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

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

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

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

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

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

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

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

(f) Student success and enrollment management strategies; and

(g) Student academic progress and results.

(2) The plan shall include:

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

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

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

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

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

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

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

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

(8) By November 1, 2025, CPE shall provide a three-year performance analysis of KSU based on the management improvement plan to the Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue. CPE shall provide recommendations for a transition plan to a new governance and operational structure for the institution for consideration by the General Assembly if the analysis finds a continuing significant lack of efficiency and effectiveness in the governance and administration of KSU.
Section 2. (1) There is hereby appropriated to Kentucky State University General Fund moneys in the amount of $23,000,000 in fiscal year 2021-2022 to meet a cash shortfall due to prior year deficits and a projected financial structural imbalance in fiscal year 2021-2022.

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

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

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

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

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

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

(4) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year
shall not lapse but shall be carried forward to the next fiscal year. All receipts in the fund shall remain in the fund until appropriated by the General Assembly.

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