

TITLE: KSU Special Appropriation (HB 250)

DESCRIPTION: Staff provides an update on House Bill 250, pertaining to CPE's recommendation for the Governor and General Assembly to provide a \$23.0 million in financial stabilization funds for Kentucky State University in fiscal year 2021-22

PRESENTERS: Travis Powell, General Counsel and Vice President, CPE
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SUMMARY INFORMATION

On January 8, 2022, Representative James Tipton introduced [House Bill \(HB\) 250](#), which addresses the current financial crisis facing Kentucky State University (KSU) and outlines CPE's related oversight responsibilities.

Specifically, HB 250 includes the following provisions:

- A one-time General Fund appropriation of \$23.0 million in fiscal year 2021-22 in the form of a non-interest bearing loan to address the current fiscal shortfall outlined in CPE's Financial Assessment Report.
- A requirement that CPE create, oversee, and monitor a comprehensive Management and Improvement Plan (Plan) for KSU designed to assist with organizational and financial stability. The plan must include, but is not limited to, the following areas with specific goals, objectives, and benchmarks in each:
 - A comprehensive cataloging and review of university policies and procedures to ensure efficiency and compliance with state and federal law;
 - Guidelines for salary ranges and benefits for all faculty, staff, and administrators;
 - Mandatory board member training and development, including but not limited to financial oversight and effective committee structure;
 - Academic program offerings, course offerings, and faculty productivity guidelines;
 - Accounting and fiscal reporting systems, collections, budget, and internal controls over expenditures and financial reporting;
 - Student success and enrollment management strategies; and

- Student academic progress and results.
- A requirement that CPE provide direct on-site assistance in plan implementation.
- Submission of the Plan to the Legislative Research Commission (LRC) by November 1, 2022.
- Semiannual reports on Plan development and implementation to the Interim Joint Committee on Education.
- In fiscal years 2022-23, 2023-24, and 2024-25, KSU's president and a member of the board of regents must provide four (4) updates per year to one or more legislative committees.
- By November 1, 2025, CPE shall provide to the General Assembly:
 - A three-year analysis of KSU and recommendations for a transition plan to a new governance and operational structure should the analysis demonstrate a continued lack of efficiency and effectiveness by the administration at KSU; and
 - Recommendations pertaining to the loan repayment beginning in fiscal year 2026-27 including possible forgiveness up to the full amount based on KSU's performance.
- Creates a KSU loan repayment trust fund administered by CPE to receive any loan payments from KSU.