

1 AN ACT relating to Kentucky State University, making an appropriation therefor,
2 and declaring an emergency.

3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

4 ➔Section 1. (1) The Council on Postsecondary Education (CPE) shall create
5 and oversee a management improvement plan for Kentucky State University (KSU)
6 designed to assist with organizational and financial stability that includes but is not
7 limited to the following areas:

8 (a) A comprehensive cataloging and review of university policies and procedures
9 to ensure efficiency and compliance with state and federal law;

10 (b) Guidelines for salary ranges and benefits for all faculty, staff, and
11 administrators;

12 (c) Mandatory board member training and development, including but not limited
13 to financial oversight and effective committee structure;

14 (d) Academic program offerings, course offerings, and faculty productivity
15 guidelines;

16 (e) Accounting and fiscal reporting systems, collections, budget, and internal
17 controls over expenditures and financial reporting;

18 (f) Student success and enrollment management strategies; and

19 (g) Student academic progress and results.

20 (2) The plan shall include:

21 (a) Specific, measurable goals, objectives, and benchmarks for each of the
22 improvement areas;

23 (b) A process for monitoring and evaluating KSU's progress toward meeting the
24 goals, objectives, and benchmarks; and

25 (c) The terms and conditions for the termination of the plan.

26 (3) The plan shall include, as determined by CPE, on-site CPE or third-party staff
27 in a management, advisory, or administrative capacity to provide assistance to KSU in

1 implementing the plan.

2 (4) The KSU board of regents shall fully cooperate and timely consult with CPE
3 in developing and implementing the plan and shall provide all information and
4 documentation requested by CPE in overseeing the plan.

5 (5) CPE shall submit the plan to the Legislative Research Commission by
6 November 1, 2022. Any revisions to the plan shall be submitted to the Commission after
7 adoption.

8 (6) By June 1 and November 1, 2022, and by June 1 and November 1 of each year
9 thereafter the plan is in effect, CPE shall provide reports to the Interim Joint Committee
10 on Education detailing the status of the development, implementation, and results of the
11 plan, including any repayment or forgiveness of loan amounts as described in Section 2 of
12 this Act.

13 (7) During Fiscal Years 2022-2023, 2023-2024, and 2024-2025, the KSU
14 president and a member of the KSU board of regents shall provide a combined total of at
15 least four updates each year on the progress of the management improvement plan and the
16 investigation of the actions that led to the financial shortfall described in Section 2 of this
17 Act to one or more of the following committees: the Budget Review Subcommittee on
18 Postsecondary Education, the Interim Joint Budget Review Subcommittee on Education,
19 the Interim Joint Committee on Appropriations and Revenue, or the Interim Joint
20 Committee on Education.

21 (8) By November 1, 2025, CPE shall provide a three-year performance analysis of
22 KSU based on the management improvement plan to the Interim Joint Committee on
23 Education and the Interim Joint Committee on Appropriations and Revenue. CPE shall
24 provide recommendations for a transition plan to a new governance and operational
25 structure for the institution for consideration by the General Assembly if the analysis
26 finds a continuing significant lack of efficiency and effectiveness in the governance and
27 administration of KSU.

1 ➔Section 2. (1) There is hereby appropriated to Kentucky State University
2 General Fund moneys in the amount of \$23,000,000 in fiscal year 2021-2022 to meet a
3 cash shortfall due to prior year deficits and a projected financial structural imbalance in
4 fiscal year 2021-2022.

5 (2) The one-time appropriation shall be a non-interest bearing loan to be repaid by
6 KSU, except that a loan amount, up to the full loan amount, may be forgiven if approved
7 by the General Assembly.

8 (3) By November 1, 2025, the Council on Postsecondary Education shall make
9 recommendations to the Interim Joint Committee on Appropriations and Revenue for
10 consideration by the General Assembly during the 2026 Regular Session for the terms
11 and schedule for repayment of the loan beginning in Fiscal Year 2026-2027. The
12 recommendations shall be based on ongoing monitoring of KSU's financial status and
13 may include forgiveness of loan amounts, up to the full loan amount, related to KSU's
14 progress toward meeting the goals, objectives, and benchmarks of the management
15 improvement plan described in Section 1 of this Act.

16 (4) CPE shall provide an annual report to the Interim Joint Committee on
17 Appropriations and Revenue detailing the status of the KSU loan by November 1, 2026,
18 and by November 1 each year thereafter for as long as the loan is in effect.

19 ➔Section 3. (1) The Kentucky State University loan repayment trust fund is
20 hereby created as a trust fund in the State Treasury to be administered by the Council on
21 Postsecondary Education for the purpose of receiving loan payments as described in
22 Section 2 of this Act.

23 (2) The trust fund shall consist of amounts repaid by KSU as described in Section
24 2 of this Act.

25 (3) The balance in the trust fund shall be invested as provided in KRS 42.500(9).
26 Income earned from the investments shall be credited to the trust fund.

27 (4) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year

1 shall not lapse but shall be carried forward to the next fiscal year. All receipts in the fund
2 shall remain in the fund until appropriated by the General Assembly.

3 ➔Section 4. Whereas the financial health and success of Kentucky State
4 University, a comprehensive, historically black land-grant university, is vital to the well-
5 being of Kentucky's postsecondary education system and the students it serves, an
6 emergency is declared to exist, and this Act takes effect upon its passage and approval by
7 the Governor or upon its otherwise becoming law.