

TITLE: 2024-2026 Biennial Budget Update

DESCRIPTION: The Finance Committee received an update on the development process and current status of the legislature's 2024-26 biennial budget.

STAFF CONTACTS: Bill Payne, Vice President, Finance and Administration, CPE
Shaun McKiernan, Executive Director of Finance and Budget, CPE

COMMITTEE'S REVIEW

The Finance Committee received this information update at their January 16, 2024, meeting. It will not be covered or presented in detail at the January 19 board meeting; however, staff will be available for questions.

SUPPORTING INFORMATION

Governor Andy Beshear presented his budget proposal for 2024-2026 on December 18. The plan does not increase or reduce the state's rainy day fund balance. Highlights for postsecondary education include:

Operating Funds

- 8% increase over the biennium for institutions for both mandated programs and funds to educate students. 5% across the board increase provided in 2024-25, 2% increase in 2025-26, plus \$15,108,100 (about 50% of the increase) to cover fire and tornado insurance premium increases.
- Additional funding for KSU Land Grant Match as requested (\$2,107,500 in 2023-24, \$1,499,100 in 2024-25 and 2025-26)
- \$10,500,000 in 2024-25 and \$10,710,000 in 2025-26 provided for Markey Cancer Center
- Additional \$4,000,000 each year for KCTCS's Kentucky TRAINS (helps employers train, retain, and upskill workers through customized programs)

Capital Investment

- Funding (about \$150M) to complete projects authorized for the 2022-2024 biennium
- \$400,000,000 in asset preservation, with a provision that institutions maintain asset preservation spending levels

Other

- KSU nursing and social work scholarships in KHEAA's budget (\$500,000 in 2024-25, \$750,000 in 2025-26)
- Loan forgiveness program for teachers (\$20,000,000 per year), social service workers (\$3,000,000 per year), and state employees (\$20,000,000 per year).

CPE Agency Budget

- 6% salary increase for 2024-25, and an additional 4% increase for 2025-26
- Continued oversight of Kentucky State University at \$750,000 per year
- Pass through funds for a Psychiatry Residency Program at Pikeville Medical Center (\$16,000,000 to provide funding for four years)

On January 3, the Courier-Journal reported that the House budget was expected to be unveiled within the next two weeks.