

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION  
EXECUTIVE COMMITTEE MEETING**



June 12, 2026 – 8:30 a.m., ET

University of the Cumberlands, Grace Crum Rollins Fine Arts Center, 2<sup>nd</sup> floor classroom

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- I. Call to Order and Roll Call**
  
- II. Action Items**
  - A. Approval of Minutes
  - B. Agency Budget, 2026-2027
  - C. Meeting dates for 2027 calendar year
  - D. KSU Financial Obligation and Expenditure Approval Policy
  
- III. CPE President & Agency Updates**
  
- IV. Other Business**
  
- V. Adjournment**

## MEETING MINUTES

*Draft for approval by the Committee on June 12, 2026*

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Who: Kentucky Council on Postsecondary Education  
Meeting Type: Executive Committee  
Date: April 2, 2026  
Time: 8:30 a.m. ET  
Location: Council offices, 100 Airport Road, Frankfort, KY – 2nd floor Boardroom

### CALL TO ORDER

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The Executive Committee of the Kentucky Council on Postsecondary Education met on Thursday, April 2, 2026, at 8:30 a.m. ET. The meeting occurred at the CPE offices in Frankfort, Kentucky. Chair Madison Silvert presided.

### ROLL CALL

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There was a quorum of 6 voting members in attendance.

- Rev. CB Akins – attended
- Jacob Brown – attended
- Dr. Kellie Ellis – attended
- Karyn Hoover – attended
- Madison Silvert – attended
- Elaine Walker – attended

CPE President Aaron Thompson served as secretary of the board, per the CPE Bylaws. Heather Faesy, CPE program manager, served as recorder of the meeting minutes.

### APPROVAL OF THE MINUTES

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The minutes of the November 7, 2025, and January 30, 2026, committee meetings were approved as distributed.

### 13 KAR 2:140. RESEARCH CONSORTIUMS

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Mr. Travis Powell, Executive Vice President and General Counsel, presented the staff recommendation that the Executive Committee endorse for Council approval the proposed regulation 13 KAR 2:140, Research consortiums. This new administrative regulation establishes the process by which requests for joint funding proposals will be advertised, what proposals shall include, how proposals will be evaluated, and how funds will be awarded from the endowed research fund created by KRS 164.038.

13 KAR 2:140 is necessary to comply with the requirements of KRS 164.038 which creates the endowed research fund to be administered by the Council. KRS 164.038 tasks the Council with soliciting, accepting, and reviewing joint funding applications submitted by two

or more Kentucky public universities to receive funding from a consortium account. The consortium accounts shall constitute seed money for the research consortium to perform initial research and seek grant money from public and private sources. KRS 164.038(6) requires the Council to promulgate administrative regulations to include metrics to evaluate joint funding applications and carry out the requirements of the statute.

MOTION: Mr. Brown moved the Executive Committee endorse for Council approval the proposed regulation 13 KAR 2:140 on Research Consortiums. Ms. Walker seconded the motion.

VOTE: The motion passed

### **CPE PRESIDENT AND LEGISLATIVE UPDATE**

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President Thompson provided an update on the legislation that would restructure Kentucky State University (KSU). Senate Bill 185 was delivered to the Governor on April 1, 2026, and would do many things including transitioning KSU into a polytechnic institution while also maintaining it as a land grant institution with HBCU status. He discussed what led to the move and next steps if signed and enacted into law.

Ms. Leslie Brown, Assistant Vice President of Administrative Services, and Mr. Greg Rush, Assistant Vice President of Finance Policy and Programs, provided an update on the development of the 2026-28 biennial budget for CPE agency funds. House Bill 500 of the 2026 Legislative Session was passed through the Free Conference Committee and was delivered to the Governor on April 1, 2026.

A full legislative update will be provided to the Council at its Work Session on April 2, 2026.

### **ADJOURNMENT**

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The Executive Committee adjourned at 9:55 a.m., ET.



Kentucky Council on Postsecondary Education

# Agency Budget

FY2027 – Proposed (July 1, 2026 – June 30, 2027)

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## OPERATIONS

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### Overview

General and restricted fund monies are used to provide essential services and resources that support the board, president, and agency in carrying out CPE’s statutory duties and strategic agenda priorities.

Operational units and initiatives funded through general funds are:

- **The Office of the President**, which is the state’s primary advocate for public postsecondary education and advises the Governor and General Assembly on higher education matters;
- **CPE Board**, whose responsibilities are set out in KRS 164.013. The CPE Board and its standing and advisory committees meet regularly throughout the year to review staff recommendations and approve major decisions of the Council;
- **Academic Excellence**, which oversees matters relating to the quality of degree programs and instruction, Graduate Profile grants to institutions and the Faculty Leadership Academy;
- **Finance**, which oversees college affordability and deals with postsecondary budgetary matters;
- **Policy, Planning, Communications, Data and Research**, which develops and implements the strategic agenda and associated accountability system; collects, analyzes, and warehouses student data; and coordinates communications and events;
- **Workforce and Economic Development**, which aligns degree offerings with workforce needs and addresses critical shortages in the high-need occupational areas; and
- **Agency Operations**, which houses the office of general counsel and government relations, human resources, administrative services, and other functions supporting agency staff.
- **Student Access and Success**, which promotes smoother transitions to and through postsecondary education through policy, programs, and enhanced student support services;
- **Licensure**, which fulfills the requirements of KRS 164.945-47 in licensing all non-public, postsecondary institutions that operate in Kentucky offering bachelor’s degrees or higher, including out-of-state institutions offering programs through distance education. The licensure unit also manages Kentucky’s participation in the State Authorization Reciprocity Agreement (SARA), which sets standards for interstate offerings of postsecondary distance education. The fund is funded through licensure fees. Funds carry forward until expensed.

SB197 of the 2026 Regular Session appropriated \$14,217,900 in general funds, of that \$3,462,000 will be used to support the day-to-day operations of the agency, \$1,514,200 will be used to strategic initiatives and to support the work of the division of student access and success, and \$224,800 will be used to fund the Commonwealth’s Southern Regional Education Board (SREB) membership.

SB197 reduced CPE’s FY2027 base general fund appropriation by \$3,477,300, the restricted fund appropriation was increased by the same amount. CPE was given the authority to utilize \$400,000 of carry forward revenue from the Licensure fund and \$3,077,300 from interest related to the endowment match programs, to use towards the general operations of the agency. This practice is referred to as a “fund swap”.

## Financial Overview

OPERATIONS FUND					
	0100-WA00	136H	0100-WSB1	0100-WBA0	138J-WLIC
	General Fund Operations	Administrative Overhead (Fund Swap)	General Fund Special Initiatives	SREB Dues	Licensure
<b>REVENUES</b>					
State Appropriations	\$3,462,000	\$3,477,300	\$1,514,200	\$224,800	
Charges for Services (fees)					500,000
Fees From Grants (Indirect)		250,000			
<b>TOTAL REVENUES</b>	<b>\$3,462,000</b>	<b>\$3,727,300</b>	<b>\$1,514,200</b>	<b>\$224,800</b>	<b>\$500,000</b>
<b>EXPENDITURES</b>					
Personnel Services	\$3,262,795	\$2,723,564	\$1,288,581		\$455,579
Utilities, Rentals, and Other Services	66,300	728,510	12,000		2,680
Commodities and Supplies	83,505	239,226	185,119	224,800	40,595
Travel	49,400	26,500	28,500		500
Grants and Subsidies					
Capital Expenditures					
<b>TOTAL EXPENDITURES</b>	<b>\$3,462,000</b>	<b>\$3,717,800</b>	<b>\$1,514,200</b>	<b>\$224,800</b>	<b>\$499,355</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$0</b>	<b>\$9,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$645</b>

Funds Day-to-Day Operations

Funding Related to specific programs

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## TECHNOLOGY INITIATIVE TRUST FUND

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### Overview

KRS 164.7911 creates the Technology Initiative Trust Fund, and KRS 164.7921 and KRS 164.800 clarifies that the fund supports investments in electronic technology for postsecondary institutions, and other programs consistent with the purposes of postsecondary education including, shared program delivery among libraries, institutions, systems, agencies, and programs. These joint technology purchases and digital subscriptions result in considerable cost savings for the Commonwealth. Program funding comes from the General Fund, fees from Kentucky postsecondary institutions and participants, and consortium member fees (KYVL only). Programs funded through this trust fund include:

- Kentucky Virtual Library (KYVL) is a consortium of over 300 Kentucky libraries and institutions, including colleges and universities, public libraries, K12 schools, hospitals, the Kentucky Department for Libraries and Archives (KDLA), and more.
- The Kentucky Regional Optical Network (KyRON) is a partnership between CPE and Kentucky's public postsecondary institutions to provide research network capabilities through, internet services, shared regional data hubs, and Internet 2.
- Campus support is provided in the form of technology subscriptions and programs and conferences promoting campus coordination including:
  - **ESRI** subscription for postsecondary institutions to access data mapping services that provide a framework for analyzing trends, predicting change, setting priorities, and evaluating results.
  - Statewide postsecondary services through **Parchment** to provide transcript access for high school students applying to Kentucky institutions.
  - A statewide postsecondary **Transfer Equivalency System** through College Source.
  - **Faculty Leadership Academy**, a year-long series for full-time faculty from public postsecondary institutions who have demonstrated the potential for academic leadership and are seeking to further develop these skills. The goal is to help participants gain a deeper understanding of how faculty leaders promote academic quality, as well as their institution's role within Kentucky's higher education landscape.
  - **Collaboration and Development** through conferences including the student success summit, trusteeship conference, and student access and success. The conferences are funded through fees charged to attendees.

## Financial Overview

TECHNOLOGY INITIATIVE TRUST FUND				
	6343-KYVL	6343-IT01	6343 IT08,AA06,2 1,22	6343-Pcode
	Kentucky Virtual Library (KYVL)	Kentucky Regional Optical Network (KyRON)	Technology and Campus Support	Conference and Convenings
<b>REVENUES</b>				
Projected Beginning Balance	\$1,200,000	\$200,000	\$700,000	\$50,000
State Appropriations	1,423,851	1,825,450	401,599	
Charges for Services (fees)	2,500,000	800,000	327,000	185,000
Interest			112,000	
<b>TOTAL REVENUES</b>	<b>\$5,123,851</b>	<b>\$2,825,450</b>	<b>\$1,540,599</b>	<b>\$235,000</b>
<b>EXPENDITURES</b>				
Personnel Services	\$420,697	\$2,802,887	\$638,700	
Utilities, Rentals, and Other Services	377,614		62,366	10,000
Commodities and Supplies	3,827,532	20,215	108,000	25,000
Travel	7,000		11,000	115,000
Grants and Subsidies			60,000	35,000
Capital Expenditures				
<b>TOTAL EXPENDITURES</b>	<b>\$4,632,843</b>	<b>\$2,823,102</b>	<b>\$880,066</b>	<b>\$185,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$491,008</b>	<b>\$2,348</b>	<b>\$660,533</b>	<b>\$50,000</b>

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## TRUST FUND PROGRAMS

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### Overview

#### Equine Trust Fund

Pursuant to KRS 138.510(5), the Equine Trust Fund directs one percent of all money wagered on live and historical races at the track to be deposited into a trust for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities. CPE serves as the administrative agent of these funds and develops procedures for administering the program and making disbursements in accordance with established guidelines. Funds carry forward until expensed.

#### Healthcare Workforce Investment Fund (HWIF)

In 2023, the General Assembly passed HB200, establishing an innovative fund whereby employers pledge a dollar amount to a postsecondary healthcare program held in trust to be matched by general fund state dollars. Over half of the funds are dedicated to scholarships for students pursuing high-demand healthcare credentials; the remaining dollars recognize program excellence and support administration of the fund at CPE. Funds carry forward until the program sunsets in 2030. The financial overview includes both the general fund match dollars as well as the private contributions which are held in trust.

#### Research Challenge and Comprehensive University Excellence Trust Fund “Bucks for Brains”

- The Research Challenge Trust Fund provides funding to the University of Kentucky and the University of Louisville to recruit world-class research faculty through an endowment match program. It also supports scientific research leading to new discoveries and innovations for the good of the state (KRS 164.7917). Funds carry forward until expensed.
- The Comprehensive University Excellence Trust Fund (KRS 164.7919) are awarded to Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, and Western Kentucky University to support their designated Programs of Distinction (PODs). Funds carry forward until expensed.

**FY2027 NOTE:** SB197 of the 2026 Regular Session directs \$3,077,300 of interest from the Research Challenge and Comprehensive University Trust Fund to be used for day-to-day operations in lieu of general funds; this practice is referred to as a fund swap. Prior to this directive, CPE did not have authority to spend these interest earnings.

#### Endowed Research Fund

KRS 164.038 establishes the Kentucky Public University Endowed Research Fund. HB900 of the 2026 Regular Session, appropriated \$37,500,000 for this fund. Funding will be evenly distributed across five consortium accounts, with \$1,500,000 allocated annually for five years to each account. CPE can expend the interest on the cost of managing the program.

## Financial Overview

TRUST FUNDS					
	14AV	0100-WHWI	63AR-WHWI	634X	TBD
	Equine Trust Fund	Healthcare Workforce Investment Fund	Healthcare Workforce Investment Fund	Research and Comprehensive Excellence Trust Fund	Endowed Research Fund
<b>REVENUES</b>					
Projected Beginning Balance	\$50,000	\$8,300,000	\$4,000,000	\$7,127,973	
State Appropriations		2,436,000			35,000,000
Match Contributions			3,838,560		
State Revenues	430,000				
Interest			115,000		700,000
<b>TOTAL REVENUES</b>	<b>\$480,000</b>	<b>\$10,736,000</b>	<b>\$7,953,560</b>	<b>\$7,127,973</b>	<b>\$35,700,000</b>
<b>EXPENDITURES</b>					
Personnel Services		\$92,500	\$92,500		\$200,000
Utilities, Rentals, and Other Services		1,500	1,500		
Commodities and Supplies		3,000	3,000		
Travel		1,500	1,500		
Grants and Subsidies	450,000	3,000,000	3,000,000	4,000,000	7,500,000
<b>TOTAL EXPENDITURES</b>	<b>\$450,000</b>	<b>\$3,098,500</b>	<b>\$3,098,500</b>	<b>\$4,000,000</b>	<b>\$7,700,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$30,000</b>	<b>\$7,637,500</b>	<b>\$4,855,060</b>	<b>\$3,127,973</b>	<b>\$28,000,000</b>

Healthcare Workforce Investment activities are funded by two sources

- (1) 63AR - Contributions from healthcare partners
- (2) 0100 – WHWI - General funds to match healthcare partner contributions

## GRANTS

### Overview

Grant funds are used to support non-general fund services and resources to further efforts in carrying out CPE’s statutory duties and strategic agenda priorities. Most grant funds are awarded for periods that do not coincide with the state fiscal year; the chart below depicts total available funds as of the designated fiscal year.

Responsible Unit	Grant	Beginning Date	End Date	TOTAL Award	FY 2027 Available Funds
Communications	Lumina - Integration of Advising Framework and Futuriti	11/10/2025	10/29/2027	\$700,000	\$600,000
Communications	CCSSO - K12 Postsecondary Student Outcomes	12/19/2025	6/30/2027	\$100,000	\$75,000
Simmons College	State Fiscal Recovery Funds - Simmons	7/1/2022	12/31/2026	\$7,280,200	\$794,100
Student Access and Success	GEARUP 4	10/1/2018	9/30/2026		\$101,346
Student Access and Success	GEARUP 5	10/1/2026	9/30/2032	\$29,999,970	\$4,999,995
Student Access and Success	Save The Children	8/1/2022	12/31/2027	\$499,349	\$248,255
Student Access and Success	Scaling Student Basic Needs	1/1/2024	12/31/2026	\$1,551,355	\$650,000
Student Access and Success	James Graham Brown - Kentucky Student Success Center	3/11/2021	6/30/2024		\$88,719
Student Access and Success	James Graham Brown - Kentucky Student Success Center	7/1/2024	6/30/2028	\$3,250,000	\$1,889,000
Student Access and Success	Office of Adult Education - Adult Learner	7/1/2026	6/30/2027	\$50,000	\$50,000
Student Access and Success	SHEEO - Student Basic Needs	4/7/2025	12/31/2027	\$60,000	\$56,000
Workforce and Economic Development	Federal SFRF - Healthcare Workforce	7/1/2022	12/31/2026	\$10,000,000	\$700,000
Workforce and Economic Development	CHFS Career Ladders in Mental and Behavioral Health (CLIMB) 2.0	8/1/2025	6/30/2026	\$500,000	\$500,000
Workforce and Economic Development	KBMI - Nuclear Medicine	8/1/2024	6/30/2025	\$100,000	\$69,000
Workforce and Economic Development	DCBS Training	7/1/2026	6/30/2028	\$941,746	\$941,746
Workforce and Economic Development	KY Attorney General - Opioid Abatement	7/1/2025	6/30/2026	\$488,676	\$366,000
Workforce and Economic Development	SHEEO - Justice - Impacted Students	4/1/2025	3/31/2026	\$40,000	\$34,000
				<u>\$55,561,296</u>	<u>\$12,069,061</u>

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## FIDUCIARY FUNDS

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### Overview

Fiduciary (or pass-through) funds are appropriated by the General Assembly to CPE and held for the benefit of individuals or units outside of the agency. CPE is the trustee or fiduciary responsible for these assets, which can be used only for trust beneficiaries. CPE ensures assets reported in these funds are used for their intended purposes.

### Program Descriptions

- **Cancer Research Matching Funds**  
KRS 164.043 creates the cancer research institutions' matching fund. For tax periods beginning on or after June 1, 2005, the one cent (\$.01) surtax collected under KRS 138.140(1)(c) shall be deposited into the fund. One-half of the monies is distributed to the University of Kentucky and one-half to the University of Louisville. The two universities must provide a dollar-for-dollar match to receive funds.
- **Cancer Research**  
SB197 of the 2026 Regular Session appropriates Tobacco Settlement Funds to be used for cancer research and screening to be shared equally between the University of Kentucky and the University of Louisville.
- **National Stem Cell Foundation**  
HB900 of the 2026 Regular Session appropriates funding to be distributed to the National Stem Cell Foundation to support grant match.
- **Ovarian Cancer Screening**  
SB197 of the 2026 Regular Session appropriates funding to the ovarian cancer screening outreach program at the University of Kentucky.
- **Spinal Cord and Head Injury Research**  
SB197 of the 2026 Regular Session appropriates funding to support spinal cord and head injury research. In accordance with KRS 211.500, KRS 211.502, KRS 211.504, the appropriation in each fiscal year shall be shared between the University of Kentucky and the University of Louisville.
- **SREB Doctoral Scholars**  
SB197 of the 2026 Regular Session appropriates funding for annual dues to the Southern Regional Education Board (SREB).

- **Simmons College**

HB 1 of the 2022 Regular Session appropriates funds for the Teacher Education Initiative at Simmons College. The funds shall also be used to expand academic offerings in psychology to produce more licensed mental health practitioners, quality control technology workers, and logistics and supply chain managers. Additionally, HB 1 of the 2024 Regular Session appropriates dollars from the State Fiscal Recovery Funds to support infrastructure planning and facility acquisition for student residential housing, an onsite tutoring/study facility, and the development and design of capital improvements to support academic program expansion.

## Financial Overview

<b>Program</b>	<b>FY2027 Appropriation/Budget</b>
Cancer Research Matching Program	3,000,000
Cancer Research - Tobacco Settlement Funds	6,165,900
National Stem Cell Foundation	220,000
Ovarian Cancer Screening	960,000
Spinal Cord and Head Injury Research	1,920,000
SREB Doctorial Scholars Program	50,000
Simmons College	794,100
<b>TOTAL FIDICARY FUNDS</b>	<b>\$13,110,000</b>

## 2026-2027 Budget Appropriations

### Overview

SB197 and HB900 were enacted during the 2026 Regular Session to appropriate funds to the Kentucky Council on Postsecondary Education for 2026-2028 biennium. SB197 appropriates general and tobacco fund monies and sets spending thresholds for restricted and federal funds. HB900 appropriates funds from the Budget Reserve Trust Fund for specific programs. The table below is a summary of the appropriations:

<b>SB197</b>	
<b>General Fund</b>	
Agency Operations	\$3,462,000
Special Initiatives	\$1,514,200
SREB Dues and Doctoral Scholars	274,800
Technology Trust Fund	3,650,900
Healthcare Workforce Investment - Match	2,436,000
Ovarian Cancer Research	960,000
Spinal Cord Research	1,920,000
<b>TOTAL General Fund</b>	<u><u>\$14,217,900</u></u>
Agency Operations - Grants	4,382,400
Agency Operations - Indirect Revenue	250,000
Licensure	600,000
Cancer Research Matching Program	3,000,000
<b>TOTAL Restricted Fund</b>	<u><u>\$11,709,700</u></u>
<b>Federal Fund</b>	
GEARUP	\$4,634,700
CARES Act - Simmons	794,100
SFRF - Healthcare	700,000
<b>TOTAL Federal Fund</b>	<u><u>\$6,128,800</u></u>
<b>Tobacco Settlement Fund</b>	
University of Kentucky and University of Louisville	\$6,165,900
<b>TOTAL Tobacco Settlement Fund</b>	<u><u>\$6,165,900</u></u>
<b>2026-2027 Appropriation SB197</b>	<u><u><b>\$38,222,300</b></u></u>
<b>HB900 - Additional Appropriation</b>	
Endowed Research Fund	\$35,000,000
National Stem Cell Foundation	220,000
<b>2026-2027 Appropriation HB900</b>	<u><u><b>\$35,220,000</b></u></u>

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<b>TOPIC/TITLE:</b>	Council Meeting Dates, 2027 Calendar Year
<b>STAFF CONTACT:</b>	Heather Faesy, Program Manager
<b>TYPE/REQUEST:</b>	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

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**SUMMARY OF ACTION REQUESTED**

CPE staff recommend the Executive Committee endorse for Council approval the proposed meeting dates for calendar year 2027.

**SUPPORTING INFORMATION**

Per KRS 164.011(9), the Council is required to meet quarterly but may meet more often upon the call of the chair. In order to conduct its business efficiently, the Council typically meets five times per year, and standing committees meet prior to each Council meeting.

**PROPOSED MEETING DATES FOR 2027**

Staff propose the following meeting dates for calendar year 2027. The meetings of the Academic and Strategic Initiatives Committee and Finance Committee take place virtually by ZOOM teleconference. The meetings of the Executive Committee and full board will take place in person, locations to be determined.

Academic and Strategic Initiatives Committee

- Monday, February 1, 2027 – 10am-Noon ET
- Monday, April 5, 2027 – 10am-Noon ET
- Monday, June 21, 2027 – 10am-Noon ET
- Wednesday, September 20, 2027 – 10am-Noon ET
- Monday, November 15, 2027 – 10am-Noon ET

Finance Committee

- Monday, February 1, 2027 – 1-3pm ET
- Monday, April 5, 2027 – 1-3pm ET
- Monday, June 21, 2027 – 1-3pm ET
- Wednesday, September 20, 2027 – 1-3pm ET
- Monday, November 15, 2027 – 1-3pm ET

Executive Committee, time TBD

- Friday, February 5, 2027
- Friday, April 9, 2027
- Friday, June 25, 2027
- Friday, September 24, 2027
- Friday, November 19, 2027

Regular meetings of the full board, schedule TBD

- Friday, February 5, 2027
- Thursday/Friday, April 8-9, 2027
- Friday, June 25, 2027
- Friday, September 24, 2027
- Thursday/Friday, November 18-19, 2027

Special meetings/events of the full board

- Joint meeting of the Council, Presidents and Board of Student Body Presidents – Thursday, April 8, 2027, time TBD
- Board Retreat – Thursday, June 24, 2027, all-day

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<b>TOPIC/TITLE:</b>	Kentucky State University Financial Obligation and Expenditure Approval Policy
<b>STAFF CONTACTS:</b>	Travis Powell, Executive Vice President and General Counsel, Government Relations, Legal and Operations
<b>TYPE/REQUEST:</b>	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

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**SUMMARY OF ACTION REQUESTED**

CPE staff recommend the Executive Committee endorse for Council approval the *Kentucky State University Financial Obligation and Expenditure Approval Policy*, which will guide the Council’s review and approval of financial obligations and expenditures at Kentucky State University (KSU) consistent with the requirements of Senate Bill 185 (26 RS HB 185).

**SUPPORTING INFORMATION**

During the 2026 Regular Session, the General Assembly adopted Senate Bill 185 (26 RS SB 185), which includes new provisions outlining the Council’s new responsibilities related to the financial oversight of KSU. The new legislation requires the Council to review and approve all new financial obligations and expenditures of \$20,000 or greater. Section 1.(3)(a) of the bill states:

Kentucky State University shall not enter into any obligation or make any expenditure costing twenty thousand dollars (\$20,000) or more without prior approval of the Council on Postsecondary Education, including but not limited to any purchase, contract, or increase due to a personnel action.

To operationalize this statutory requirement, Council staff developed the attached Financial Obligation and Expenditure Approval Policy to ensure a consistent and timely process for reviewing KSU’s financial obligations and expenditures (Attachment A). The policy ties expenditures and financial obligations to the creation of an annual budget that CPE staff are confident is accurate and representative of KSU’s ability to support proposed obligations. The policy includes provisions for pre-approval of a master position list to facilitate personnel hiring, as well as pre-approval for a list of known contracts valued at \$20,000 for the upcoming fiscal year. Additionally, the policy outlines the approval process for obligations and expenditures not covered by these pre-approval components, reporting requirements for purchases or obligations

made without prior approval, and the Council's authority to revoke approval when an obligation or expenditure exceeds established budgetary parameters.

Collectively, the policy provides flexibility such that KSU may operate within established parameters without requiring line-item approvals for anticipated expenses and obligations. To further improve the Council's ability to efficiently review and approve KSU's obligations and expenditures, CPE staff also request delegated authority to administer the approval process in alignment with SB 185 and the new policy described above.



# **Kentucky State University Financial Obligation and Expenditure Approval Policy**

**SB 185 (2026)**

Approved by Council: XX

Effective Date: upon approval

## Purpose

As part of the responsibilities granted to the Council related to Kentucky State Universities (KSU) in SB 185 (2026 Regular Session), Section 1.(3)(a) states the following:

Kentucky State University shall not enter into any obligation or make any expenditure costing twenty thousand dollars (\$20,000) or more without prior approval of the Council on Postsecondary Education, including but not limited to any purchase, contract, or increase due to a personnel action.

This Policy outlines the process for approval of KSU financial obligations of \$20,000 or more and delegates those decisions to Council staff.

## Policy

**Institutional Budget.** Each fiscal year, a budget must be adopted by the KSU Board of Regents based on revenue and expenditure estimates that consider historical data, projections, and the enrollment and student debt limitations expressed in SB 185. While the Council staff will not approve KSU's budget, before approving obligations for payment and expenditures, it must feel comfortable that a reasonable budget has been adopted that can support the obligations made. As such, Council staff will work with KSU staff to understand the budget development process and will raise any concerns with the KSU Board of Regents before adoption.

As each fiscal year progresses, CPE staff will monitor actual revenue and expenditures to ensure that obligations and expenditures approved will not contribute to a budget deficit. KSU is expected to revise its budget and adjust spending if assumptions prove incorrect and revenue will not cover projected expenditures.

**Personnel Actions.** A substantial portion of a university budget is comprised of salary and benefits for faculty, staff, and administrators employed by the institution. Therefore, KSU staff shall create a master position list tied to each fiscal year budget with corresponding salaries for those currently filling those positions and a range for those positions that are open or may become open during the year. This information shall be provided to Council staff for review and approval for each forthcoming fiscal year. Once approved, all expenditures tied to salary and benefits for positions on that list shall be deemed approved for the respective fiscal year. Any position on that list may be filled upon notice to the Council that the personnel action is taken within the salary range outlined in the list. Requests to fill positions not included in the master position list may be approved upon proof of budgetary support. Once approved, that position will be added to the master list.

**Contracts.** As with personnel actions, contractual obligations must also be tied to the budget adopted for the fiscal year. A list of known contracts totaling \$20,000 or more tied to the upcoming

budget and provided to CPE staff shall be approved up to an amount certain that falls within known budgetary constraints.

**Other Obligations for Payment and Expenditures.** KSU shall submit request for obligation for payment over \$20,000 not captured in the processes outlined above to Council staff at a designated email account for review and approval. Each request shall include the following information and shall be signed by both the Chief Financial Officer and President of the institution, or his designee. Authorizations for purchase or expenditure shall be submitted for approval BEFORE the obligation for payment is incurred. Obligations of \$20,000 or more which did not receive prior approval will be treated as a violation of policy and will be reported to the KSU Board of Regents. Exceptions may be granted based on facts and circumstances that would not allow for prior approval as a result of factors outside of KSU's control. Exceptions granted shall be reported to the KSU Board of Regents

1. Brief Description and Justification of Requested Expenditure
2. Originating Department
3. Programmatic Contact (with contact information)
4. Budget Unit
5. Amount Remaining in Budget Unit after Purchase
6. Funding Source [including Fund Organization Account Program (FOAP)]
7. Procurement Method (if applicable)
8. Payment Due Date (if applicable)
9. Vendor (if applicable)
10. Contract Number (if applicable)
11. Payment Method
12. Supporting Documentation (if applicable)
13. Board of Regents Approval Date (if applicable)

**Approval Revocation based on Budgetary Performance.** Notwithstanding the foregoing and upon analysis of financial reporting received pursuant to the Kentucky State University Financial Reporting Policy, CPE staff reserves the right to withdraw approval of any obligation for payment or expenditure outlined above if it determines that spending should be curtailed in order to meet budgetary parameters. Exceptions may be granted on a case-by-case basis based on university need and the nature of the obligation.

CPE staff shall contact KSU with any questions or clarifications regarding the request. Requests may be revised or withdrawn at any time.

If the request is denied, CPE staff will outline the deficiencies in the request and KSU may resubmit upon correction.

If the request is approved, CPE staff will notify the KSU CFO and provide authorization for the expenditure in KSU's accounting system.

Final approval or denial will be provided by the CPE President, or his designee.

### Performance funding model continues to support student success

Performance funding remains one of Kentucky's most important tools for aligning public investment with student success, workforce readiness and public accountability. At its best, the model is not simply a distribution formula; it is a statewide strategy for ensuring that taxpayer dollars support the outcomes Kentucky needs most – persistence, completion, transfer, credential production and institutional improvement.

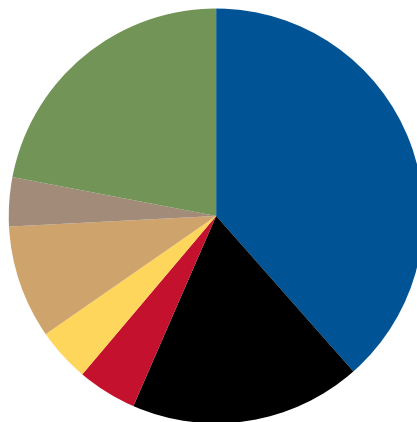
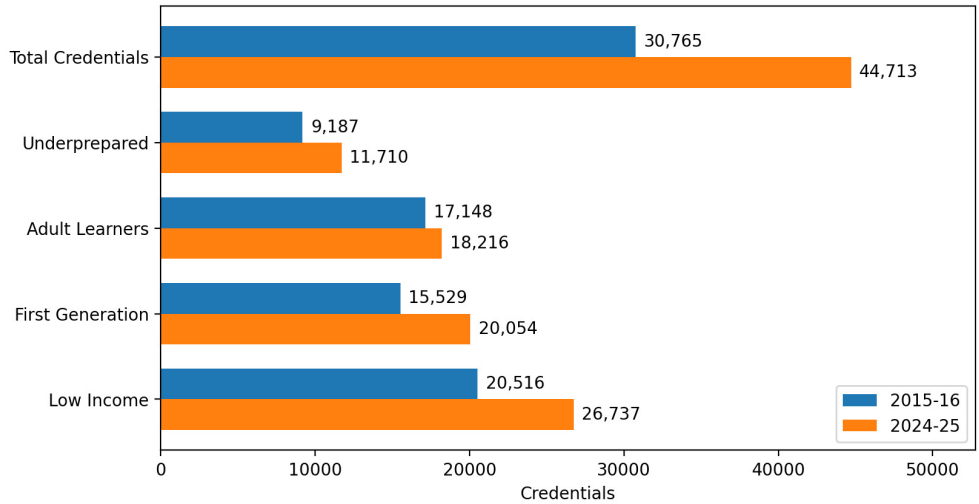
Kentucky's current performance funding structure was enacted through KRS 164.092 and requires CPE each year to run the funding model and certify distributions to the Office of the State Budget Director. For fiscal year 2026-27, the General Assembly appropriated \$115 million to the Postsecondary Education Performance Fund, the same amount as the previous year. CPE staff ran the university model in April, shared preliminary distributions with campus chief budget officers for validation, verified the data and calculations, and certified the final distribution on May 1.

This annual process is important because it creates transparency, consistency and shared accountability. Institutions have the opportunity to review the data, understand the model and validate that the calculations operate as intended. That collaboration helps build confidence that the model is measuring performance fairly while respecting institutional mission.

For 2026-27, public universities received \$89.7 million, or 78% of the Performance Fund, while KCTCS received \$25.3 million, or 22%. Six of eight public universities and KCTCS received a distribution. The model also continues to show how changes in student outcomes affect institutional shares over time. Between the 2025-26 and 2026-27 iterations, UK, ECU and KCTCS saw increases in their distributions, while several institutions saw decreases because the total Performance Fund remained flat.

CPE reviewed one-year changes in distributions, identified which institutions

### KCTCS credentials before and after performance funding



### 2025-26 Performance Funding Distribution

UK	44,264,500	WKU	4,392,900
U of L	20,749,300	KCTCS	25,297,100
EKU	5,326,400		
Murray	4,808,400		
NKU	10,161,400		

exceeded sector-average growth on performance metrics, examined state funds for educating students and assessed progress toward funding parity. These reviews help ensure the model is not only distributing dollars, but also operating as intended and avoiding unintended consequences.

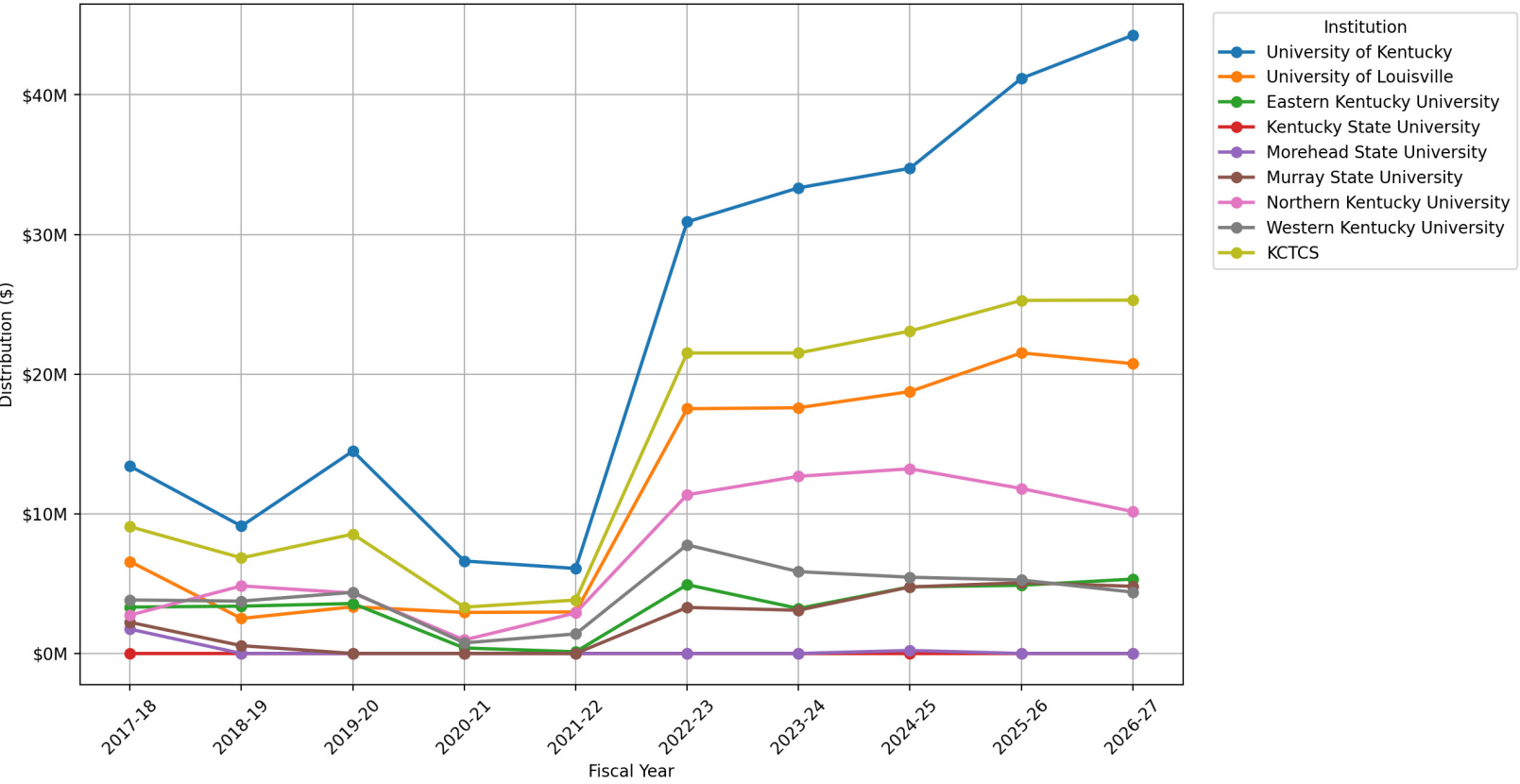
The state funds for educating students analysis is a particularly useful measure because it considers the combined effect of recurring base operating funds and nonrecurring performance fund distributions. This metric is calculated by adding each institution's adjusted net General Fund appropriation to its performance distribution, offering a clearer picture of the public resources available to educate students. In 2026-27, total state funds for educating students decreased by \$500,000, or 0.1%, at the system level. At the institutional level, state funds increased at UK, ECU and KCTCS, remained unchanged at KSU and Morehead State, and

decreased at UofL, Murray State, NKU and WKU. This kind of analysis helps CPE monitor both accountability and stability.

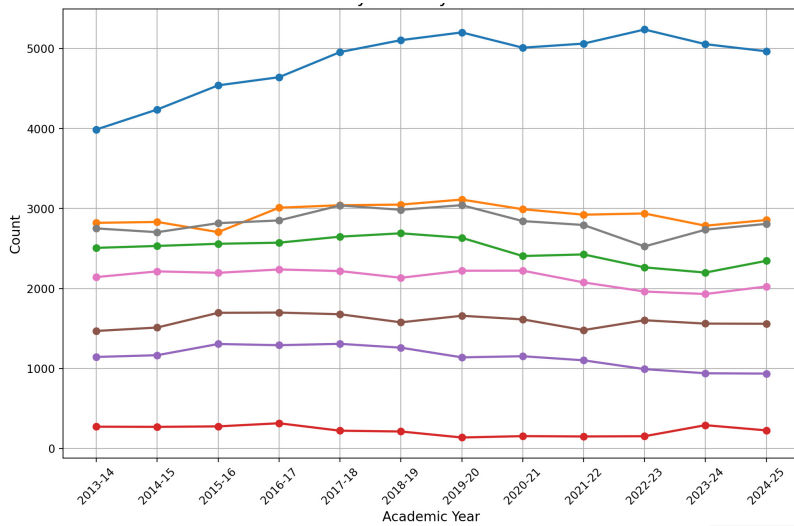
The Performance Metric Scorecard shows that UK and ECU exceeded the sector average on eight of 11 metrics, UofL on seven and KSU on six. KSU's progress is notable, representing its strongest performance since the adoption of performance funding. This reinforces an important principle: a strong model should reward improvement.

Looking ahead, performance funding should continue to evolve with Kentucky's goals. The model must support student success, strengthen accountability, preserve mission, promote workforce alignment and maintain institutional stability. The best performance funding systems reward progress, protect mission and keep students at the center. Kentucky's model gives us a foundation to do exactly that.

## Performance Fund Distribution by Institution



## Total Bachelor's Degrees Awarded



## Bachelor's Degrees Earned by Low-Income Students

