

## CHAPTER 41

( SB 1 )

AN ACT relating to the endowed research fund and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1)
  - (a) *There is hereby created an endowment fund as defined in KRS 273.600 called the endowed research fund to be administered by the council for the purposes of funding the work of research consortiums selected by the council in accordance with subsection (2) of this section.*
  - (b) *The endowed research fund shall contain moneys received from the general fund, federal funds, and any other proceeds from contributions, gifts, or grants made available for the purposes of the fund.*
  - (c) *Moneys deposited in the endowed research fund are hereby appropriated for the purposes under this section.*
  - (d) *All moneys in the endowed research fund shall be endowed in accordance with KRS 273.600 to 273.645.*
  - (e) *Notwithstanding KRS 45.229, moneys in the endowed research fund at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year. Any interest earnings of the fund shall be transferred quarterly on a pro rata basis to the five (5) consortium accounts created in paragraph (g) of this subsection.*
  - (f) *Notwithstanding KRS 42.500, moneys in the endowed research fund shall be invested in accordance with endowment management best practices.*
  - (g) *The endowed research fund shall contain five (5) consortium accounts. Each consortium account shall be reserved for funding the research consortium assigned to the account by the council in accordance with subsection (2) of this section. Each consortium account shall contain interest earnings from the endowed research fund transferred quarterly under paragraph (e) of this subsection by the council, federal funds, and any other proceeds from contributions, gifts, or grants made available for the purposes of the account.*
- (2) *The council shall solicit, accept, and review joint funding applications submitted by two (2) or more Kentucky public universities to receive funding from a consortium account. Each joint funding application shall be reviewed using criteria established by the council in accordance with subsection (5) of this section. The council shall select five (5) high-quality research consortiums to receive funding from a consortium account. Each research consortium selected by the council shall be assigned to a unique consortium account within the fund for a term of five (5) years.*
- (3) *Moneys in the five (5) consortium accounts shall constitute seed money for the research consortium assigned to the account by the council to perform initial research and to prepare proposals to seek grant money from public and private sources in larger funding amounts.*
- (4) *Prior to the expiration of a research consortium's term of eligibility under subsection (2) of this section to receive funding from a consortium account, the council shall review the performance of the research consortium to determine whether:*
  - (a) *The term of eligibility of the research consortium should be renewed for up to five (5) additional years; or*
  - (b) *The research consortium's eligibility to receive funding from the endowed research fund should be terminated.*
- (5) *The council shall maintain a research consortium assigned to each of the five (5) accounts within the endowed research fund. If a research consortium's eligibility to receive funding from the endowed research fund is terminated, the council shall solicit, accept, and review joint funding applications to fill the vacancy in accordance with subsection (2) of this section.*

- (6) *The council shall promulgate administrative regulations in accordance with this subsection and KRS Chapter 13A to administer this section. The administrative regulations shall include metrics to evaluate joint funding applications submitted by two (2) or more Kentucky public universities in accordance with subsection (2) of this section. The metrics shall include but not be limited to the research consortium's:*
- (a) *Impact upon human quality of life advancements, prioritizing innovations that advance medicine, health, or economic development; and*
  - (b) *1. Additional funding sources for seed money to perform initial research and to prepare proposals to seek grant money from public and private sources in larger funding amounts; and*
    - 2. Anticipated future funding sources and amounts.*
- (7) *The council may expend up to four percent (4%) of all interest earnings of the endowed research fund on the costs of managing and administering the endowed research fund.*

➔Section 2. No later than February 1, 2025, the Council on Postsecondary Education shall select the Kentucky Spinal Cord and Head Injury Research Trust as one of the initial five research consortiums. The Kentucky Spinal Cord and Head Injury Research Trust shall be subject to the same performance review required for all other research consortiums pursuant to subsection (4) of Section 1 of this Act to determine whether the Kentucky Spinal Cord and Head Injury Research Trust will continue to be eligible for funding from the endowed research fund after expiration of its initial term of eligibility.

**Signed by Governor April 4, 2024.**