INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 3rd Meeting of the 2026 Interim

August 5, 2026

Call to Order and Roll Call
The third meeting of the Interim Joint Committee on Appropriations and Revenue was held on August 5, 2026, at 1:00 PM ET/12:00 PM CT in Room 149 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:
Members: Senator Christian McDaniel, Co-Chair; Representative Jason Petrie, Co-Chair; Senators Cassie Chambers Armstrong, Shelley Funke Frommeyer, Scott Madon, Amanda Mays Bledsoe, Gerald A. Neal, Matt Nunn, Steve Rawlings, and Craig Richardson; and Representatives Adam Bowling, Josh Bray, Randy Bridges, George Brown Jr., Lindsey Burke, Stephanie Dietz, Ken Fleming, Chris Freeland, Chris Fugate, Shawn McPherson, Steve Riley, Pamela Stevenson, Walker Thomas, Timmy Truett, and Wade Williams.

Guests: Dr. Koffi C. Akakpo, President, KSU; Dr. Heather Bigard, Vice President of Finance and Administration and Chief Financial Officer, KSU; Michael D. Dailey, Provost and Vice President of Academic and Student Affairs, KSU; Jack McNear, Associate Vice President of Capital Planning and Facilities Management, KSU; and John Hicks, State Budget Director, Secretary of the Governor's Executive Cabinet.

LRC Staff: Cynthia Brown, Katy Jenkins, Kevin Miller, Sarah Watts, and Heather Hamilton.

Approval of Minutes

A motion was made by Senator Richardson, and seconded by Representative McPherson, to approve the minutes of the July 1, 2026, meeting. Minutes were approved by voice vote without objection.

FY 2026 Budget Close Out

John Hicks, State Budget Director, Secretary of the Governor's Executive Cabinet, provided an overview of the general fund revenues, the budget reserve trust fund balance, and the road fund shortfall for FY 2026. The general fund revenue surplus was $418.3

million. The budget reserve trust fund has an unobligated balance of approximately $3 billion, which represents 18% of annual general fund revenues, and when excluding oil producing states, places Kentucky in the top ten list of states with large reserve balances. The road fund shortfall totaled $78.6 million.

Responding to Senator Richardson, Secretary Hicks explained the use of an older enacted revenue estimate instead of the 2025 Consensus Forecasting Group's (CFG) revenue estimate when computing the revenue more than enacted number of $320.6 million.

Responding to Senator Rawlings, Secretary Hicks explained the $87.1 million for the spending less than budgeted number was due to unspent appropriations. A request was made to provide a list of unspent appropriations for the committee members.

Responding to Senator Nunn, Secretary Hicks explained the unbudgeted ending balance of $28.2 million. This number reflects money that was available, but not appropriated by the General Assembly.

Responding to Senator Mays Bledsoe, Secretary Hicks discussed the $124.7 million in fund transfers, which mostly consisted of FEMA reimbursements.

Responding to Senator Funke Frommeyer, Secretary Hicks explained why the $4 million funding for the Kentucky Business OneStop did not lapse to the general fund.

Responding to Senator Mays Bledsoe, Secretary Hicks discussed lottery fund revenue and the impact of sports wagering.

Responding to Representative McPherson, Secretary Hicks discussed the investment income balance.

Responding to Representative Bray, Secretary Hicks stated the FY 2026 general fund revenue surplus has been deposited into the budget reserve trust fund.

Responding to Chair McDaniel, Secretary Hicks agreed the official estimate for motor fuels tax revenues would have been met had the Governor not reduced the motor fuels tax rate.

Responding to Co-Chair Petrie, Secretary Hicks confirmed the general fund revenue surplus deposit can be seen in eMARS and acknowledged the concern on the timeliness of the deposit.

Responding to Chair McDaniel, Secretary Hicks explained the rationale behind transferring $190 million appropriated for debt service from the Finance and Administration Cabinet and $30 million appropriated for budget reserve trust fund projects. One hundred and forty million dollars was transferred to Medicaid and $76 million was transferred to the Department for Community Based Services (DCBS).

Update on Kentucky State University (KSU)

Dr. Koffi C. Akakpo, President, KSU provided an update on KSU.

Michael D. Dailey, Provost and Vice President of Academic and Student Affairs, KSU provided an update on academic progress. In 2023, a comprehensive academic program review was completed to help reduce complexity and enhance opportunities for students. As a result, the general education curriculum and academic programs were restructured. He highlighted the development of the Kentucky State University Online/Global program and interdisciplinary model.

Dr. Heather Bigard, Vice President of Finance and Administration and Chief Financial Officer, KSU discussed the current state of the facilities and how $183 million of legislative asset preservation funding will be invested.

Jack McNear, Associate Vice President of Capital Planning and Facilities Management, KSU shared the overall campus conditions and renovations being made.

Responding to Chair McDaniel, Dr. Akakpo shared they have been making faculty and staff adjustments since his arrival in 2023. Mr. Dailey discussed the impact of the increased GPA requirement. Dr. Akakpo added they are working on a bridge program to help those students who may have the required GPA but not good test scores. Mr. Dailey discussed some of the programs that will be available on the polytechnic campus.

Correspondence Received

Correspondence received included Interim Allotment Adjustments for FY 2026 and FY 2027, Interim Emergency Appropriation Increases for FY 2026 and FY 2027, and Interim Appropriation Revisions for First Quarter FY 2027, from Jenny Bannister, Deputy Director, Office of Budget Review, LRC, and Market Substitution Between Online Gambling and State Lotteries from Phillip Combs, Staff Economist, LRC.

Reports Received

Reports received June 24, 2026 to July 31, 2026, from Cynthia Brown, Committee Staff Administrator, Appropriations and Revenue Committee, LRC.

Next Meeting

September 2, 2026, at 1:00 PM ET/12:00 PM CT in Capitol Annex Room 149, chaired by Co-Chair Petrie.

Adjournment

With no further business before the committee, the meeting was adjourned.