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General Fund Budget Reduction Order 14-01

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
OFFICE OF STATE BUDGET DIRECTOR *R. Adler*

**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 appropriated for the operation, maintenance, support, and functioning of the Government of the Commonwealth of Kentucky for fiscal year 2013-2014, by the 2012 and 2014 Regular Sessions of the General Assembly, based on a General Fund revenue estimate of \$9,552,894,500 as specified in 2012 Kentucky Acts Chapter 144, Part VI, as modified by related Acts and actions of the General Assembly in a regular session; and

WHEREAS, the actual General Fund revenues for fiscal year 2013-2014 are \$9,462,035,017; and

WHEREAS, the actual General Fund revenues result in a \$90,859,483 revenue shortfall; and

WHEREAS, the Local Government Economic Development and the Local Government Economic Assistance Funds have been adjusted to equal actual receipts; and

WHEREAS, \$14,929,269 in General Fund appropriations are expected to lapse to the General Fund in excess of the amount budgeted to lapse; and

WHEREAS, \$80,499,900 was budgeted as an ending balance to carry forward for budgeted purposes into fiscal year 2014-2015; and

WHEREAS, the General Fund Budget Reduction Plan as set forth in Part VI of House Bill 265, as enacted by the 2012 Regular Session of the General Assembly, provides in section 2 that transfers of excess unappropriated Restricted Funds shall be applied to the revenue shortfall; and

WHEREAS, after the application of sections 1 through 5 of Part VI of House Bill 265, Part VI further directs the reduction of General Fund appropriations in Executive Branch Agencies' operating budget units; and

WHEREAS, in accordance with section 9 of Part VI of House Bill 265, the Budget Reserve Trust Fund in an amount up to \$21,200,270 shall be applied to the revenue shortfall; and

WHEREFORE, it is necessary to effect a reduction in General Fund appropriations to the appropriation units of the Commonwealth 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 2012 Kentucky Acts Chapter 144, Part VI, 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 2013-2014 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 2013-2014 General Fund Current Appropriations</u>	<u>FY 2013-2014 General Fund Revised Appropriations</u>	<u>FY 2013-2014 General Fund Appropriation Reductions</u>
<u>General Government</u>			
Office of the Governor	5,327,800	5,327,800	
Office of State Budget Director	3,031,100	3,017,900	(13,200)
State Planning Fund	158,700	158,700	
Homeland Security	208,100	208,100	
Veterans' Affairs	14,123,600	14,123,600	
Kentucky Infrastructure Authority	1,551,700	1,551,700	
Military Affairs	21,213,300	20,863,300	(350,000)
Commission on Human Rights	1,655,300	1,655,300	
Commission on Women	213,400	213,400	
Department for Local Government	8,012,000	7,756,077	(255,923)
Local Government Economic Assistance Fund	51,849,726	51,849,726	
Local Government Economic Development Fund	29,432,931	29,432,931	
Area Development Fund	498,500	498,500	
Executive Branch Ethics Commission	448,300	448,300	
Secretary of State	1,688,700	1,588,700	(100,000)
Board of Elections	2,552,350	2,552,350	
Registry of Election Finance	1,172,800	1,172,800	
Attorney General	10,516,300	10,316,300	(200,000)
Commonwealth Attorneys	39,764,700	39,764,700	
County Attorneys	34,453,000	34,453,000	
Treasury	1,773,200	1,773,200	
Agriculture	16,404,716	16,404,716	
Auditor of Public Accounts	4,492,400	4,492,400	
Kentucky River Authority	247,200	247,200	
School Facilities Construction Commission	106,597,700	106,597,700	
Teachers' Retirement System	299,692,100	299,692,100	
Appropriations Not Otherwise Classified	15,881,500	15,881,500	
Judgments	3,635,000	3,635,000	
Total-General Government	676,596,123	675,677,000	(919,123)
Economic Development Cabinet			
Economic Development	19,238,885	19,038,885	(200,000)
Department of Education			
Support Education Excellence in Kentucky (SEEK)	2,888,419,500	2,888,419,500	
Operations and Support Services	47,184,540	47,184,540	
Learning and Results Services	929,438,993	929,175,656	(263,337)
Total-Department of Education	3,865,043,033	3,864,779,696	(263,337)
Education and Workforce Development Cabinet			
General Administration and Program Support	4,894,900	4,834,900	(60,000)
Deaf and Hard of Hearing	778,500	778,500	
Kentucky Educational Television	12,086,400	12,086,400	
Libraries and Archives-General Operations	5,325,900	5,325,900	
Libraries and Archives-Direct Local Aid	5,803,800	5,803,800	
Office for the Blind	1,235,200	1,235,200	
Vocational Rehabilitation	11,132,500	11,132,500	
Education Professional Standards Board	7,178,500	6,880,800	(297,700)
Total-Education & Workforce Development Cabinet	48,435,700	48,078,000	(357,700)

<u>Appropriation Unit</u>	<u>FY 2013-2014 General Fund Current Appropriations</u>	<u>FY 2013-2014 General Fund Revised Appropriations</u>	<u>FY 2013-2014 General Fund Appropriation Reductions</u>
Energy and Environment Cabinet			
Secretary	3,325,300	3,325,300	
Environmental Protection	21,982,000	21,982,000	
Natural Resources	40,579,572	40,579,572	
Energy Development and Independence	1,351,400	1,351,400	
Kentucky Nature Preserves Commission	1,004,900	1,004,900	
Public Service Commission	15,703,013	15,203,013	(500,000)
Total-Energy and Environment Cabinet	83,946,185	83,446,185	(500,000)
Finance and Administration Cabinet			
General Administration	6,809,900	6,809,900	
Controller	6,155,200	6,050,200	(105,000)
Debt Service	434,883,200	434,883,200	
Facilities and Support Services	6,237,700	6,237,700	
County Costs	21,414,100	21,414,100	
Revenue	83,675,400	83,675,400	
Property Valuation Administrators	37,535,900	37,535,900	
Total-Finance and Administration Cabinet	596,711,400	596,606,400	(105,000)
Health and Family Services Cabinet			
General Administration and Program Support	32,016,000	32,016,000	
Commission for Children with Special Health Care Needs	4,776,800	4,776,800	
Medicaid Administration	33,856,400	33,856,400	
Medicaid Benefits	1,477,525,000	1,477,525,000	
Behavioral Health, Development & Intellectual Disabilities	197,249,000	197,249,000	
Public Health	56,936,200	56,936,200	
Health Policy	441,400	441,400	
Family Resource Centers and Volunteer Services	440,900	440,900	
Income Support	8,644,100	8,644,100	
Community Based Services	330,846,700	330,846,700	
Aging and Independent Living	43,775,900	43,775,900	
Total-Health and Family Services Cabinet	2,186,508,400	2,186,508,400	0
Justice and Public Safety Cabinet			
Justice Administration	10,292,500	10,292,500	
Juvenile Justice	81,204,500	81,204,500	
State Police	74,602,000	74,602,000	
Corrections Management	9,577,200	9,577,200	
Adult Correctional Institutions	258,521,600	258,521,600	
Community Services and Local Facilities	181,006,000	181,006,000	
Local Jail Support	19,037,000	19,037,000	
Public Advocacy	45,228,300	45,228,300	
Total-Justice and Public Safety Cabinet	679,469,100	679,469,100	0
Labor Cabinet			
General Administration and Program Support	3,004,000	3,004,000	
Workplace Standards	1,757,100	1,667,100	(90,000)
Total-Labor Cabinet	4,761,100	4,671,100	(90,000)

<u>Appropriation Unit</u>	<u>FY 2013-2014 General Fund Current Appropriations</u>	<u>FY 2013-2014 General Fund Revised Appropriations</u>	<u>FY 2013-2014 General Fund Appropriation Reductions</u>
Personnel Cabinet			
State Group Health Insurance Fund	1,057,800	1,052,770	(5,030)
Postsecondary Education			
Council on Postsecondary Education	45,595,995	45,212,363	(383,632)
Eastern Kentucky University	200,542,557	200,542,557	
Kentucky State University	67,673,700.00	67,673,700	
Morehead State University	23,537,400.00	23,537,400	
Murray State University	41,560,200.00	41,560,200	
Northern Kentucky University	48,005,800.00	48,005,800	
University of Kentucky	46,835,100.00	46,835,100	
University of Louisville	283,869,300.00	283,869,300	
Western Kentucky University	166,212,300.00	166,212,300	
Ky Community & Technical College System	72,425,200.00	72,425,200	
Kentucky Higher Education Assistance Authority	191,455,700.00	191,455,700	
Total-Postsecondary Education	1,187,713,252	1,187,329,620	(383,632)
Public Protection Cabinet			
Secretary	267,400	267,400	
Alcoholic Beverage Control	698,300	698,300	
Board of Claims/Crime Victims' Compensation Board	611,800	611,800	
Horse Racing Commission	2,660,000	2,660,000	
Housing, Buildings and Construction	2,179,800	2,112,300	(67,500)
Tax Appeals	422,300	422,300	
Total-Public Protection Cabinet	6,839,600	6,772,100	(67,500)
Tourism, Arts, and Heritage Cabinet			
Secretary	2,592,100	2,577,100	(15,000)
Artisans Center	355,200	355,200	
Travel	3,068,400	3,068,400	
Parks	37,229,300	37,229,300	
State Fair Board	10,765,900	10,765,900	
Historical Society	5,711,400	5,711,400	
Arts Council	2,803,100	2,803,100	
Horse Park Commission	2,395,300	2,395,300	
Heritage Council	731,600	731,600	
Kentucky Center for the Arts	802,400	802,400	
Total-Tourism, Arts, and Heritage Cabinet	66,454,700	66,439,700	(15,000)
Transportation Cabinet			
General Administration and Support	500,000	448,900	(51,100)
Public Transportation	5,477,619	5,476,319	(1,300)
Total-Transportation Cabinet	5,977,619	5,925,219	(52,400)
Statewide			
Budget Reserve Trust Fund	98,294,206	77,093,936	(21,200,270)
GRAND TOTAL-EXECUTIVE BRANCH	9,527,047,103	9,502,888,111	(24,158,992)

Transfers to the General Fund

<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2013-2014</u>
General Government		
Kentucky Infrastructure Authority-Gas Pipeline Loan Repayment Fund	1327-082	25,629.55
Military Affairs-Central Clothing Distribution Facility Fund	1360-095	1,000,000.00
Attorney General-Medicaid Global Settlement Fund	13JA-040	300,000.00
Agriculture-Animal Control Administrative Fund	6304-035	89,871.87
Medical Licensure Board	131C-245	250,000.00
Board of Nursing	131D-250	1,000,000.00
Board of Pharmacy	131M-270	250,000.00
		<u>2,915,501.42</u>
Economic Development Cabinet		
Economic Develop Bond Repayment Fund	14EK-635	16,250.00
Economic Develop Bond Repayment Fund	14ER-635	47,019.28
		<u>63,269.28</u>
Energy and Environment Cabinet		
Environmental Protection:		
Petroleum Underground Storage Tank Fund	2406-129	2,070,000.00
Waste Tire Fund	13A9-129	300,000.00
Waste Management Fund	13A0-129	350,000.00
Environmental Trust Fund	13AE-129	4,487.39
Natural Resources-Ky Pride Trust Fund	635G-126	1,000,000.00
Energy Development and Independence-Energy Research Grant Fund	1358-127	65,000.00
Public Service Commission Fund	13BV-123	130,000.00
		<u>3,919,487.39</u>
Finance and Administration Cabinet		
General Administration:		
Fleet Management Fund	3100-750	1,350,000.00
Finance Agency Receipts Fund	132Q-750	50,000.00
Controller-Office of Financial Management Fund	132P-758	1,200,000.00
Expired Debt Service Reserve Fund	036P-627	621,249.53
Facilities and Support Services-Property Management Fund	3700-785	2,000,000.00
Revenue-Processing and Enforcement Fund	134L-130	1,207,200.00
Revenue-Field Operations Fund	134M-130	300,400.00
		<u>6,728,849.53</u>
Health and Family Services Cabinet		
General Administration and Program Support-Malt Beverage Educational Fund	14CG-721	109,445.13
Health Benefit Exchange-Kentucky Access Fund	635P-713	8,557,300.00
Behavioral Health Development and Intellectual Disabilities-Residential Institutions	138Q-729	15,000,000.00
		<u>23,666,745.13</u>
Justice and Public Safety Cabinet		
Juvenile Justice-Program Operations Fund	13DE-523	250,000.00
Labor Cabinet		
General Administration and Program Support:		
Shared Services Fund	139G-115	50,000.00
Office of Inspector General Fines Fund	13GY-116	43,503.86
		<u>93,503.86</u>

Transfers to the General Fund

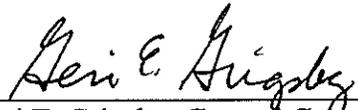
<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2013-2014</u>
Personnel Cabinet		
Workers' Compensation Benefits and Reserve	3803-790	600,000.00
Postsecondary Education		
Council on Postsecondary Education:		
Trust Fund Interest Income	634Q-415	90,350.52
Trust Fund Interest Income	6345-415	13,580.19
Trust Fund Interest Income	633W-415	13,986.30
Kentucky Community and Technical College System		
Kentucky Firefighters Foundation Program Fund	1341-470	2,000,000.00
Fire Commission Loan Fund	14B0-470	1,000,000.00
		<u>3,117,917.01</u>
Public Protection Cabinet		
Secretary-Legal Services Fund	13C2-675	100,000.00
Alcoholic Beverage Control-Administration, Enforcement and Licensing Fund	13BJ-680	400,000.00
Financial Institutions-Securities Fund	13C1-685	1,350,000.00
Horse Racing Commission-Administration Fund	13B5-374	400,000.00
Housing, Buildings and Construction		
Electrical Fund	13LW-690	500,000.00
Reduced Cigarette Ignition Propensity Fund	13H1-690	300,000.00
Hazardous Materials Inspection Fund	13FN-690	250,000.00
Sprinkler/Alarm Inspection Fund	13FT-690	52,000.00
Fire Prevention and Public Safety Fund	13H0-690	25.00
Insurance-Agent Licensing Fund	13BQ-676	2,500,000.00
		<u>5,852,025.00</u>
Transportation Cabinet		
Aviation-Aviation Development Fund	137D-615	940,000.00
Vehicle Regulation:		
Reflectorized License Plate Fund	137X-630	1,800,000.00
Motor Vehicle Commission Fund	137Z-630	36,323.79
		<u>2,776,323.79</u>
GRAND TOTAL - EXECUTIVE BRANCH		<u>49,983,622.41</u>

**FY 2013-2014 General Fund Revenue Shortfall
Summary**

	<u>Amount</u>
Revenue Shortfall	90,859,483
Solutions:	
Restricted Fund Transfers - Executive Branch	49,983,622
General Fund Lapses/Fund Transfers in Excess of Budgeted	14,929,269
General Fund Appropriation Reductions-Executive Branch	2,958,722
General Fund Appropriation Reductions-Judicial Branch	1,500,000
General Fund Appropriation Reductions-Legislative Branch	287,600
Use of the Budget Reserve Trust Fund	<u>21,200,270</u>
Total Solutions	90,859,483

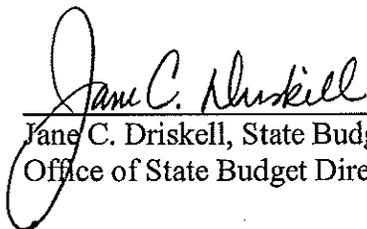
General Fund Budget Reduction Order 14-01

APPROVED AS TO FORM AND LEGALITY:

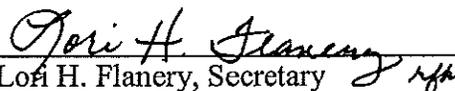


Geri E. Grigsby, General Counsel
Finance and Administration Cabinet

DONE AT FRANKFORT, KENTUCKY THIS 16th DAY OF JULY, 2014

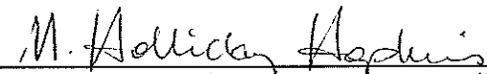


Jane C. Driskell, State Budget Director
Office of State Budget Director



Lori H. Flanery, Secretary
Finance and Administration Cabinet

EXAMINED:



M. Holliday Hopkins, General Counsel
Office of the Governor

APPROVED:



Steven L. Beshear
Governor