

RECEIVED AND FILED
DATE July 20, 2009

General Fund Budget Reduction Order 09-02

COMMONWEALTH OF KENTUCKY
OFFICE OF STATE BUDGET DIRECTOR

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENT
BY R. Allen

**AN ORDER DIRECTING THE REDUCTION OF CERTAIN APPROPRIATIONS
TO APPROPRIATION UNITS OF THE GOVERNMENT OF THE
COMMONWEALTH 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 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 revenue 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 2009 Regular Session of the General Assembly enacted House Bill 144 that was estimated to result in additional General Fund revenues in the amount of \$52,244,000 resulting in a revised revenue estimate of \$8,600,634,000 in fiscal year 2008-2009; and

WHEREAS, General Fund Budget Reduction Order 09-01, as issued on March 20, 2009, and House Bill 143 as enacted by the 2009 Regular Session of the General Assembly, were predicated upon an estimated revenue shortfall of \$457,347,000, at which time fiscal year 2008-2009 revenue and expenditure data were not yet final and that as of July 17, 2009 that information has now been updated by the final revenue collections and spending actions so that the Commonwealth may effectively close its accounting books for fiscal year 2008-2009; and

WHEREAS, final fiscal year 2008-2009 General Fund revenues are \$8,552,851,513, which is \$47,782,487 less than the revised estimate; and

WHEREAS, total payments received in fiscal year 2008-2009 from the Tobacco Master Settlement Agreement – Phase I were \$ 126,499,919, which was \$8,009,919 greater than the November 26, 2008 revised estimate, and were by law deposited into the General Fund and transferred according to statute into the three Tobacco Settlement Trust Funds thereby effectively increasing the General Fund revenue shortfall to \$55,792,406; and

WHEREAS, the actual General Fund revenues resulted in an additional \$3,702,286 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, the combined effect of fund transfers into the General Fund less than budgeted, appropriations for Necessary Governmental Expenses more than estimated, and unanticipated General Fund appropriation lapses amount to \$3,737,441; and

WHEREAS, the total General Fund budget shortfall is \$63,232,133; and

WHEREAS, the fiscal year 2008-2009 General Fund Budget Reduction Plan as enacted in Part VI, section A., subsection 8 of House Bill 143, by the 2009 Regular Session of the General Assembly, after the application of subsections 1 through 7 of Part VI, section A., directs the reduction of General Fund appropriations in Executive Branch Agencies' operating budget units which accrue as a result of reduced requirements for grant expenditures; and

WHEREFORE, it is necessary to effect a reduction in General Fund appropriations to the appropriation units of the Commonwealth, 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; 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>
Health and Family Services Cabinet Medicaid Benefits	1,120,961,700	1,057,729,567	(63,232,133)

FY 2008-2009 General Fund Budget Shortfall

Budget Shortfall:	<u>Amount</u>
Revenue Shortfall	55,792,406
Additional Severance Tax Dedicated Revenues	3,702,286
Additional Necessary Governmental Expenses, Fund Transfers less than Budgeted, and General Fund Expenditure Lapses	3,737,441
Total Budget Shortfall	63,232,133

The Solution:

General Fund Appropriation Reduction	63,232,133
--------------------------------------	-------------------

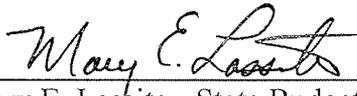
General Fund Budget Reduction Order 09-02

APPROVED AS TO FORM AND LEGALITY:

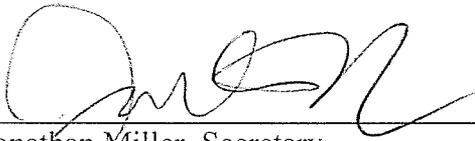


E. Jeffrey Mosley, General Counsel
Finance and Administration Cabinet

DONE AT FRANKFORT, KENTUCKY THIS 17th DAY OF JULY, 2009

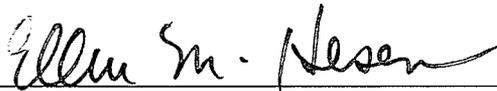


Mary E. Lassiter, State Budget Director
Office of State Budget Director



Jonathan Miller, Secretary
Finance and Administration Cabinet

EXAMINED:



Ellen M. Heslen, General Counsel
Office of the Governor

APPROVED:



Steven L. Beshear
Governor