bonds

- Authorizes additional \$100 million Offers of Assistance
-

K-12 Education Highest Priority

- Provides increase in health insurance funding to support 7% increase in calendar plan costs each year
 - 2% reduction in FY 11 for Non-SEEK appropriations; straight-lined in FY 12
 - Repay the \$476 million KTRS pension fund and realize \$96 million in savings by refinancing the loans used to pay teacher retiree health insurance
 - 1% annual raises each year if additional federal stimulus funds are available
-

Refinancing KTRS loan saves \$96 million over 12 years



Postsecondary Education

- ❑ No reductions in FY 11 to institution budgets; 2% reduction in FY 12 when stimulus funds exhausted
- ❑ 27% increase in need-based student financial aid over the biennium
- ❑ \$584 million General Fund bonds
 - highest priority project for each institution
- ❑ \$323 million Agency Fund bonds
 - priority projects on which institutions have identified debt service and plan to move forward

Student Financial Aid

- Use 100% of value of Lottery revenues required for student financial aid
 - FY 11: \$203 million FY 12: \$209 million
 - Fully funds KEES program
 - Increases funding for need-based aid by 27%
 - Approx. 9,800 more student awards for CAP
 - Approx. 500 more student awards for KTG
 - Fully funds National Guard Tuition Assistance Program
 - Bond funds used to support expenditures
-

Education and Workforce

- Agencies
 - Education Professional Standards Board
 - Kentucky Comm. on Deaf and Hard of Hearing
 - Office for the Blind
 - Office of Employment and Training
 - Office of Career and Technical Education
 - Office of Vocational Rehabilitation
 - Kentucky Educational Television
 - Kentucky Dept. of Libraries and Archives
 - 2% reduction in FY 11
 - Straight-lined funding in FY 12
-

Health and Family Services

- Medicaid program exempt from reductions
 - Increasing costs; federal match decreases in FY 11
 - Management initiatives proposed to contain cost increases
 - Behavioral Health exempt from reductions
 - Balance of Cabinet cut 2% in FY 11; straight-lined in FY 12
 - Replace Glasgow State Nursing Facility - \$18 million
 - Replace Eastern State Hospital - \$129 million
 - Expand Oakwood Specialty Clinic – \$2 million
 - Restore cuts to DCBS if additional federal stimulus funds are available
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Medicaid

- Increased General Fund need because:
 - Increasing healthcare costs
 - Loss of higher federal match rate from ARRA on 12/31/10
 - Increasing enrollment due to the recession
 - Almost 3,400 more eligibles per month currently compared to 930 more per month last biennium
 - Recommended General Fund increase
 - FY 11: \$189 million FY 12: \$593 million
 - Implementing measures to limit growth in costs
 - **Underfunding program \$50 million per year - General Funds**
-

Medicaid Management Measures

- Cost containment
 - Utilization management
 - Pharmacy program adjustments
 - Benefit management
 - Revenue Enhancement
 - Total Funds Savings:
 - \$244 million FY 11 \$117 million FY 12
 - General Fund Savings:
 - \$75 million FY 11 \$33.5 million FY 12
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Medicaid Investments

- Cover Smoking Cessation services for Medicaid recipients to reduce long-term costs associated with smoking
 - \$1.5 million per year General Funds
 - Remove barrier to KCHIP by suspending requirement for premium payments to assure continuous care for eligible children
 - \$370,000 per year General Funds
-

Public Employees and Retirees / Personnel Cabinet

- Fully fund the HB 1 increase in KERS and SPRS employer contribution rates

	KERS Non- Haz	KERS Haz	SPRS
FY 10 actual	11.62%	24.69%	33.08%
FY 11 - HB 1 Schedule	16.98%	26.12%	45.54%
FY 12 - HB 1 Schedule	19.82%	28.98%	52.13%
Biennial Increase	70.75%	17.36%	57.59%

- \$35 million FY 11 \$52 million FY 12
 - Provide funding to support 7% increase each plan year for health insurance costs
 - \$60 million FY 11 \$108 million FY 12
 - Provide 1% raises each year if additional federal stimulus funds are available
 - Provide capital funding of \$23 million to complete the Kentucky Human Resource Information System, the replacement to the 1982 personnel and payroll system
-

Economic Development

- Reinvest in programs to retain and create jobs
 - \$35 million KEDFA loan funds – bond funds
 - \$15 million Economic Development Bonds
 - \$10 million High-Tech grants and loans – bond funds
 - Support Ft. Knox BRAC development
 - Significant influx of economic activity in Ft. Knox area
 - \$112 million in Road Fund Bonds to finish projects initiated in FY 08 – 10 budget
 - \$38 million in General Fund Economic Development Bonds to fund infrastructure needs
 - Amend Kentucky Environmental Stewardship Act
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Justice & Public Safety

- Agencies exempt from cuts
 - State Police
 - Corrections (bed-related costs)
 - Department for Public Advocacy
 - 2% reductions in FY 11 – straight-lined in FY 12
 - Juvenile Justice
 - Justice Administration
-

Corrections

- Growing inmate population
 - Top priority: Ensure the public's safety by maintaining safety and security in the institutions
 - Evaluation of practices resulted in cost-saving measures
 - Cost avoidance savings:
 - FY 11: \$4.6 million FY 12: \$7.1 million
 - Recommended additional funds:
 - FY 11: \$2.7 million FY 12: \$9.6 million
-

Corrections – Continued measures

- Continue to implement measures included in current biennial budget
 - Parole credit for non-sexual, non-violent offenders
 - Increased use of home incarceration aided by technology
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Corrections – New measures

- Improve efficiency
 - Safely optimize capacity in institutions
 - Expand the home incarceration program
 - Move female inmates from Otter Creek to WKCC
 - Increase use of community-based Substance Abuse Programs
 - Recovery Kentucky Centers
 - Halfway Houses
 - Increase use of evidence-based parole actions
 - Cost avoidance savings:
 - FY 11: \$4.6 million FY 12: \$7.1 million
-

Cumulative Impact of Cuts over Last Two Years Plus Proposed 2%

• Finance Agencies	25 - 32%	• CHFS Non-Medicaid Agencies	12 - 20%
• Area Development Fund	26%	• Non- SEEK K-12	18%
• Constitutional Officers	24 - 27%	• Natural Resources	19%
• Public Protection Agencies	8 - 26%	• Environmental Protection	16%
• Economic Development	24%	• Veterans' Affairs	16%
• KET	23%	• Juvenile Justice	13%
• Military Affairs	23%	• State Police	12%
• Horse Park	22%	• Labor	11%
• Tourism Arts & Heritage Agencies	15 - 26%	• Prosecutors	7 - 9%
• Education & Workforce Agencies	15 - 20%	• Universities	7 - 8%

Reduction in Executive Branch State Workforce

Rank	Agencies with More than 700 Employees	FY 10 Permanent Full-Time Employees*	Change in Number of Employees Since FY 08 Budget Cut	
			All Funds	General Fund
1	Community Based Services	4,279	(246)	(177)
2	Highways	4,054	(142)	0
3	Adult Correctional Institutions	3,134	(50)	(48)
4	State Police	1,820	(159)	(73)
5	Juvenile Justice	1,435	(92)	(68)
6	Behavioral Health	1,062	(78)	(21)
7	Parks	1,030	(88)	(17)
8	Revenue	874	59	57
9	Natural Resources	775	26	21
10	Veterans' Affairs	756	(8)	(4)
11	Environmental Protection	738	(45)	(20)
	Subtotal	19,959	(823)	(350)
	The Other 116 Appropriation Units	12,114	(813)	(470)
	Total**	32,073	(1,636)	(820)

* Average for FY 10 to-date

** PVAs information not available

Judicial Branch

Judicial Branch

- Fund additional use allowance for courthouses coming on-line:
 - \$23 million FY 12
 - Partially address shortfall in court operations
 - \$25.7 million per year increase
 - Fund increases in health insurance and retirement contributions
 - \$3.4 million FY 11 \$5.8 million FY 12
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Capital Budget Highlights

- Create jobs and economic opportunities
 - Continue to make investments in the future, especially in education
 - Take advantage of stimulus opportunities – Build America Bonds
 - General Fund Bonds
 - New investments \$1,064 million
 - Alternative financing \$ 491 million
 - Road Fund Bonds \$ 412 million
 - Agency Fund Bonds \$ 327 million
 - Total \$2,294 million
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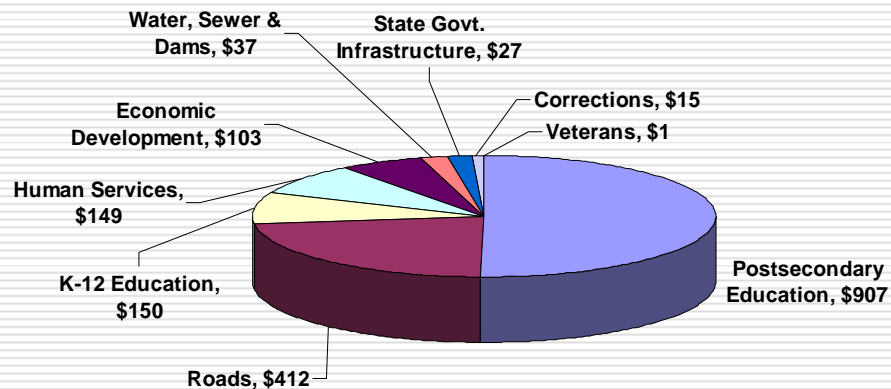
Capital Budget Highlights

□ General Fund Debt Service on New Bond Authorizations*

	(millions)	
	FY 11	FY 12
New Projects	\$17.9	\$63.3
Alternative Borrowing	\$12.9	\$41.1
Acceleration of VLT License Fees	\$0.0	\$7.8
Total	\$30.8	\$112.2

*Build America Bonds subsidy reflected as budgetary lapse

\$1.083 Billion New Construction Investments



Does not include alternative financing bonds.

GENERAL FUND BONDS		Biennial Total
SFCC	School Facilities Construction Commission - Offers of Assistance	\$ 150,000,000
Veterans' Affairs	Western Ky Veterans Center-Special Needs Unit-Additional Funding	\$ 1,393,000
Kentucky Infrastructure Auth. (KIA)	Ky Infrastructure Authority-Clean Water Revolving Fund	\$ 20,000,000
Kentucky Infrastructure Auth. (KIA)	Ky Infrastructure Authority-Drinking Water Revolving Fund	\$ 12,000,000
Local Gov't	Flood Control - State Match	\$ 3,000,000
Economic Develop-Fin Incentives	BRAC Water/Sewer Projects - 11 projects	\$ 38,495,000
Economic Develop-Fin Incentives	Economic Development Bonds	\$ 15,000,000
Economic Develop-Fin Incentives	KEDFA	\$ 35,000,000
Economic Develop-Secretary	High-Tech Infrastructure/Investment Pool	\$ 10,000,000
Environmental Protection	State Owned Dam Repair	\$ 2,000,000
Finance-Facilities & Support Services	Spindletop Renovation for Advanced Battery Research	\$ 1,000,000
Revenue	Comprehensive Tax System - Additional Funding	\$ 4,500,000
CHFS-Behavioral Health	Eastern State Hospital Replacement	\$ 129,005,000
CHFS-Behavioral Health	Oakwood Specialty Clinic Expansion	\$ 2,164,000
CHFS-Behavioral Health	Glasgow Nursing Home Replacement	\$ 18,000,000
Corrections-Adult Institutions	Ky State Reformatory-Electrical System Upgrade	\$ 4,200,000
Corrections-Adult Institutions	Western Kentucky Correctional Complex - Retrofit for Female Inmates	\$ 370,000
Corrections-Adult Institutions	Northpoint Training Center - Rebuild	\$ 10,800,000
Personnel	Personnel/Payroll System Replacement - Additional Funding	\$ 22,900,000
Eastern Ky University	EKU - Construct Science Building, Phase II	\$ 65,040,000
Kentucky State University	Expand & Renovate Betty White Nursing Building	\$ 7,825,000
Morehead State University	Renovate & Expand Student Center, Phase II	\$ 52,921,000
Murray State University	Construct/Complete New Science Complex, Final Phase	\$ 30,000,000
Northern Kentucky University	Construct Health Innovation/Renovate Old Science	\$ 92,500,000
University of Kentucky	Construct Science Research Building 2	\$ 205,880,000
University of Louisville	Construct Belknap Classroom/Academic Building	\$ 75,000,000
Western Kentucky University	Renovate Science Campus, Phase IV	\$ 29,000,000
KCTCS	Construct JCTC Carrollton Campus, Phase I	\$ 12,000,000
KCTCS	Construct Owensboro Advanced Technology Center, Ph II	\$ 14,055,000
Total General Fund		\$ 1,064,048,000

Capital Budget – Road Fund Investments		
		millions
■	BRAC projects	\$112
■	State Highway projects	\$300
	Total	\$412

Capital Budget – Agency Fund Investments

	millions
■ Postsecondary priorities	\$323
■ Military Affairs	<u>\$ 4</u>
Total	<u>\$327</u>

AGENCY BONDS	Project Description	Biennial Total
Military Affairs	Construct Hangar	\$ 4,000,000
Eastern Kentucky Univ.	Renovate Residence Hall	\$ 12,000,000
Eastern Kentucky Univ.	Construct New Student Housing	\$ 15,000,000
Eastern Kentucky Univ.	Construct North Campus Res. Dist. Retail Unit	\$ 2,250,000
Morehead State Univ.	Renovate East Mignon Residence Hall	\$ 4,948,000
Morehead State Univ.	Renovate West Mignon Residence Hall	\$ 4,948,000
Morehead State Univ.	Construct Food Svcs/Retail & Parking Structure in Housing Complex	\$ 14,786,000
Morehead State Univ.	Replace Exterior Precast Panels-Nunn Hall	\$ 3,000,000
Morehead State Univ.	Construct Residence Building-University Farm	\$ 2,524,000
Morehead State Univ.	Comply with ADA – Auxiliary	\$ 3,065,000
Morehead State Univ.	Capital Renewal and Maintenance Pool-Aux	\$ 2,284,000
Murray State Univ.	Renovate Elizabeth Hall	\$ 8,896,000
Murray State Univ.	Renovate College Courts	\$ 10,000,000
Murray State Univ.	Renovate Curris Center T-Room & Food Service Equipment	\$ 1,008,000
Northern Kentucky Univ.	Renovate Old Civic Center Building	\$ 3,700,000
Northern Kentucky Univ.	Repair University Drive Parking Garage	\$ 2,000,000
Northern Kentucky Univ.	Acquire Radio Communications	\$ 10,000,000
Northern Kentucky Univ.	Acquire/Renovate Gateway/Highland Heights Campus	\$ 7,500,000
Northern Kentucky Univ.	Acquire Land and Buildings/Master Plan	\$ 20,000,000
Univ. of Kentucky	Construct New Housing	\$ 30,000,000
Univ. of Kentucky	Guaranteed Energy Savings Contract	\$ 25,000,000
Univ. of Kentucky	Relocate & Expand Dentistry Faculty Practice	\$ 3,375,000
Univ. of Kentucky	Renovate Dentistry Clinic in Ky Clinic	\$ 7,615,000
Univ. of Kentucky	Upgrade Student Center Infrastructure	\$ 17,805,000
Western Kentucky Univ.	Renovate Downing University Ctr Phase III	\$ 33,500,000
Univ. of Louisville	Guaranteed Energy Savings Contract	\$ 40,000,000
Univ. of Louisville	Construct Student Recreation Center	\$ 37,500,000
Subtotal - Agency Bonds		\$ 326,704,000

Federal Assistance Contingency Plan

- House has passed the JOBS Act which included for Kentucky:
 - \$325 million additional state stabilization funds
 - 2 additional quarters of higher federal match for Medicaid
 - \$420 million additional federal highway project funding for shovel ready projects
 - Discussions ongoing about additional federal aid for states in the healthcare bill
 - 2 or 3 additional quarters of higher federal match for Medicaid
-

Federal Assistance Contingency Plan

- If additional federal aid materializes:
 - Governor's priorities are:
 - Fund 1% pay increases for teachers & state employees
 - Restore cuts to higher education
 - Restore cuts to Department for Community Based Services
 - Buffer impact if revenues do not materialize
 - Begin to build the rainy day fund
-

Transportation Cabinet

- Road Fund revenue growth predicted
 - \$71.5 million FY 11 (6%)
 - \$70.3 million FY 12 (5.5%)
 - Increase revenue sharing with local govts.
 - \$12.1 million FY 11 \$15.3 million FY 12
 - \$300 million new economic development road bonds
 - \$112 million road bonds for BRAC projects
-

Executive Branch Budget FY 2010 - 2012

House Appropriations and Revenue
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Economic Analysis

Comparison of CPE Request and Governor's Budget Recommendation
2010-12 Institutional Operating Budgets

Institutions	FY10			FY11					FY12		
	Revised Total General Fund	Federal Stimulus Funds	Total	Council Request*	Governor's Recommended	Federal Stimulus Funds	Total	\$ Difference from Council Request	Council Request*	Governor's Recommended	\$ Difference from Council Request
UK	293,887,000	21,066,800	314,953,800	315,921,700	294,418,400	17,223,600	311,642,000	(4,279,700)	316,730,800	304,487,300	(12,243,500)
UofL	169,896,400	12,178,800	182,075,200	188,052,000	172,108,000	10,077,000	182,185,000	(5,867,000)	188,823,500	179,070,500	(9,753,000)
EKU	70,692,700	5,067,500	75,760,200	74,787,000	69,913,300	4,085,900	73,999,200	(787,800)	77,905,500	72,620,600	(5,284,900)
KSU	24,639,500	1,766,300	26,405,800	28,468,600	25,245,800	1,479,400	26,725,200	(1,743,400)	27,912,200	25,285,100	(2,627,100)
MoSU	42,593,300	3,053,200	45,646,500	47,950,900	43,396,500	2,542,000	45,938,500	(2,012,400)	48,373,600	44,604,100	(3,769,500)
MuSU	48,413,800	3,470,500	51,884,300	52,923,400	49,266,900	2,885,600	52,152,500	(770,900)	52,923,400	51,178,900	(1,744,500)
NKU	50,280,900	3,604,300	53,885,200	56,910,600	51,025,300	2,987,900	54,013,200	(2,897,400)	56,336,600	50,989,400	(5,347,200)
WKU	75,555,800	5,416,100	80,971,900	82,124,900	75,420,900	4,410,900	79,831,800	(2,293,100)	82,589,700	77,804,700	(4,785,000)
KCTCS	200,554,700	14,376,500	214,931,200	222,859,200	198,166,700	11,580,300	209,747,000	(13,112,200)	223,204,500	205,839,600	(17,364,900)
Total	976,514,100	70,000,000	1,046,514,100	1,069,998,300	978,961,800	57,272,600	1,036,234,400	(33,763,900)	1,074,799,800	1,011,880,200	(62,919,600)

* Strategic initiative funding of \$25 million in FY11 and an additional \$25 million in FY12 is not included.

2010-12 Institutional Strategic Initiative Funding*
(If additional funds are available)

Institutions	FY11	FY12
UK	7,919,300	15,838,600
UofL	4,486,600	8,973,200
EKU	1,925,700	3,851,400
KSU	621,000	1,242,000
MoSU	1,140,500	2,281,000
MuSU	1,336,200	2,672,400
NKU	1,223,800	2,447,600
WKU	1,948,500	3,897,000
KCTCS	4,398,400	8,796,800
Total	25,000,000	50,000,000

* These additional General Funds would be distributed to institutions based upon each institution's proportionate share of the total change in institutional base budgets between 2007-08 enacted net appropriation and 2008-09 revised net appropriation.

**Council on Postsecondary Education
Capital Project Recommendation
General Fund 2010-12**

ATTACHMENT C

Institution/Project Name	General Funds	Other Funds	Total	Institution Priority	Evaluation Model Score	Estimated Debt Service	Estimated M&O Cost
Project Category 1: Capital Renewal, Maintenance, and Infrastructure (\$100 M and institution match @ \$0.50 per \$1 of General Funds)						\$ 10,869,000	
Eastern Kentucky University	\$ 10,140,000	\$ 5,070,000	\$ 15,210,000				
KY Community and Technical College System	17,705,800	8,853,000	26,558,800				
Kentucky State University	6,538,900	3,269,000	9,807,900				
Morehead State University	7,446,700	3,723,000	11,169,700				
Murray State University	8,698,400	4,349,000	13,047,400				
Northern Kentucky University	9,764,200	4,882,100	14,646,300				
University of Kentucky	17,763,000	8,882,000	26,645,000				
University of Louisville	12,837,100	6,419,000	19,256,100				
Western Kentucky University	9,108,200	4,554,000	13,662,200				
<i>Subtotal - project category</i>	\$ 100,002,300	\$ 50,001,100	\$ 150,003,400			\$ 10,869,000	
Project Category 2: Renovations, New/Expanded E&G, Space Adequacy, and Support Facilities (no required match)							
NKU - Construct Health Innovation/Renovate Old Science	\$ 92,500,000		\$ 92,500,000	#1	403.50	\$ 10,053,000	\$ 1,503,967
KCTCS/WKU - Construct Owensboro Advanced Technology Center, Ph II (1)	14,055,000		14,055,000	#1	392.50	1,528,000	418,902
KSU - Expand & Renovate Betty White Nursing Building	7,825,000		7,825,000	#1	392.25	851,000	111,753
EKU - Construct Science Building, Phase 2	65,040,000		65,040,000	#1	391.00	7,068,000	1,713,145
WKU - Renovate Science Campus, Phase IV	29,000,000		29,000,000	#1	373.00	3,152,000	
MuSU - Construct/Complete New Science Complex, Final Phase	30,100,000		30,100,000	#1	364.50	3,261,000	879,334
MoSU - Renovate & Expand Student Center, Phase II	52,921,000		52,921,000	#1	345.70	5,752,000	1,038,541
UofL - Construct Belknap Classroom/Academic Building	75,000,000		75,000,000	#1	345.00	8,151,000	1,730,876
KCTCS - Construct JCTC Carrollton Campus, Phase I	12,000,000		12,000,000	#2	363.75	1,305,000	479,812
MoSU - Construct Space Science Center Clean Room	4,394,000		4,394,000	#2	344.75	480,000	
UK - Construct Gatton Building Complex	117,460,000	\$ 25,000,000	142,460,000	#2	342.25	12,766,000	2,389,726
NKU - Construct New College of Business Building	80,000,000		80,000,000	#2	329.60	8,695,000	2,127,200
WKU - Construct New Gordon Ford College of Business	49,000,000		49,000,000	#2	327.00	5,325,000	1,779,046
KCTCS - Construct Urban Campus, Gateway	25,328,000		25,328,000	#6	312.50	2,753,000	950,205
KCTCS - Construct Advanced Mfg. Facility (additional) Bluegrass	22,000,000		22,000,000	#5	310.75	2,391,000	961,759
EKU - Construct College of Education Complex	59,089,000		59,089,000	#2	295.75	6,423,000	1,431,155
MuSU - Construct New University Library	58,000,000		58,000,000	#3	294.00	6,304,000	2,052,699
KSU - Construct Business & Technology Center	27,535,000		27,535,000	#4	276.50	2,993,000	773,393
<i>Subtotal - project category</i>	\$ 821,247,000	\$ 25,000,000	\$ 846,247,000			\$ 89,251,000	\$ 20,341,513
Project Category 3: Research & Economic Development (no required match)							
UK - Construct Science Research Building 2	\$ 205,880,000		\$ 205,880,000	#1	376.50	\$ 22,375,000	\$ 3,732,449
UofL - Renovate Medical Dental Research Building	61,554,000		61,554,000	#2	371.00	6,690,000	
<i>Subtotal - project category</i>	\$ 267,434,000	\$ -	\$ 267,434,000			\$ 29,065,000	\$ 3,732,449
Project Category 4: Information Technology Initiatives (\$50 M and no required match)						\$ 12,229,000	
Eastern Kentucky University	\$ 4,027,200		\$ 4,027,200				
KY Community and Technical College System	7,698,300		7,698,300				
Kentucky State University	1,520,900		1,520,900				
Morehead State University	2,675,100		2,675,100				
Murray State University	2,932,000		2,932,000				
Northern Kentucky University	3,275,200		3,275,200				
University of Kentucky	9,885,200		9,885,200				
University of Louisville	8,774,400		8,774,400				
Western Kentucky University	4,211,700		4,211,700				
CPE/KYVC/KYVL Statewide Initiatives	5,000,000		5,000,000				
<i>Subtotal - project category</i>	\$ 50,000,000	\$ -	\$ 50,000,000			\$ 12,229,000	\$ -
System Total - General Fund Projects	\$ 1,238,683,300	\$ 75,001,100	\$ 1,313,684,400			\$ 141,414,000	\$ 24,073,962

**2010-12
Executive Budget**

The Executive Branch Budget recommends authorization and funding for each institution's #1 capital project at a total cost of \$584.2M.

The Executive Branch Budget provides one half year debt service to implement these projects in 2011-12 (\$28.3M). Estimated annual debt service \$57.5M.

Estimated annual cost of operation and maintenance is \$11.6M.

Notes:

- 1 The KCTCS Construct OCTC Advanced Technology Center Phase II is the same project as requested by WKU. These projects are combined.
- 2 Projects listed in Category 2 are listed in order of priority as determined by the projects evaluation model score. Institution priority #1 and #2 projects are evaluated separately.

**Council on Postsecondary Education
2010-12 Agency Funds Budget
General Funds**

Programs	2009-10 General Fund Baseline	2010-11 General Fund CPE Request	2010-11 General Fund Gov's Rec.	2011-12 General Fund CPE Request	2011-12 General Fund Gov's Rec.
Statewide Coordination	\$ 7,981,100	\$ 8,427,900	\$ 7,919,300	\$ 8,890,800	\$ 7,919,300
Student Assistance and Educational Support					
Contract Spaces	4,686,100	4,785,100	4,785,100	5,194,600	4,936,100
Professional Education Prep. Program	322,600	327,800	176,300	327,800	176,300
Governor's Minority Student College Prep. Program	225,300	334,500	79,100	334,500	79,100
State Autism Training Center	161,000	163,600	14,800	163,600	14,800
SREB Doctoral Scholars Program	87,100	276,900	85,700	276,900	85,700
Washington Intern Program	86,600	88,000	88,000	88,000	88,000
Student Assistance and Educ. Support Subtotal	5,568,700	5,975,900	5,229,000	6,385,400	5,380,000
Kentucky Adult Education Funding Program	22,585,000	22,923,800	22,585,000	23,375,500	22,585,000
Academic Support					
Faculty Development	0	38,400	0	38,400	0
College Access Initiative	0	96,000	0	96,000	0
College Level Learning Assessment	0	105,600	0	105,600	0
KY Postsecondary Education Network	2,930,300	3,022,600	2,862,800	3,082,200	2,862,800
KYVC/VL Technology Contracts	2,485,200	2,563,500	2,427,900	2,614,000	2,427,900
Physical Facilities Trust Fund	0	0	0	0	28,287,500
Capital Renewal, Maint., Infrastructure - Debt Service	0	0	0	10,869,000	0
New & Expanded E&G and Renovation - Debt Service	0	0	0	89,251,000	0
Research & Economic Development - Debt Service	0	0	0	29,065,000	0
Information and Technology Initiatives Pool - Debt Service	0	0	0	<u>12,229,000</u>	0
Academic Support Subtotal	5,415,500	5,826,100	5,290,700	147,350,200	33,578,200
Research and Economic Development					
Science and Technology Funding Program	6,956,900	7,061,700	6,758,900	7,193,500	6,758,900
Regional Stewardship Funding Program	1,360,500	1,382,500	0	1,382,500	0
Transfer to Institutions		<u>(1,382,500)</u>	0	<u>(1,382,500)</u>	0
Research and Economic Development Subtotal	8,317,400	7,061,700	6,758,900	7,193,500	6,758,900
SB 1 (2009) Implementation					
Standards and Assessments			1,550,000		200,000
Professional Development for Postsecondary Faculty			3,130,000		1,630,000
Total General Funds	\$ 49,867,700	\$ 50,215,400	\$ 52,462,900	\$ 193,195,400	\$ 78,051,400