

Kentucky Community and Technical College System Board of Regents

Agenda Item: KCTCS Board of Regents Required Reserves

Action Question: Should the Board approve setting aside a 3.25% budget reserve of State Appropriation and Tuition & Fees?

Recommendation: It is recommended that the Board approve a 3.25% budget reserve of State Appropriation and Tuition & Fees less System-wide contracts for FY2025-26.

Relevant Legal Authority:

- Administrative Policy 5.4.1 KCTCS Budgetary Policies and Procedures
 - A. “All budgetary matters follow the general organizational structure of the Kentucky Community and Technical College System (KCTCS) with the KCTCS Board of Regents having the ultimate and exclusive authority for the approval of the budget”
 - B(1) “The KCTCS President is responsible for the development and implementation of the systemwide budget policies and procedures.”
 - B(2) “Although the KCTCS President may delegate authority for the systemwide specific fund management, “the ultimate responsibility for KCTCS remains with the KCTCS President.”
 - E(3)(a) “The KCTCS Board of Regents will approve the budget reserve rate annually at the March Board of Regents meeting for inclusion in the following year annual operating budgets.”

Background: During the June 2022 meeting, the KCTCS Board of Regents requested that KCTCS staff provide recommendations for a board reserve. KCTCS College Business Officers reviewed the current policies and provided recommendations of either a percentage or a flat amount for budgeted board reserves.

An increase in the amount of operating funds held in a required reserve would strain on college budgets and restrict the colleges’ financial flexibility to invest in new workforce and academic programs, provide operating dollars to bridge the budget gap caused by reduced/flat enrollment, and utilize funds needed for facility maintenance, technology upgrades, and other asset preservation needs.

New workforce and academic programs require an initial commitment to invest in infrastructure, equipment, and personnel. Such a significant increase in unrestricted reserves restricts colleges in making swift decisions on innovative programs.

March 13, 2025, Meeting