

General Fund Budget Reduction Order 09-01

TREY GRAYSON
SECRETARY OF STATE

COMMONWEALTH OF KENTUCKY COMMONWEALTH OF KENTUCKY
OFFICE OF STATE BUDGET DIRECTOR BY R. Adles

AN ORDER DIRECTING THE REDUCTION OF CERTAIN APPROPRIATIONS
TO APPROPRIATION UNITS OF THE GOVERNMENT OF THE
COMMONWEALTH AND DIRECTING CERTAIN FUND TRANSFER
ACTIONS TO PREVENT A DEFICIT IN THE FINANCES OF THE
COMMONWEALTH OF KENTUCKY

WHEREAS, funds were budgeted and appropriated for the operation, maintenance, support, and functioning of the Government of the Commonwealth of Kentucky during fiscal year 2008-2009, by the 2008 Regular Session of the General Assembly, based on a General Fund revenue receipt estimate of \$9,005,737,000 as specified in 2008 Kentucky Acts Chapter 127, Part VI; and

WHEREAS, on November 26, 2008, the Consensus Forecasting Group at the request of the State Budget Director, per KRS 48.115, revised downward the General Fund receipt estimate for fiscal year 2008-2009 to \$8,548,390,000, which is \$457,347,000 less than the General Fund revenue estimate enacted for fiscal year 2008-2009 by the 2008 Regular Session of the General Assembly; and

WHEREAS, the revised General Fund estimate results in an estimated \$36,695,100 increase in the statutorily required appropriation amounts for the two severance tax-based appropriation units: the Local Government Economic Development Fund and the Local Government Economic Assistance Fund; and

WHEREAS, an estimated \$1,200,000 decrease in the statutorily required appropriation amounts dedicated from the Tobacco Master Settlement – Phase I receipts due to a downward revision in the estimated Tobacco Master Settlement – Phase I receipts must be accommodated; and

WHEREAS, an estimated \$14,879,800 in excess SEEK funds are expected to lapse to the General Fund; and

WHEREAS, the 2009 Regular Session of the General Assembly enacted House Bill 144 that is estimated to result in additional General Fund receipts in the amount of \$52,244,000 in fiscal year 2008-2009; and

WHEREAS, the 2009 Regular Session of the General Assembly enacted House Bill 143, which took effect on February 13, 2009, which permits the appropriation of up to \$219,000,000 from the Budget Reserve Trust Fund, directs \$59,000,000 in fund transfers to the General Fund subject to certain conditions, directs the Legislative branch to

transfer \$2,108,500 to the General Fund, and directs the Judicial branch to transfer \$7,622,400 to the General Fund; and

WHEREAS, Part VI, section A., subsection 7 of House Bill 143 as enacted by the 2009 Regular Session of the General Assembly, after the application of subsections 1 through 6 of Part VI, section A., directs the reduction of General Fund appropriations in Executive Branch Agencies' operating budget units by a sufficient amount to balance fiscal year 2008-2009, excepting specified appropriation units; and

WHEREFORE, it is necessary to effect a reduction in General Fund appropriations to the appropriation units of the Commonwealth, and to effect the transfer of certain Restricted Fund dollars to the credit of the General Fund by sums sufficient to prevent such deficit;

NOW, THEREFORE, it is hereby found by the State Budget Director, with the approval of the Governor of the Commonwealth, and pursuant to the authority vested in the Office of State Budget Director and the Secretary of the Finance and Administration Cabinet by 2008 Kentucky Acts Chapter 127, Part VI, as amended by House Bill 143 enacted by the 2009 Regular Session of the General Assembly, and Chapter 48 of the Kentucky Revised Statutes, that it will be necessary, to prevent a deficit in the finances of the Commonwealth, to reduce the appropriations for fiscal year 2008-2009 to the appropriation units of the Government of the Commonwealth from the amounts appropriated, to the amounts hereinafter set forth; provided, however, that in the event that the actual General Fund revenue receipts for fiscal year 2008-2009 exceed the revised estimates provided by the Consensus Forecasting Group, increases may be authorized to be made in these amounts within the maximum limits authorized by the appropriations made by the General Assembly for such fiscal year; and, having so found, it is hereby ordered and directed that the appropriations to the appropriation units of the Government of the Commonwealth be reduced to, and allotments adjusted on the basis of the amounts hereinafter listed, to wit:

<u>Appropriation Unit</u>	<u>FY 2008-2009 General Fund Current Appropriations</u>	<u>FY 2008-2009 General Fund Revised Appropriations</u>	<u>FY 2008-2009 General Fund Appropriation Reductions</u>
General Government			
Office of the Governor	8,480,200	8,156,300	(323,900)
Office of State Budget Director	3,791,900	3,647,000	(144,900)
State Planning Fund	220,000	211,600	(8,400)
Homeland Security	246,100	236,700	(9,400)
Veterans' Affairs	17,623,400	16,950,200	(673,200)
Kentucky Infrastructure Authority	955,800	919,300	(36,500)
Military Affairs	32,430,800	32,024,700	(406,100)
Commission on Human Rights	2,001,800	1,924,800	(77,000)
Commission on Women	239,900	230,700	(9,200)
Department for Local Government	9,742,300	9,361,300	(381,000)
Local Government Economic Assistance Fund	58,062,000	58,062,000	0
Local Government Economic Development Fund	54,592,400	54,592,400	0
Area Development Fund	691,200	664,800	(26,400)
Executive Branch Ethics Commission	448,500	448,500	0
Secretary of State	2,050,000	1,971,700	(78,300)
Board of Elections	4,295,700	4,236,500	(59,200)
Registry of Election Finance	1,347,400	1,295,900	(51,500)
Attorney General	12,873,800	12,382,000	(491,800)
Commonwealth Attorneys	33,147,800	31,821,900	(1,325,900)
County Attorneys	28,153,200	27,027,100	(1,126,100)
Treasury	1,927,600	1,854,000	(73,600)
Agriculture	20,415,045	19,641,145	(773,900)
Auditor of Public Accounts	5,369,800	5,164,700	(205,100)
Kentucky River Authority	304,700	293,100	(11,600)
School Facilities Construction Commission	109,623,000	105,023,000	(4,600,000)
Teachers' Retirement System	177,360,200	177,360,200	0
ANOC - Judgements	391,978	391,978	0
ANOC - Misc Appropriations	14,567,500	14,316,800	(250,700)
Total-General Government	601,354,023	590,210,323	(11,143,700)
Tourism, Arts, and Heritage Cabinet			
Office of the Secretary	4,231,000	4,069,200	(161,800)
Artisans Center	358,200	344,500	(13,700)
Travel	3,976,400	3,824,500	(151,900)
Parks	29,984,600	29,984,600	0
Kentucky Horse Park Commission	1,448,200	1,392,900	(55,300)
Arts Council	3,719,500	3,577,400	(142,100)
Kentucky Historical Society	7,154,200	6,880,900	(273,300)
Ky Center for the Arts	1,112,700	1,070,200	(42,500)
Kentucky Heritage Council	908,100	873,400	(34,700)
Total-Tourism, Arts, and Heritage Cabinet	52,892,900	52,017,600	(875,300)

<u>Appropriation Unit</u>	<u>FY 2008-2009 General Fund Current Appropriations</u>	<u>FY 2008-2009 General Fund Revised Appropriations</u>	<u>FY 2008-2009 General Fund Appropriation Reductions</u>
Economic Development Cabinet			
Secretary	15,661,800	15,161,600	(500,200)
New Business Development	1,684,900	1,684,900	0
Financial Incentives	31,164,941	31,164,941	0
Existing Business Development	3,343,900	2,853,900	(490,000)
Total-Economic Development Cabinet	51,855,541	50,865,341	(990,200)
Department of Education			
SEEK	2,958,306,400	2,958,306,400	0
Executive Policy and Management	702,600	675,000	(27,600)
Operations and Support Services	46,275,400	45,938,100	(337,300)
Learning and Results Services	843,388,758	836,680,658	(6,708,100)
Total-Department of Education	3,848,673,158	3,841,600,158	(7,073,000)
Education & Workforce Development Cabinet			
General Administration and Program Support	3,249,200	3,125,100	(124,100)
Deaf and Hard of Hearing	929,000	893,500	(35,500)
Kentucky Educational Television	13,242,800	12,736,900	(505,900)
Libraries and Archives-General Operations	6,754,900	6,497,000	(257,900)
Libraries and Archives-Direct Local Aid	6,175,400	6,011,600	(163,800)
Office for the Blind	1,328,100	1,275,000	(53,100)
Career and Technical Education	26,628,300	26,095,700	(532,600)
Vocational Rehabilitation	12,794,700	12,282,900	(511,800)
Education Professional Standards Board	8,973,000	8,630,200	(342,800)
Total-Education & Workforce Development Cabinet	80,075,400	77,547,900	(2,527,500)
Energy and Environment Cabinet			
Environmental Quality Commission			
Public Service Commission	13,630,933	13,248,933	(382,000)
Ky Nature Preserves Commission	1,181,100	1,136,000	(45,100)
Office of the Secretary	3,923,100	3,766,200	(156,900)
Energy Development and Independence	2,455,500	2,362,500	(93,000)
Natural Resources	36,050,400	34,702,200	(1,348,200)
Environmental Protection	22,283,600	21,392,300	(891,300)
Total-Energy and Environment Cabinet	79,524,633	76,608,133	(2,916,500)
Finance and Administration Cabinet			
General Administration	8,346,100	8,346,100	0
Controller	8,050,100	7,425,800	(624,300)
Debt Service	412,196,000	354,027,500	(58,168,500)
Facilities and Support Services	6,193,400	5,956,800	(236,600)
County Costs	16,581,500	16,581,500	0
Revenue	70,507,100	67,686,800	(2,820,300)
Property Valuation Administrators	35,345,100	33,931,300	(1,413,800)
Total-Finance and Administration Cabinet	557,219,300	493,955,800	(63,263,500)

<u>Appropriation Unit</u>	<u>FY 2008-2009 General Fund Current Appropriations</u>	<u>FY 2008-2009 General Fund Revised Appropriations</u>	<u>FY 2008-2009 General Fund Appropriation Reductions</u>
Health and Family Services Cabinet			
General Admin and Program Support	33,928,700	33,928,700	0
Children with Special Health Care Needs	5,719,000	5,425,500	(293,500)
Medicaid Administration	36,779,400	36,779,400	0
Medicaid Benefits	1,121,211,700	1,121,211,700	0
Income Support	3,345,900	3,192,200	(153,700)
Mental Health, Developmental Disabilities & Addiction Svcs	265,892,400	265,892,400	0
Public Health	71,767,196	68,197,696	(3,569,500)
Health Policy	553,000	531,900	(21,100)
Family Resource Centers & Volunteer Services	426,900	426,900	0
Aging and Independent Living Services	36,378,300	34,631,500	(1,746,800)
Community Based Services	348,134,400	335,280,000	(12,854,400)
Total-Health and Family Services Cabinet	1,924,136,896	1,905,497,896	(18,639,000)
Labor Cabinet			
Workplace Standards	2,121,100	2,052,100	(69,000)
General Administration and Program Support	3,365,200	3,244,100	(121,100)
Total-Labor Cabinet	5,486,300	5,296,200	(190,100)
Justice and Public Safety Cabinet			
Justice Administration	11,746,800	11,278,100	(468,700)
Juvenile Justice	85,248,600	83,581,100	(1,667,500)
State Police	68,591,800	67,269,700	(1,322,100)
Corrections Management	7,584,300	7,325,500	(258,800)
Adult Correctional Institutions	254,975,300	254,975,300	0
Community Services and Local Facilities	146,076,800	146,076,800	0
Local Jail Support	16,150,706	15,541,806	(608,900)
Public Advocacy	31,741,100	30,471,500	(1,269,600)
Total-Justice and Public Safety Cabinet	622,115,406	616,519,806	(5,595,600)
Personnel Cabinet			
State Salary and Compensation Fund	13,994,300	12,910,600	(1,083,700)
State Group Health Insurance Fund	2,080,700	2,001,200	(79,500)
Total-Personnel Cabinet	16,075,000	14,911,800	(1,163,200)
Postsecondary Education			
Council on Postsecondary Education	53,952,140	51,849,040	(2,103,100)
Eastern Kentucky University	77,245,100	75,740,400	(1,504,700)
Kentucky State University	26,927,100	26,406,800	(520,300)
Morehead State University	46,682,100	45,771,300	(910,800)
Murray State University	52,943,200	51,884,300	(1,058,900)
Northern Kentucky University	54,922,000	53,875,700	(1,046,300)
University of Kentucky	321,252,600	314,920,500	(6,332,100)
University of Louisville	185,423,000	182,269,500	(3,153,500)
Western Kentucky University	82,296,300	80,683,800	(1,612,500)
Ky Community & Technical College System	219,317,600	214,931,200	(4,386,400)
Kentucky Higher Education Assistance Authority	184,698,629	184,698,629	0
Total-Postsecondary Education	1,305,659,769	1,283,031,169	(22,628,600)

<u>Appropriation Unit</u>	<u>FY 2008-2009 General Fund Current Appropriations</u>	<u>FY 2008-2009 General Fund Revised Appropriations</u>	<u>FY 2008-2009 General Fund Appropriation Reductions</u>
Public Protection Cabinet			
Office of the Secretary	378,600	363,500	(15,100)
Alcoholic Beverage Control	965,000	928,100	(36,900)
Housing, Buildings and Construction	2,321,000	2,228,200	(92,800)
Bd of Claims/Crime Victims' Compensation	740,000	711,700	(28,300)
Board of Tax Appeals	439,800	423,000	(16,800)
Horse Racing Commission	443,700	426,800	(16,900)
Total-Public Protection Cabinet	<u>5,288,100</u>	<u>5,081,300</u>	<u>(206,800)</u>
Transportation Cabinet			
Public Transportation	5,309,754	5,106,654	(203,100)
Total-Transportation Cabinet	<u>5,309,754</u>	<u>5,106,654</u>	<u>(203,100)</u>
Statewide			
Budget Reserve Trust Fund	226,125,158	7,125,158	(219,000,000)
Total-Statewide	<u>226,125,158</u>	<u>7,125,158</u>	<u>(219,000,000)</u>
GRAND TOTAL-EXECUTIVE BRANCH	<u>9,381,791,338</u>	<u>9,025,375,238</u>	<u>(356,416,100)</u>
Legislative Branch	52,712,900		
Judicial Branch	265,835,800		
GRAND TOTAL	<u>9,700,340,038</u>		

NOW, THEREFORE, in addition to the actions heretofore enumerated there are other transfer actions that must be taken by the State Budget Director with the approval of the Governor of the Commonwealth for fiscal year 2008-2009, to wit:

Transfers to the General Fund

<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2008-2009</u>
Finance and Administration Cabinet		
Facilities and Support Services		
Acquire Land/Demolish Structures Statewide Account	C21R-785	571,300

FY 2008-2009 General Fund Budget Shortfall

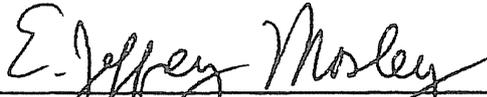
Budget Shortfall:	<u>Amount</u>
Revenue Shortfall	457,347,000
Severance Tax Dedicated Revenues	<u>36,695,100</u>
Total Budget Shortfall	<u>494,042,100</u>

The Solution:

Use of the Budget Reserve Trust Fund	219,000,000
General Fund Appropriation Reductions-Executive Branch	137,416,100
Judicial Branch General Fund Transfer	7,622,400
Legislative Branch General Fund Transfer	2,108,500
Expected General Fund Lapse	14,879,800
Tobacco Settlement - Phase I Automatic Reductions	1,200,000
Restricted Fund Transfers - House Bill 143 (2009 Session)	59,000,000
Restricted Fund Transfers - Budget Reduction Order	571,300
General Fund Revenue Increase - House Bill 144 (2009 Session)	52,244,000
Total Solutions	<u>494,042,100</u>

General Fund Budget Reduction Order 09-01

APPROVED AS TO FORM AND LEGALITY:



E. Jeffrey Mosley, General Counsel
Finance and Administration Cabinet

DONE AT FRANKFORT, KENTUCKY THIS 20th DAY OF MARCH, 2009

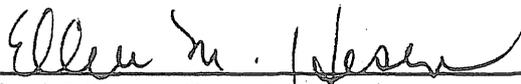


Mary E. Lassiter, State Budget Director
Office of State Budget Director



Jonathan Miller, Secretary
Finance and Administration Cabinet

EXAMINED:



Ellen M. Heslen, General Counsel
Office of the Governor

APPROVED:



Steven L. Beshear
Governor