

TEAM  
KENTUCKY®

*New*  
Kentucky  
Home



## 2026-2028 EXECUTIVE BUDGET

**Andy Beshear**  
GOVERNOR

**John Hicks**  
STATE BUDGET DIRECTOR

Budget in Brief

## PREFACE

The Executive Branch budget for the 2026-2028 biennium is the financial plan for Kentucky State Government as proposed by the Governor for consideration by the 2026 General Assembly. It is published by the Office of State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

<b>Budget in Brief:</b>	Executive Summary
	Budget Overview and Summary Data
	Revenue Estimates
	Capital Financing

The Cost of printing was paid for from state funds pursuant to KRS 57.375.

## Table of Contents

	<u>PAGE</u>
<b>BUDGET IN BRIEF – BUDGET SUMMARY DATA</b>	
Executive Summary .....	1
General Fund Summary .....	15
Road Fund Summary .....	16
Revenue Estimates - General Fund.....	17
Revenue Estimates - Road Fund.....	20
General Fund Revenue Receipts Bar Chart .....	22
General Fund Expenditures Bar Chart.....	23
Distribution of General Fund Appropriations Pie Chart.....	24
Distribution of All Funds Appropriations Pie Chart.....	25
Capital Projects Summary.....	26
Capital Financing Analysis .....	27
Acknowledgements .....	53

# **Kentucky's 2026-2028 Executive Budget**

## **EXECUTIVE SUMMARY**

### **BUILDING A BETTER FUTURE TOGETHER**

Kentucky has continued its momentum in improving the lives of its citizens. The Commonwealth has seen record new private sector investment in the last six years – over \$45 billion and a record 68,000 new jobs. Governor Beshear's administration has had the top three largest years on record. Last year was the second-best year.

As a result of the improved fiscal conditions that Kentucky's economic progress has brought to state government, Governor Beshear has presided over the largest tax cut since the inception of the current income tax structure in 1936. The three consecutive fiscal years of record-setting budget surpluses from fiscal years 2021-2023 enabled the last two biennial budgets to provide needed investments into education, economic development, health care, public safety, and improving the financial condition of public pensions for educators and state employees. The three main bond rating agencies have all upgraded Kentucky's bond ratings. The Commonwealth's rainy day fund grew to an historic high, over \$5 billion. The 2024-2026 budget employed over \$3 billion of that into various projects, infrastructure, programs, and assistance, along with over \$1 billion in additional deposits through appropriations and the last two years' surpluses. Its current unobligated balance is over \$3.7 billion, or 24 percent of current year revenues.

The impact of reducing the individual income tax from 5 percent in 2022 to 3.5 percent in 2026 has moderated the growth in General Fund revenues for the 2026-28 budget. The General Fund revenue estimate for fiscal year 2027 is almost one percent less than the originally enacted estimate for fiscal year 2026. The second fiscal year, 2028, assumes 2.2 percent growth.

With the modest revenue picture and hundreds of millions of dollars in expected pension obligations, increasing costs of health care, the need to invest in education, maintain public safety, and grow good jobs, the 2026-28 budget will be challenging. Moreover, Kentucky has to contend with federal actions that have pushed costs onto all states and have made it harder on families to afford health care or remain eligible for Medicaid.

Too few resources have been targeted to Kentucky's preschool through high school education system during recent times of good fiscal health. This budget infuses badly needed resources into education, increasing funding for the SEEK formula, funding pay raises for all school employees, beginning the path toward Pre-K for All, and fully funding teacher pensions.

It directs funding to continue access to health care for the low-income and disabled. It continues economic development initiatives to improve preparation for additional mega-investments and the growth in the economy. It fully funds our pension systems.

## HELPING KENTUCKIANS WITH RISING COSTS

There are rising cost pressures and other financial risks facing Kentucky families. Governor Beshear seeks to address these affordability issues with investments from the Budget Reserve Trust Fund of \$500 million.

**Affordable Housing Trust Fund** – Governor Beshear’s budget includes a game-changing **\$150 million dollar** investment in Kentucky’s Affordable Housing Trust Fund. Combined with private dollars, that would create a **billion dollars** of new housing. The Affordable Housing Trust Fund is a longstanding program run by the Kentucky Housing Corporation. It addresses the critical housing needs of low-income Kentuckians. The fund leverages private and other funding to increase the supply and availability of affordable housing.

**Rural Hospital Assistance Fund** – one of the troubling changes to the Medicaid program from Congress’ H.R. 1 is a significant reduction to what are called “state directed payments” to Kentucky hospitals phased over a number of years. One national study has determined that up to 35 rural Kentucky hospitals are at-risk of closing due to these reductions in these payments. Governor Beshear is proposing a new **\$125 million** fund to assist rural and certain urban hospitals bridge this financial risk and hopefully, lessen it, so that they may remain open.

**Supplementing the ACA Federal Premium Tax Credit** – thousands of Kentuckians have lost federal assistance in purchasing health insurance for their families with the expiration of some of the Affordable Care Act premium tax credits, making their insurance much more expensive. The Governor is recommending a **\$100 million** fund to assist Kentuckians purchasing insurance through kynect by supplementing the remaining tax credits, helping them with the increases in insurance premium costs.

**Utility Assistance Fund** – as Kentuckians’ utility bills continue to rise, the Governor is proposing a **\$75 million** fund to provide relief. Team Kentucky will partner with Kentucky’s Community Action Network to distribute these funds statewide. The program will be similar to the “Healthy at Home Utility Relief Fund” that was part of a COVID-19 assistance program, providing assistance to households with income up to 200 percent of the Federal Poverty Level.

**Food Assistance-Feeding Kentucky** – rising food costs are putting pressure on family budgets. To assist those most in need, the Governor’s budget includes **\$50 million** to go to Feeding Kentucky, a consortium of seven food banks that work collectively to create a hunger-free Kentucky.

Governor Beshear believes that this next two-year budget period is Kentucky’s chance to put politics aside and instead choose progress, cooperation and continued economic momentum. By making these critical investments we can continue to move forward, together, and turn the last six years of progress into decades of prosperity.

## **A FISCALLY RESPONSIBLE BUDGET**

Governor Beshear's 2026-2028 budget is fiscally responsible. The Governor's budget:

- Is based on sound economic assumptions agreed to by the nine-member Consensus Forecasting Group of outside economists and financial experts who under state statute determine the official revenue estimates
- Fully funds the Commonwealth's public pensions
- Carries through the next biennium the fiscal year 2026 recurring budget reductions
- Includes General Fund spending reductions compared to the current fiscal year totaling \$390 million in fiscal year 2027 and \$262 million in fiscal year 2028
- Stays significantly below the Commonwealth's debt service to revenue policy cap of 6% with a ratio of just 4.99%, one of the lowest debt ratios since the policy was adopted, even with the record level of debt enacted by the 2022 and 2024 General Assembly budget sessions
- Leverages other unbudgeted funds to prevent reductions to critical programs and services
- Makes investments and provides assistance to Kentucky families of a one-time nature from the Budget Reserve Trust Fund, the state's rainy day fund

## **EDUCATION FIRST**

### **PRESCHOOL THROUGH HIGH SCHOOL EDUCATION**

**"The single-most effective way we succeed with this next budget is by funding Pre-K for All", Governor Andy Beshear.**

The Governor's budget provides \$40.5 million in fiscal year 2028 to support the initial phase of Pre-K for All, preschool for four-year olds. This initiative provides a planning year in fiscal year 2027 for the school districts and the Department of Education to prepare. The funding will provide for 9,683 additional four-year olds to attend pre-K for school districts that express their readiness. The funding comes from the Commonwealth's sports wagering excise tax. The initiative assumes a multi-year phase-in to achieve Pre-K for All. The budget also includes \$10 million to establish a data system to support the Pre-K for All program.

### **School Employee Pay Increases-Educators to get a 6.9% Pay Increase over Two Years**

The Governor's budget calls for a **3 percent salary increase** in fiscal year 2027 for all full-time school personnel. An additional **\$158.8 million** is provided each year to ensure that every school district has sufficient funding for this pay increase. The allocations to school districts are within the SEEK budget, but they are not allocated through the SEEK formula funding – which guarantees enough money for every school district. This is the first identified pay increase in a state budget since fiscal year 2008. In addition to the 3 percent increase in 2027, another 3.75 percent that educators now pay into the Teachers' Retirement System's medical insurance trust fund from their paycheck as a part of the Shared Responsibility plan that began in 2010 will be retained by them. That results in a 6.9 percent increase in compensation in 2028. The system's actuary has now determined that the medical insurance trust fund's unfunded liability will be

fully funded after fiscal year 2027. The Governor's budget honors the promise made in 2010 and returns 3.75 percent of local school district educators' compensation back to them and their families, beginning July 1, 2027. To put this into action, the proposed budget bill suspends a 2025 enacted law that reversed the 2010 promise and instead retains these funds from educator paychecks and diverts them to the pension fund. In fiscal year 2025, certified local school district employees paid in \$153 million to the fund which will now be kept by them. The combination of the 3 percent pay increase in fiscal year 2027 and the retention of 3.75 percent in fiscal year 2028 results in a 6.9 percent pay increase over two years for school district educators.

The budget **fully funds the teachers' pension and retiree medical benefits** by providing an additional \$171.7 million in fiscal year 2027 and an additional \$212.2 million in fiscal year 2028 for the pension plan. The Commonwealth's "shared responsibility" portion of funding the medical benefits requires an additional \$16.4 million in fiscal year 2027 and \$28.2 million in fiscal year 2028.

### **SEEK Funding - an 11.6% increase**

The 11.6 percent increase includes funding to raise the base per pupil amount by 2.5 percent each fiscal year, a 3 percent pay increase for all full-time school district employees, the increase in teachers' retirement contributions, and the equalization of school district capital funding.

#### **Increases the Base Per Pupil by over 5.0% over Two Years**

Kentucky's formula funding program for elementary and secondary schools, the SEEK program, has a base per-pupil of \$4,586 in fiscal year 2026. The Governor's budget raises the base per pupil guarantee by 2.5 percent each year, or 5 percent over the biennium, to \$4,701 per student in fiscal year 2027 and \$4,818 per student in fiscal year 2028.

#### **Teachers' Retirement Funding in SEEK Budget**

The SEEK budget pays for all but the federal fund share of the teachers' retirement employer contributions for every eligible school district employee, an additional \$61.5 million in fiscal year 2027 and \$73.4 million in fiscal year 2028.

#### **Facilities Funding**

The equalization of school district local tax levies dedicated to capital improvements continues to be a growing part of the SEEK budget. An additional \$66.9 million in fiscal year 2027 and \$41.1 million in fiscal year 2028 is included.

### **Career and Technical Education Facilities**

The Governor recommends \$50 million pool of funding for the renovation and improvements of secondary career and technical education centers. This is in addition to the \$295 million provided over the last three biennial budgets. The improvements to these facilities have modernized these facilities, providing more up-to-date technical programs, and have generated greater interest from employers – improving the pipeline from school to career.

### **School Facilities Construction Commission – Additional Offers of Assistance**

The Governor’s budget includes authorization for the School Facilities Construction Commission to make an additional \$100 million in Offers of Assistance. It also includes the necessary debt service to finance the \$40 million in Offers of Assistance authorized in the 2024-2026 budget.

### **Middle School Acceleration**

The budget includes \$5 million in fiscal year 2027 and \$10 million in fiscal year 2028 for a middle school acceleration pilot program to improve student outcomes at several school sites. This program targets middle school students who need an accelerated learning recovery program.

## **PROTECTING HEALTH CARE**

The Governor’s budget **fully funds Medicaid** and invests in Kentuckians’ health care, even with the increasing costs. It provides **\$100 million dollars** to help lower the cost of coverage on **kynect**. It expands the number of **Michelle P. Waiver slots** for families of children with special needs. It includes **\$25 million dollars** in a nursing student loan forgiveness program. And creates a **\$125 million dollar rural hospital fund** to provide some assistance to prevent Kentucky’s rural hospitals from closing due to the upcoming changes that Congress made to the Medicaid program.

### **Fully Funding Medicaid**

The Governor’s budget fully funds the Medicaid program. To do so, an additional \$420 million from the General Fund is required for fiscal year 2028.

### **H.R. 1 Impact on the Medicaid Program**

The passage of H.R. 1 by Congress in July of 2025 will have an impact on the Kentuckians enrolled in the program and on the Medicaid budget. H.R. 1 included work/community engagement requirements for the Medicaid expansion members to remain eligible, with some exceptions, and changed the frequency of eligibility determination from one year to every six-months. These two changes are effective January 2027. The Medicaid eligibility forecast assumes that the work or community engagement change will reduce enrollment by 4,295 in fiscal year 2027 and by 9,660 in fiscal year 2028. The more frequent eligibility redetermination change is estimated to reduce enrollment by 18,879 in fiscal year 2028. When these two changes are combined, the estimated enrollment reduction is 28,539 in fiscal year 2028. H.R. 1 also impacts Medicaid program income from provider taxes. It imposes significant limits on state directed payments, mostly to Kentucky’s hospitals, with some starting in 2026. New limits were placed on provider taxes, used by states as a match for federal funds, by phasing the maximum tax rate down over five years from 6% to 3.5% by 2032, starting January 1, 2028, lowering them by 0.5% each year. The first year of impact to Kentucky is in 2029.

In addition, to be prepared to implement the changes from H.R. 1, funding to modify the Medicaid information technology systems and other administrative systems is included, an additional \$35.6 million in fiscal year 2027 and \$11 million in fiscal year 2028. The General Fund portion is \$8.1 million and \$1.5 million, respectively. These funds will be used to cover increased costs for the more frequent six-month eligibility redetermination and to implement the new community engagement and work requirements.



### **Medicaid Waivers – Michelle P., Supports for Community Living and Home and Community Based Services Slot Increases**

The Governor’s budget recommendation includes funding for 500 additional slots in the Michelle P. waiver program, 250 additional slots in the Supports for Community Living program, and 500 additional slots in the Home and Community Based Services program. These are health care services provided to populations who have mental or intellectual disabilities. Funding for these increases totals \$76.3 million each year, with \$21.7 million from the General Fund.

### **Certified Community Behavioral Health Clinics**

The budget includes an additional \$1.4 million in fiscal year 2028 to replace expiring federal funds to maintain the support of four currently operating pilot Certified Community Behavioral Health Clinics. The funds are needed due to an expiring enhanced federal match rate at the end of calendar year 2027.

### **Central Public Health Laboratory Expansion**

The Governor’s capital budget includes \$276.3 million for the Central Lab Expansion capital project. The Central lab is over 30 years old and has serious structural and safety issues. The expansion of the lab will allow the Department of Public Health to carry out federal and state mandated programs without interruption.

### **Preserving the Operations of Psychiatric Hospitals and Facilities for Individuals with Disabilities**

The budget includes an additional \$20 million each year to meet the needs of increased census numbers and higher costs of operating residential facilities for individuals who are court ordered for involuntary treatment due to severe mental illness or intellectual disability and who pose a risk to themselves, family, or others.

### **Local Health Departments-Public Health Transformation**

The budget includes an additional \$4.0 million each year to retain the funding provided in the 2024-26 budget for the local health department Public Health Transformation program. The total amount is \$25.0 million. The 2024-26 budget included this funding from one-time money out of the Budget Reserve Trust Fund. This budget replaces the one-time money with recurring funds.

## **CREATING AND ATTRACTING JOBS**

### **Build-Ready Economic Development Sites**

Governor Beshear’s budget contains \$70 million dollars for site development to create build-ready, job-ready sites. This is the Kentucky Product Development Initiative (KPDI). This new program has supported 131 community sites with \$5.7 billion invested on KPDI sites, with 7,394 jobs announced as a result of the program. The additional funding will support local governments and regional economic development organizations to finance site acquisition, due diligence studies, and site preparation and development improvements. This initiative is implemented with the participation of the Kentucky Association for Economic Development.

When companies are making decisions on where to expand or locate their operation, Kentucky's ability to provide location options which are "build-ready" is critical.

### **Mega Project Funding**

The budget includes \$100 million dollars to support approved mega projects. Funding will be used to ensure sites and infrastructure are attractive to projects considering no more than two other states, and at least one site in the Commonwealth.

### **A New Rural Economic Development Fund**

The Governor's budget includes \$25 million for a new rural economic development fund to bring jobs to rural areas that have been close but have not had that big announcement yet. The fund can be an anchor to a much-needed comprehensive approach to supporting economic development opportunity in rural Kentucky. In the past 10 years, 85 percent of economic development projects were in non-rural areas. The fund will provide loans for build-to-suit projects in rural communities, leveraging federal funding and awards while also providing capital support that is part of a local community's New Market Tax Credit application that leads to jobs and new investment.

### **Talent Attraction**

To ensure that the Commonwealth is competitive now and into the future, significant strides must be taken to attract talent to Kentucky's workforce. The Governor proposes to fund this with \$5 million for a Talent Attraction initiative to establish a strategy around talent attraction and retention. This initiative will be used to promote and market Kentucky's employment opportunities throughout the United States. These funds will be used to develop a strategy around talent attraction and retention, to develop a promotional campaign to attract talent by showcasing the quality-of-life benefits and career opportunities of Kentucky, and to assist localities and regions to execute a more targeted talent attraction campaign for the specific workforce and industry needs in their areas.

### **South Korea Office**

The budget includes \$225,000 in each fiscal year to support contracting with representation in South Korea to assist with the attraction of new projects, expansion opportunities, and retention of South Korean companies located in or considering Kentucky.

## **POSTSECONDARY EDUCATION**

### **Improving Budget Certainty for Postsecondary Education**

There were no General Fund budget reductions to the postsecondary education institutions or student financial aid in the current fiscal year or in the next biennium.

The Governor's budget recommends that the fiscal year 2026 distribution of the \$115 million from the Postsecondary Education Performance Fund remain in each institution's base General Fund appropriation in fiscal years 2027 and 2028. These funds were awarded based on each institution's performance. In facing a challenging budget situation, this recommendation brings

fiscal certainty to the institutions rather than subjecting their resource planning to the risk that the funds they had received could be reduced or lost.

### **Capital Funding**

The Governor's budget includes **\$768 million** from Bond Funds for capital projects for the nine public postsecondary education institutions. This reflects 45% of the total General Fund supported bond projects recommended in the Governor's budget. This follows \$3.1 billion in bond funds from the last two biennial budgets – record-level investments after only \$67 million in the two biennial budgets before that. The projects are a combination of priorities expressed by the institutions, including both new construction/major renovation and asset preservation.

### **Student Financial Aid and Lottery Funds**

The Governor's recommended budget continues to devote 100 percent of lottery funds to student financial aid. Past budgets enacted by the legislature placed a cap on the amount of lottery funds appropriated for student financial aid with the amount above the cap held back. The build-up of those amounts became non-recurring funds. The 2024-26 budget included \$89 million for student financial aid from these non-recurring funds which are no longer available. The lottery revenue estimate for this budget is slightly less than the last budget, resulting in less lottery funds available, meaning the number of student financial aid recipients or the aid awards may decline.

### **Kentucky's Affordable Prepaid Tuition (KAPT) Program**

The KAPT program has an unfunded liability of \$17.9 million, which is the responsibility of the Commonwealth. The Executive budget fully pays down that liability from the Budget Reserve Trust Fund, avoiding \$6.8 million in annual General Fund obligations.

### **Eastern Kentucky University – Escrow Requirements for the Osteopathic Medicine Program**

The university is required to retain a \$42 million escrow reserve to be able to move forward with an accredited osteopathic medicine program. These funds will be from the Budget Reserve Trust Fund and will eventually be returned once the program has met the accreditation agency's performance requirements.

## **ENHANCING PUBLIC SAFETY**

### **Kentucky State Police**

#### **Improved Compensation for Troopers**

The budget includes an additional \$5.5 million each year to support the conversion of worked overtime from compensatory time to paid overtime for sworn Troopers which will improve recruitment and retention.

The State Police have a statutory salary schedule for troopers and commercial vehicle enforcement officers. It provides for increases in pay based on certain years of service and rank. The budget includes an additional \$5.6 million in fiscal year 2027 and \$11.1 million in fiscal year 2028 to support the additional costs for changes in rank and service experience and the effects of the inflating the schedule amounts by the consumer price index.

### **Expansion of Drivers Testing Locations**

The Executive budget supports new drivers testing locations at three existing Transportation Cabinet locations and adds six new locations. The additional amounts are \$1.3 million in fiscal year 2027 and \$3.4 million in fiscal year 2028.

### **Crime Labs**

The Governor's budget includes funding for the relocated and expanded Northern Kentucky Crime Lab including two additional forensic biologists, increased lease cost and a vehicle lift at the relocated Northern Kentucky Crime Lab, and four additional forensic biologists for the Central Lab to reduce sexual assault examination backlog.

### **State Police Emergency Radio System Replacement**

Funding for the final phase of the project to replace the State Police's emergency radio system is provided, an additional \$107.4 million for a cumulative project cost of \$323.8 million. The new system will ensure a common technology platform and interoperable communications for all first responders utilizing the network, including state agencies (State Police, Commercial Vehicle Enforcement, Fish and Wildlife, Attorney General's Office, Alcoholic Beverage Control, and Homeland Security) and local police and other emergency responders.

## **Juvenile Justice**

### **Juvenile Detention Centers**

To transition to a regional model as required by Senate Bill 162 from the 2023 legislative session, safely segregate males and females, and separate violent and nonviolent offenders this budget provides for capital funding for two new female-only juvenile detention centers in Fayette County and Western Kentucky. These facility plans, in combination with the increased staffing enabled by raising correctional officer salaries, once completed, will permit a safe return to a regional model that continues to detain female offenders in separate facilities.

### **High-Acuity Youth Facility**

The Governor's budget provides for a capital project to construct a new facility to establish psychiatric treatment services for juveniles in detention needing these mental health and medical services.

### **Operations of Jefferson County Detention Centers**

A major renovation of a facility in downtown Louisville is underway along with a renovation and expansion of the regional detention center in Lyndon, with estimated completion dates of fall 2026 for Lyndon and spring 2027 for the downtown location. This budget includes \$6.5 million in fiscal year 2027 and \$12.0 million in fiscal year 2028 to operate these new and expanded facilities.

## **Corrections**

### **New Reentry Campus**

The capital budget includes a \$42 million project to construct a reentry campus at Northpoint Training Center, near Burgin, Kentucky. This facility will provide a model program that will serve up to 400 inmates through targeted vocational technical education programs provided by

KCTCS. The programming will also provide intensive reentry services to prepare inmates for jobs upon release. The selective program will require inmates from across Kentucky's 14 state prisons to qualify and apply for participation and to maintain good behavior and success if selected. Upon selection, inmates would be enrolled as students in KCTCS and be offered vocational training in industries that support Kentucky's economy.

Capital funding is also included to repurpose a building on the grounds of the Eastern Kentucky Correctional Complex in Morgan County. The Department will enter into an agreement with an entity that will fit-up the training facility and provide the skills training with the goal of private sector employment upon their release back into society.

### **Local Law Enforcement Training**

#### **Western Kentucky Regional Training Center**

The Governor's capital budget provides \$64.8 million to construct the remaining elements of the new Western Kentucky Regional Training Center in Madisonville for the Department of Criminal Justice Training to expand law enforcement basic training, in-service training, and advanced skills training in the western part of the state. The two projects will provide an indoor firing range and a flat track for driver training at the new facility.

#### **Kentucky Cyber Resilience Task Force**

Funding is provided to establish a Kentucky Cyber Resilience Task Force to enhance the ability to detect, respond to, and recover from cyber incidents statewide.

### **PROTECTING CHILDREN & FAMILIES**

#### **Relative and Fictive Kin Funding**

The budget includes \$14.6 million in each fiscal year to fully fund the Relative and Fictive kin foster care reimbursements passed, but not funded, in the 2024 legislative session through Senate Bill 151, and codified in KRS 620.142. The funding addresses the increased costs for reimbursements and the increase in caseload of social service workers.

#### **Out of Home Care**

The Executive budget includes an additional \$22 million each year from the General Fund to maintain out of home care services for youth in the custody of the Cabinet for Health and Family Services, partially replacing TANF grant funds previously used for the program.

#### **SNAP Administrative Costs – Federal Mandate**

In H.R. 1 that Congress passed in July 2025, the 50%/50% shared arrangement for funding the administrative costs of the Support Nutrition Assistance Program (SNAP) was shifted to 75% from states. The budget includes \$43.5 million in fiscal year 2027 and \$58 million in fiscal year 2028 for that unprecedented cost shift from the federal government.

#### **Senior Meals – Continue the Goal of No Waitlist**

The Governor's budget includes \$9.1 million each fiscal year to continue providing nutritional meals for senior citizens in the community with the goal of not having a waitlist.

## **INFRASTRUCTURE INVESTMENT & TRANSPORTATION**

### **Better Kentucky Cleaner Water Program**

The Governor's budget includes \$319 million for Kentucky's drinking water and wastewater revolving loan fund. These funds will provide low-cost financing for utilities to complete various water and wastewater projects throughout the Commonwealth.

### **Major Transportation Infrastructure Projects**

The Governor's budget includes \$125 million from the Budget Reserve Trust Fund for the costs of the Brent Spence bridge project. The budget also releases the \$150 million appropriated in the last budget for the I-69 Ohio River crossing project in Henderson from the condition that a federal grant funding must first be awarded.

### **County and City Bridge Improvement Program**

Included in the Governor's budget is another \$40 million over the biennium for the County Priority project program and another \$50 million for the County Bridge program. These two programs were new in the 2024-26 budget.

### **Highways Contingency Account**

The Governor's budget returns the Highway Construction Contingency Account funding to \$31 million, the level it was historically at in prior budgets. It also restores the statutory uses of the account including promotion of economic or industrial development, relief of a hazardous condition, and state matching funds for unanticipated federal grants.

### **Driver Licensing Location Expansion**

The transfer of issuing Kentucky driver licenses from the Judicial branch to the Transportation Cabinet, along with the inception of Real ID's, has been a challenge. To improve the services to Kentuckians, the Governor's budget includes additional funding to support the opening of six new driver licensing locations and increased staffing at existing locations. This will bring the total number of driver licensing locations to 40. The additional funding is \$5 million in fiscal year 2026, \$20.4 million in fiscal year 2027, and \$19.8 million in fiscal year 2028. This will address the wait times experienced by residents renewing driver licenses and Real ID's or obtaining credentials for the first time.

### **Governor's 2026-2028 Biennial Highway Construction Plan**

The 2026-2028 biennial highway construction plan is based on \$3.88 billion in anticipated state and federal highway program revenues. Much of this funding is committed to continuing the development and construction of projects carried forward from the 2024-2026 Highway Plan. Highlighted in the plan is a recommendation of about \$570 million annually for investment in Kentucky's existing pavements and bridges. This plan continues to chart a toll-free pathway for funding the I-71/75 Brent Spence Bridge project in Northern Kentucky, provides funding for construction of the I-69 Ohio River crossing in Henderson, and provides funding to complete the 4-lane Mountain Parkway.

## **INVESTING IN OUR PUBLIC EMPLOYEES & RETIREES**

### **Salary Increases for State Employees**

The Governor proposes a 2 percent across-the-board increase each year, effective on July 1 of each year. This will bring just the state employee salary increments to a cumulative 26.4 percent since fiscal year 2023. Other compensation initiatives, primarily through the Personnel Cabinet's job classification review process, have also improved the compensation of state employees and bringing them closer to the private sector market.

### **Health Insurance for State Employees and School District Employees**

The Governor's budget includes an additional \$35.5 million in fiscal year 2027 and \$58 million in fiscal year 2028 from the General Fund for the increase in health insurance employer contributions.

### **Fully Funding Pensions**

The Governor's budget again fully funds the actuarially determined contributions for all state employees for all retirement system plans.

### **New Human Resources Information Technology System**

The current state government's human resources information technology system is approaching its end of life as the current vendor, SAP, has announced that they will discontinue support for the software by the end of 2030. The Executive budget includes \$151 million to replace the existing Kentucky Human Resource Information System (KHRIS), Kentucky state government's human resources information technology system. The KHRIS system processes human resource, insurance and other benefits, and payroll functions for both state and local government entities, including over 48,000 employees and 265,000 health insurance members and dependents.

## INVESTMENTS FROM THE BUDGET RESERVE TRUST FUND

There are rising cost pressures and other financial risks facing Kentucky families. Governor Beshear seeks to address these affordability issues with investments from the Budget Reserve Trust Fund of \$500 million.

### HELPING KENTUCKIANS WITH AFFORDABILITY

**Affordable Housing Trust Fund** – Governor Beshear’s budget includes a game-changing **\$150 million dollar** investment in Kentucky’s Affordable Housing Trust Fund. Combined with private dollars, that would create a **billion dollars** of new housing. The Affordable Housing Trust Fund is a longstanding program run by the Kentucky Housing Corporation. It addresses the critical housing needs of low-income Kentuckians. The fund leverages private and other funding to increase the supply and availability of affordable housing.

**Rural Hospital Assistance Fund** – one of the troubling changes to the Medicaid program from Congress’ H.R. 1 is a significant reduction to what are called “state directed payments” to Kentucky hospitals phased over a number of years. One national study has determined that up to 35 rural Kentucky hospitals are at-risk of closing due to these reductions in these payments. Governor Beshear is proposing a new **\$125 million** fund to assist rural and some urban hospitals bridge this financial risk and hopefully, lessen it, so that they may remain open.

**Supplementing the ACA Federal Premium Tax Credit** – thousands of Kentuckians have lost federal assistance in purchasing health insurance for their families with the expiration of some of the Affordable Care Act premium tax credits, making their insurance much more expensive. The Governor is recommending a **\$100 million** fund to assist Kentuckians purchasing insurance through kynect by supplementing the remaining tax credits, helping them with the increases in insurance premium costs.

**Utility Assistance Fund** – as Kentuckians’ utility bills continue to rise, the Governor is proposing a **\$75 million** fund to provide relief. Team Kentucky will partner with Kentucky’s Community Action Network to distribute these funds statewide. The program will be similar to the “Healthy at Home Utility Relief Fund” that was part of a COVID-19 assistance program, providing assistance to households with income up to 200 percent of the Federal Poverty Level.

**Food Assistance-Feeding Kentucky** – rising food costs are putting pressure on family budgets. To assist those most in need, the Governor’s budget includes **\$50 million** to go to Feeding Kentucky, a consortium of seven food banks that work collectively to create a hunger-free Kentucky.

### INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

**Brent Spence Bridge Project** - \$125,000,000 to support the construction costs of the Brent Spence companion bridge project

**Mega-Development Economic Development Projects** - \$100,000,000 to support site or infrastructure improvements for mega-development projects



**Economic Development Site Improvements** - \$70,000,000 to support the Kentucky Product Development Initiative program

## **EDUCATION**

**Secondary Career and Technical Education Facilities** - \$50,000,000 for a pool of funds to support grants for the renovation of secondary career and technical education facilities

**Eastern Kentucky University Osteopathic Medicine Program** - \$42,000,000 for an escrow reserve amount needed for the university to be able to move forward with an accredited osteopathic medicine program

**Pay Down Kentucky's Affordable Prepaid Tuition Liability** - \$17,900,000 to pay off the unfunded liability of Kentucky's Affordable Prepaid Tuition program, saving the General Fund \$6.8 million per year

**Pre-K for All Information System** - \$10,000,000 for an information technology project for the Pre-K for All program

**Northern Kentucky Life Sciences** - \$9,000,000 for the benefit of LifeSciKY, the life sciences initiative in Northern Kentucky

## **OTHER PROJECTS**

\$4,000,000 for the expansion of the **Holocaust Education Initiative**

\$2,000,000 to the **Pike County Public Library** to support the construction of a museum to house the history of Pike County

\$10,000,000 to the **Louisville Metro Government for violence prevention programs**

\$10,000,000 to the Lexington-Fayette County Urban Government to support a **new Children's Museum project**

\$3,750,000 to the Homeland Security budget unit in fiscal year 2026-2027 for grants to support **physical security enhancements for faith-based institutions in Kentucky**

\$8,500,000 to the Judicial branch for **flood damage to contents in the Franklin and Hardin County** courthouses that exceeds their insurance coverage

The total use of the Budget Reserve Trust Fund balance in the Governor's budget is **\$962,150,000**, which would leave a balance of just under \$3 billion, or 17 percent of General Fund revenues in fiscal year 2028.

**2026-28 EXECUTIVE BUDGET  
GENERAL FUND SUMMARY**

	<b>Revised FY 2026</b>	<b>Recommended FY 2027</b>	<b>Recommended FY 2028</b>
<b>RESOURCES</b>			
Beginning Balance	192,960,400	71,852,700	591,911,900
Official Revenue Estimate	15,498,900,000	15,882,000,000	16,232,200,000
FEMA Reimbursements		126,000,000	
Fund Transfers	3,675,600	2,368,000	2,368,000
Other Resources		44,800,000	44,800,000
<b>RESOURCES</b>	<b>15,695,536,000</b>	<b>16,127,020,700</b>	<b>16,871,279,900</b>
<b>Continued Appropriations Reserve</b>			
Budget Reserve Trust Fund	4,811,529,547	3,764,123,047	2,968,473,047
Executive Branch	1,157,208,100	1,157,208,100	1,157,208,100
Legislative Branch	53,508,500	53,508,500	28,508,500
Judicial Branch	7,567,353	7,567,353	7,567,353
<b>Continued Appropriations Reserve</b>	<b>6,029,813,500</b>	<b>4,982,407,000</b>	<b>4,161,757,000</b>
<b>TOTAL RESOURCES</b>	<b>21,725,349,500</b>	<b>21,109,427,700</b>	<b>21,033,036,900</b>
<b>APPROPRIATIONS</b>			
<b>Executive Branch</b>			
Appropriations	15,265,349,800	15,028,184,800	16,356,990,800
Special Appropriations	6,200,000		
Appropriations from Budget Reserve Trust Fund	1,047,406,500	795,650,000	166,500,000
Dedicated Revenue Adjustments	(9,240,200)		
Budget Reduction - FY 2026	(77,722,900)		
Lapses	(115,386,300)	(25,000,000)	(67,500,000)
<b>Total Executive Branch</b>	<b>16,116,606,900</b>	<b>15,798,834,800</b>	<b>16,455,990,800</b>
<b>Judicial Branch</b>			
Appropriations	466,739,100	466,773,500	491,625,000
Budget Reduction - FY 2026			
<b>Total Judicial Branch</b>	<b>466,739,100</b>	<b>466,773,500</b>	<b>491,625,000</b>
<b>Legislative Branch</b>			
Appropriations	91,940,400	65,150,500	90,164,100
Use of Continuing		25,000,000	
Budget Reduction - FY 2026			
<b>Total Legislative Branch</b>	<b>91,940,400</b>	<b>90,150,500</b>	<b>90,164,100</b>
<b>Other</b>	<b>(4,196,600)</b>		
<b>TOTAL APPROPRIATIONS</b>	<b>16,671,089,800</b>	<b>16,355,758,800</b>	<b>17,037,779,900</b>
<b>BALANCE</b>	<b>5,054,259,700</b>	<b>4,753,668,900</b>	<b>3,995,257,000</b>
<b>Continued Appropriations Reserve</b>			
Budget Reserve Trust Fund	4,811,529,547	3,764,123,047	2,968,473,047
Appropriations from Budget Reserve Trust Fund	(1,047,406,500)	(795,650,000)	(166,500,000)
<b>Subtotal-Budget Reserve Trust Fund</b>	<b>3,764,123,047</b>	<b>2,968,473,047</b>	<b>2,801,973,047</b>
Executive Branch	1,157,208,100	1,157,208,100	1,157,208,100
Legislative Branch	53,508,500	28,508,500	28,508,500
Judicial Branch	7,567,353	7,567,353	7,567,353
<b>Continued Appropriations Reserve</b>	<b>4,982,407,000</b>	<b>4,161,757,000</b>	<b>3,995,257,000</b>
<b>ENDING BALANCE</b>	<b>71,852,700</b>	<b>591,911,900</b>	<b>0</b>

**2026-2028 BIENNIAL BUDGET  
ROAD FUND SUMMARY**

	<b>Revised FY 2026</b>	<b>Recommended FY 2027</b>	<b>Recommended FY 2028</b>
<b>RESOURCES</b>			
Beginning Balance		1,248,700	
Official Revenue Estimate	1,844,000,000	1,836,000,000	1,909,400,000
Fund Transfers	837,500	835,900	833,700
<b>TOTAL RESOURCES</b>	<b>1,844,837,500</b>	<b>1,838,084,600</b>	<b>1,910,233,700</b>
<b>APPROPRIATIONS</b>			
Appropriations	1,897,111,900	1,838,084,600	1,910,233,700
Dedicated Revenue Adjustments	(56,584,300)		
Current Year Appropriations	5,035,600		
Budgeted Lapse	(1,974,400)		
<b>TOTAL APPROPRIATIONS</b>	<b>1,843,588,800</b>	<b>1,838,084,600</b>	<b>1,910,233,700</b>
<b>ENDING BALANCE</b>	<b>1,248,700</b>	<b>0</b>	<b>0</b>

**General Fund**  
**Official Revenue Estimate FY2026 - FY2028**  
**(Millions of Dollars)**

	<u><b>FY25</b></u>	<u><b>FY26</b></u>		<u><b>FY27</b></u>		<u><b>FY28</b></u>	
	<u>Actual</u>	<u>Estimate</u>	<u>%Chg</u>	<u>Estimate</u>	<u>%Chg</u>	<u>Estimate</u>	<u>%Chg</u>
Individual Income	\$5,319.2	5,382.8	1.2	5,521.6	2.6	5,659.9	2.5
Sales & Use	5,821.3	6,047.7	3.9	6,236.0	3.1	6,414.5	2.9
Corp. Inc. & LLET	1,834.5	1,347.1	-26.6	1,448.1	7.5	1,458.3	0.7
Property	839.3	864.2	3.0	891.1	3.1	917.9	3.0
Lottery	350.7	370.0	5.5	365.0	-1.4	365.0	0.0
Cigarettes	243.6	224.7	-7.8	205.0	-8.8	186.1	-9.2
Coal Severance	56.1	55.1	-1.8	45.4	-17.6	36.9	-18.7
Other	1,238.6	1,207.3	-2.5	1,169.8	-3.1	1,193.6	2.0
<b>Total General Fund</b>	<b>\$15,703.3</b>	<b>15,498.9</b>	<b>-1.3</b>	<b>15,882.0</b>	<b>2.5</b>	<b>16,232.2</b>	<b>2.2</b>

## General Fund Detailed Consensus Estimates

Source	Actual 2025	Estimate 2026	Estimate 2027	Estimate 2028
<b>Individual Income Tax</b>	<b>\$5,319,190,492</b>	<b>\$5,382,800,000</b>	<b>\$5,521,600,000</b>	<b>\$5,659,900,000</b>
<b>Sales &amp; Use</b>	<b>\$5,821,340,448</b>	<b>\$6,047,700,000</b>	<b>\$6,236,000,000</b>	<b>\$6,414,500,000</b>
<b>Corporate Income &amp; LLET</b>	<b>\$1,834,491,754</b>	<b>\$1,347,100,000</b>	<b>\$1,448,100,000</b>	<b>\$1,458,300,000</b>
Corporation Income Tax	\$1,213,673,240	\$447,100,000	\$523,100,000	\$528,300,000
Limited Liability Entity Tax	\$620,818,514	\$900,000,000	\$925,000,000	\$930,000,000
<b>Property Taxes</b>	<b>\$839,307,941</b>	<b>\$864,200,000</b>	<b>\$891,100,000</b>	<b>\$917,900,000</b>
Real Property	\$368,481,106	\$381,400,000	\$394,700,000	\$408,500,000
Tangible Personal Property	\$139,672,100	\$143,700,000	\$147,700,000	\$152,200,000
Motor Vehicles	\$210,440,605	\$214,000,000	\$220,200,000	\$227,200,000
Omitted and Delinquent	\$16,501,092	\$18,000,000	\$19,500,000	\$19,500,000
Apportioned Vehicles	\$11,755,785	\$12,000,000	\$12,000,000	\$12,000,000
Public Service Companies	\$87,955,067	\$90,500,000	\$92,300,000	\$93,800,000
Other Property	\$4,502,187	\$4,600,000	\$4,700,000	\$4,700,000
<b>Lottery</b>	<b>\$350,679,200</b>	<b>\$370,000,000</b>	<b>\$365,000,000</b>	<b>\$365,000,000</b>
<b>Cigarette</b>	<b>\$243,555,668</b>	<b>\$224,700,000</b>	<b>\$205,000,000</b>	<b>\$186,100,000</b>
<b>Coal Severance Tax</b>	<b>\$56,051,277</b>	<b>\$55,100,000</b>	<b>\$45,400,000</b>	<b>\$36,900,000</b>
<b>Other</b>	<b>\$1,238,581,106</b>	<b>\$1,207,300,000</b>	<b>\$1,169,800,000</b>	<b>\$1,193,600,000</b>
Cigarette Floor Stock Tax	\$311	\$250	\$200	\$150
Distilled Spirits Case Sales	\$223,105	\$227,000	\$232,000	\$236,000
Insurance Tax Foreign Companies	\$62,560,875	\$69,250,000	\$74,775,000	\$79,950,000
Insurance Tax Companies Other Than Life	\$166,866,876	\$180,500,000	\$189,750,000	\$201,650,200
Insurance Tax Fire Prevention Fund	\$9,799,738	\$10,512,409	\$11,428,580	\$12,344,750
Pari-Mutuel	\$74,157,769	\$81,600,000	\$88,000,000	\$91,200,000
Race Track Admission	\$0	\$0	\$0	\$0
Beer Consumption	\$4,683,885	\$6,100,000	\$6,150,000	\$6,200,000
Distilled Spirits Consumption	\$17,232,813	\$18,800,000	\$18,850,000	\$18,900,000
Wine Consumption	\$2,509,228	\$3,100,000	\$3,150,000	\$3,200,000
Beer Wholesale	\$68,631,695	\$69,200,000	\$69,250,000	\$69,400,000
Distilled Spirits Wholesale	\$68,455,252	\$68,000,000	\$68,250,000	\$68,500,000
Wine Wholesale	\$17,019,953	\$18,500,000	\$18,550,000	\$18,700,000
Other Tobacco Products and Snuff	\$38,286,213	\$42,500,000	\$42,750,000	\$42,900,000
Telecommunications Taxes	\$79,821,646	\$80,250,000	\$80,000,000	\$80,200,000
Car Sharing/Rental	\$42,759,273	\$45,500,000	\$46,500,000	\$47,750,000
Mineral Severance Tax	\$27,521,517	\$30,700,000	\$28,200,000	\$27,500,000
Natural Gas Severance Tax	\$4,849,750	\$6,400,000	\$8,000,000	\$6,700,000
Oil Production	\$5,170,802	\$3,000,000	\$2,400,000	\$2,800,000
Corporate License	\$8,617	\$8,000	\$7,500	\$7,500
Cigarette License	\$176,042	\$169,000	\$167,000	\$165,000
Race Track License	\$212,400	\$215,000	\$210,000	\$205,000
Marijuana and Controlled Substance Tax	\$67,757	\$60,000	\$55,000	\$50,000
Bank Franchise Tax	(\$3,135,516)	(\$1,500,000)	(\$1,000,000)	(\$500,000)
Corporation Organization	\$27,367	\$25,000	\$20,000	\$20,000
Alcoholic Beverage License Suspension	\$439,500	\$535,000	\$570,000	\$600,000
Inheritance Tax	\$77,705,686	\$79,500,000	\$82,000,000	\$83,500,000
Public Service Commission Assessments-	\$10,903,018	\$14,500,000	\$14,500,000	\$15,000,000
Insurance - Retaliatory Taxes & Fees-	\$6,977,200	\$7,000,000	\$7,100,000	\$7,200,000

## General Fund Detailed Consensus Estimates

<b>Source</b>	<b>Actual 2023</b>	<b>Estimate 2024</b>	<b>Estimate 2025</b>	<b>Estimate 2026</b>
Other (Continued)				
Circuit Court Clk. - Bond Filing Fee-	\$2,341,693	\$2,500,000	\$2,675,000	\$2,835,000
Circuit Court Clk. - 10% Bond Fee-	\$347,354	\$323,000	\$342,000	\$361,000
Circuit Court Clk. - Receipts for Services-	\$3,632,235	\$3,850,000	\$3,975,000	\$4,050,000
Strip Mining & Reclamation - Fines Coll.	\$800,000	\$825,000	\$795,000	\$775,000
Miscellaneous - Pub Advoc; Sec State Fee	\$1,236,083	\$1,300,000	\$1,275,000	\$1,310,000
General Depository Investment Income **	\$322,995,930	\$242,600,000	\$177,700,000	\$174,100,000
Legal Process - Clk. Supreme Court	\$79,940	\$78,000	\$78,500	\$79,300
Dept. of Rev. Legal Process Taxes - Co. Clk.	\$2,272,142	\$2,200,000	\$2,150,000	\$2,175,000
Dept. of Rev. Penalty & Int. of Co. Officials	(\$23,052)	(\$22,000)	\$21,700	\$21,400
TVA - In Lieu of Taxes - State Portion	\$7,052,203	\$6,400,000	\$6,250,000	\$6,300,000
F.H.A. - In Lieu of Taxes	\$34,726	\$37,500	\$40,000	\$35,000
R.E.C.C. and R.T.C.C. In Lieu of Taxes	\$0	\$0	\$0	\$0
Business Development - In Lieu of Taxes	\$0	\$0	\$0	\$0
Abandoned Property	\$65,815,339	\$67,500,000	\$69,250,000	\$72,000,000
Circuit Court Clk. - Fish & Wildlife Fines	\$56,959	\$66,000	\$68,000	\$70,000
Cir. Ct. Clk. - Criminal/Traffic Fines & Costs	\$15,433,616	\$15,700,000	\$15,900,000	\$16,100,000
Circuit Court Clk. - Bond Forfeitures	\$1,018,275	\$1,100,000	\$1,200,000	\$1,150,000
Fines Dept Insurance	\$138,750	\$125,000	\$130,000	\$125,000
Other Fines & Unhonored Checks	\$3,522,835	\$3,250,000	\$3,500,000	\$3,250,000
Court Costs	\$10,828,157	\$11,000,000	\$11,200,000	\$10,800,000
Transient Room Tax	\$1,387,915	\$1,350,000	\$1,350,000	\$1,300,000
Miscellaneous (Legal Settlements, etc.)	\$7,589,067	\$7,000,000	\$7,000,000	\$7,000,000
Misc Revenues not in estimates	\$8,088,166	\$5,465,841	\$5,034,520	\$5,384,700
<b>TOTAL GENERAL FUND</b>	<b>\$15,703,197,887</b>	<b>\$15,498,900,000</b>	<b>\$15,882,000,000</b>	<b>\$16,232,200,000</b>

**Road Fund**  
**Official Revenue Estimate FY2026 - FY2028**  
**(Millions of Dollars)**

	<u><b>FY25</b></u>	<u><b>FY26</b></u>		<u><b>FY27</b></u>		<u><b>FY28</b></u>	
	<u>Actual</u>	<u>Estimate</u>	<u>%Chg</u>	<u>Estimate</u>	<u>%Chg</u>	<u>Estimate</u>	<u>%Chg</u>
Motor Fuels	\$836.4	\$806.2	-3.6	\$768.7	-4.7	\$808.6	5.2
Motor Vehicle Usage	719.5	737.6	2.5	762.8	3.4	790.8	3.7
Motor Vehicle License	117.3	120.4	2.6	121.9	1.2	123.6	1.4
Motor Vehicle Operators	33.7	34.6	2.7	35.4	2.3	36.2	2.3
Weight Distance	86.3	88.1	2.1	89.7	1.8	91.5	2.0
Investment	19.0	9.2	-51.5	9.3	1.1	10.3	10.8
Other	51.4	47.9	-6.8	48.2	0.6	48.4	0.4
<b>Total Road Fund</b>	<b>\$1,863.5</b>	<b>\$1,844.0</b>	<b>-1.0</b>	<b>\$1,836.0</b>	<b>-0.4</b>	<b>\$1,909.4</b>	<b>4.0</b>

## Road Fund Detailed Consensus Estimates

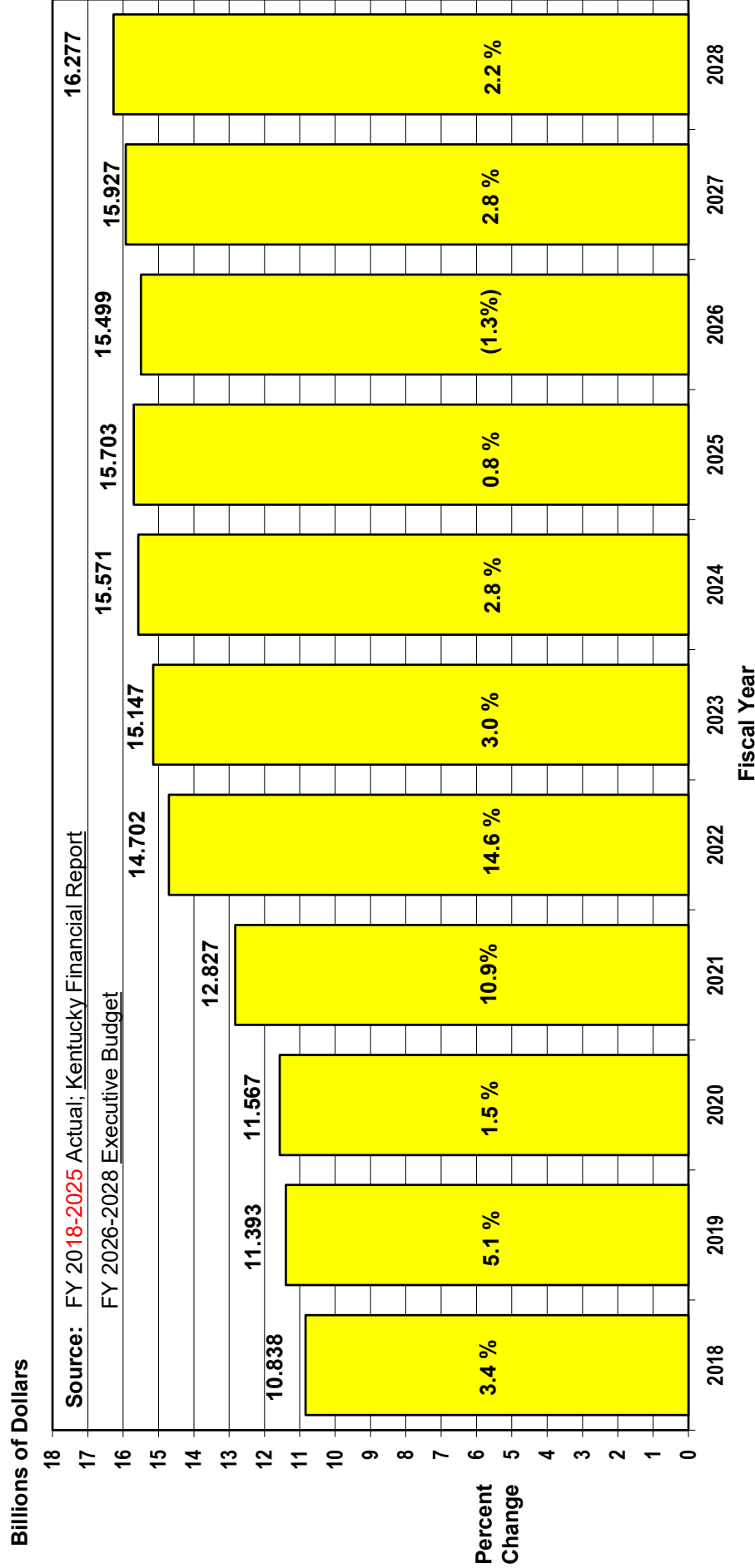
Source	Actual <u>2025</u>	Estimate <u>2026</u>	Estimate <u>2027</u>	Estimate <u>2028</u>
<b>Sales and Gross Receipts</b>	<b>\$1,556,494,900</b>	<b>\$1,543,800,000</b>	<b>\$1,531,500,000</b>	<b>\$1,599,400,000</b>
Motor Fuels	837,003,049	806,200,000	768,700,000	808,600,000
MV Usage	719,491,851	737,600,000	762,800,000	790,800,000
<b>License and Privilege</b>	<b>\$251,204,994</b>	<b>\$258,323,000</b>	<b>\$262,223,000</b>	<b>\$266,523,000</b>
Motor Vehicle License	117,298,059	120,400,000	121,900,000	123,600,000
Motor Vehicle Operators	33,697,722	34,600,000	35,400,000	36,200,000
Weight Distance	86,270,947	88,100,000	89,700,000	91,500,000
Truck Decal Fees	180,820	180,000	180,000	180,000
Other Special Fees	13,757,447	15,043,000	15,043,000	15,043,000
<b>Nontax Receipts</b>	<b>\$52,481,262</b>	<b>\$39,011,000</b>	<b>\$39,711,000</b>	<b>\$41,311,000</b>
Departmental Fees	23,586,098	22,786,000	23,386,000	23,986,000
In Lieu of Traffic Fines	164,955	175,000	175,000	175,000
Income on Investment	18,965,486	9,200,000	9,300,000	10,300,000
Miscellaneous	9,764,723	6,850,000	6,850,000	6,850,000
Redeposit	3,498,606	2,866,000	2,566,000	2,166,000
<b>Total Road Fund</b>	<b>\$1,863,679,763</b>	<b>\$1,844,000,000</b>	<b>\$1,836,000,000</b>	<b>\$1,909,400,000</b>



# General Fund Revenue Receipts

Fiscal Years **2018-2028**

(Billions of dollars – rounded)

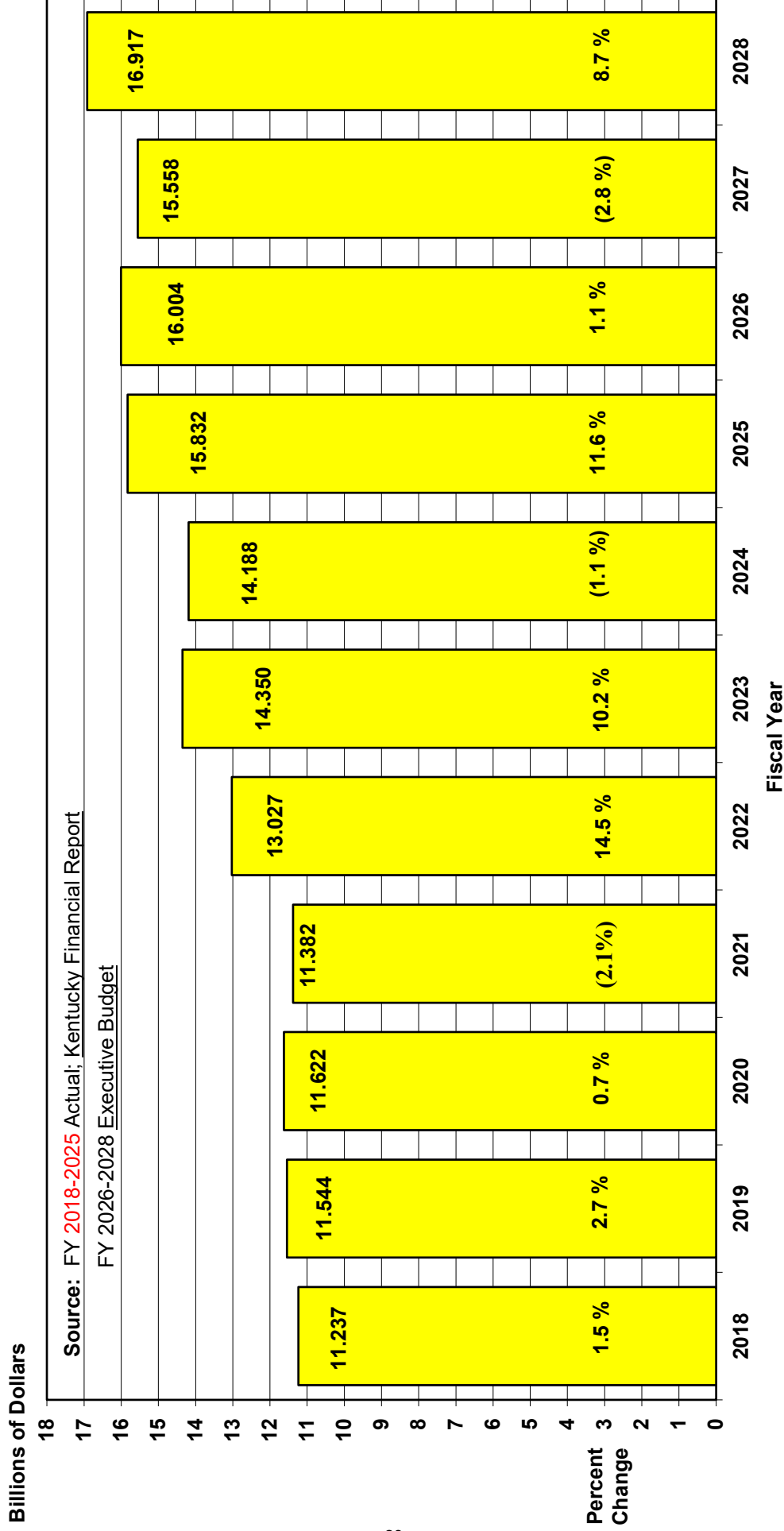


- Excludes Tobacco Settlement – Phase I Funds
- Excludes Fund Transfers

# General Fund Expenditures

## Fiscal Years 2018-2028

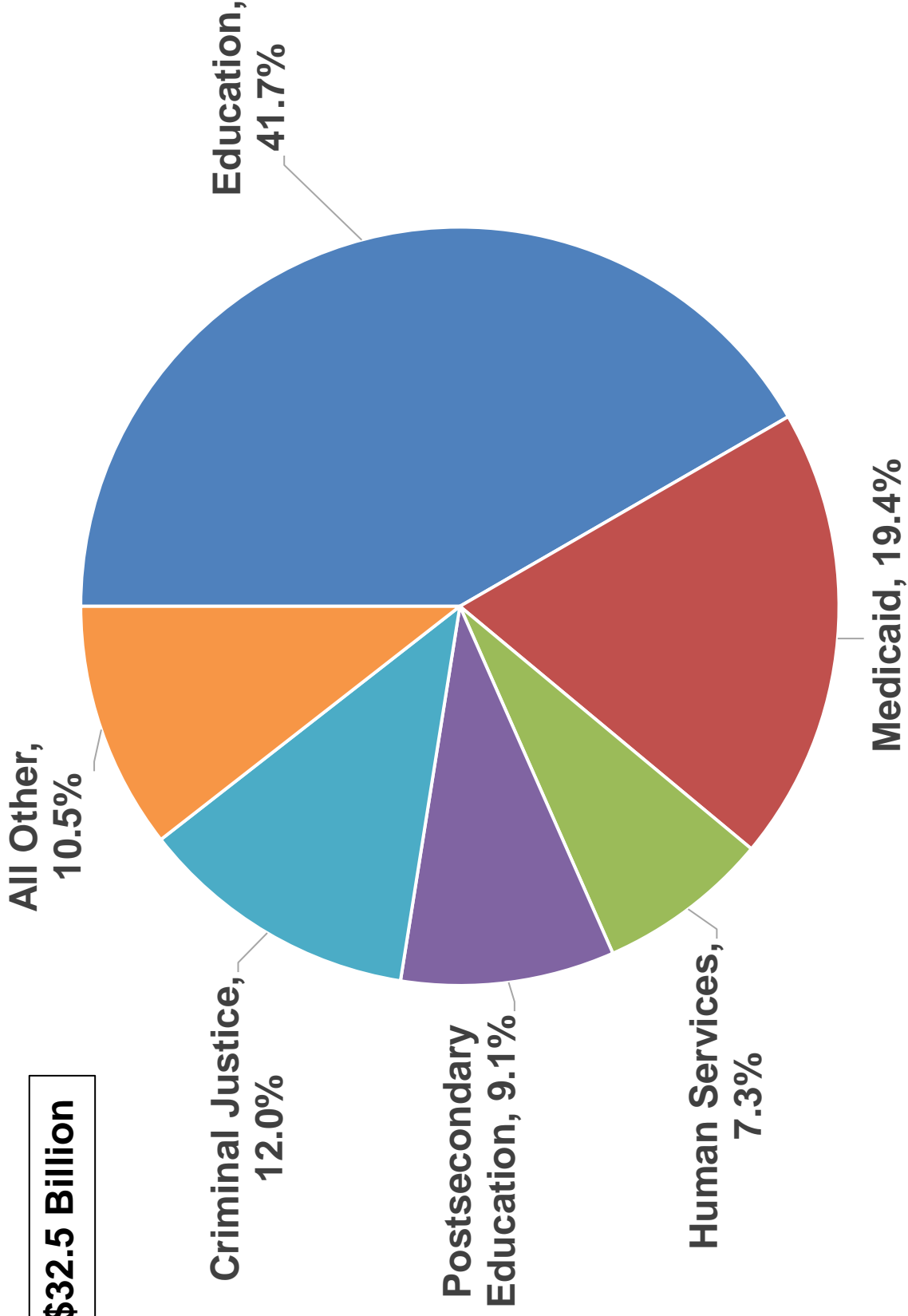
(Billions of dollars – rounded)



• Excludes Tobacco Settlement – Phase I Funds

# 2026 - 2028 Executive Budget Distribution of General Fund Appropriations

**Total = \$32.5 Billion**



**Excludes Tobacco Settlement - Phase I Funds**

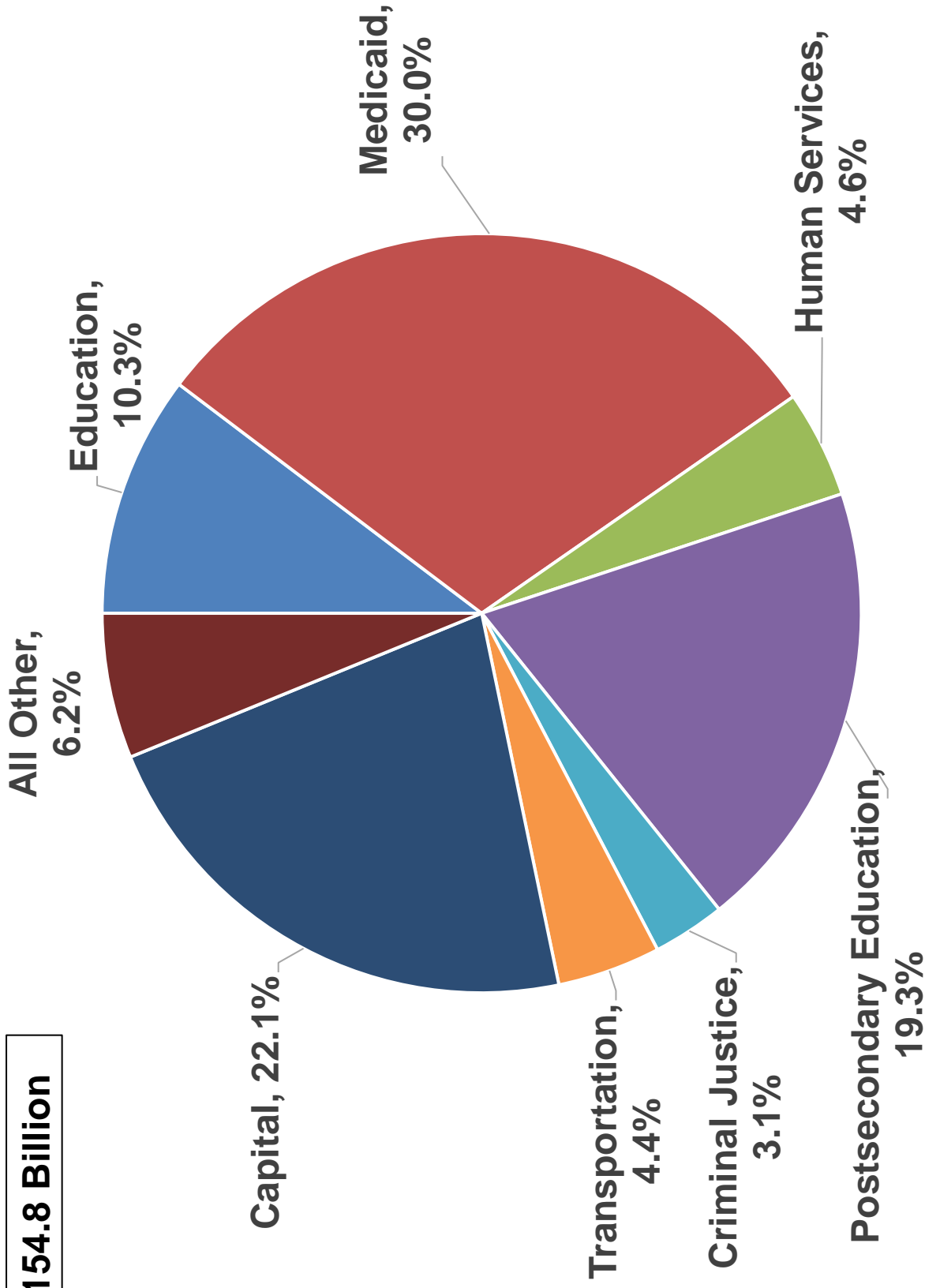
\* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission

\*\*Human Services include the Health and Family Services Cabinet (net of Medicaid)

\*\*\*Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

# 2026 - 2028 Executive Budget Distribution of All Funds Appropriations

**Total = \$154.8 Billion**



**Excludes Tobacco Settlement - Phase I Funds**

\* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission

\*\* Human Services include the Health and Family Services Cabinet (net of Medicaid)

\*\*\* Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

**2026-2028 EXECUTIVE BUDGET  
CAPITAL PROJECTS SUMMARY**

	<b>Recommended 2026</b>	<b>Recommended 2027</b>	<b>Recommended 2028</b>
<hr/>			
<b>SOURCE OF FUNDS</b>			
<b>Executive and Judicial Branch</b>			
General Fund			
Restricted Funds		19,969,508,000	143,128,000
Federal Funds		718,834,000	51,415,000
Road Fund		9,900,000	10,450,000
Bond Funds	16,000,000	1,322,998,600	351,630,000
Agency Bonds		1,479,360,000	
Investment Income		157,845,300	134,250,000
Other - Cash		669,742,000	42,000
Other - Third Party Financing		9,158,100,000	
<b>SOURCE OF FUNDS</b>	<b>16,000,000</b>	<b>33,486,287,900</b>	<b>690,915,000</b>
<hr/>			
<b>APPROPRIATIONS BY CABINET</b>			
<b>Executive Branch</b>			
General Government	16,000,000	410,951,400	84,952,000
Department of Education		11,610,000	6,000,000
Economic Development		22,500,000	22,500,000
Education and Labor		10,390,000	4,150,000
Energy and Environment		25,060,000	1,000,000
Finance and Administration		37,915,300	23,150,000
Health and Family Services		305,037,000	17,300,000
Justice and Public Safety		212,404,000	294,322,000
Personnel		9,848,200	130,869,000
Postsecondary Education		32,208,701,000	11,000,000
Tourism, Arts and Heritage		215,771,000	84,022,000
Transportation		16,100,000	11,650,000
<b>TOTAL APPROPRIATIONS</b>	<b>16,000,000</b>	<b>33,486,287,900</b>	<b>690,915,000</b>
<hr/>			

# Capital Financing Analysis

---

## EXECUTIVE SUMMARY

The Governor proposes \$1,690,628,600 in new General Fund supported debt and \$1,439,360,000 in new Agency Fund supported debt. The proposal for the 2026-2028 biennium is compared to previous biennia in Table 1, and the bond funded projects are described in more detail in Appendix D.

The **Capital Financing Analysis** provides an overview of the structure of debt issuance in the Commonwealth. In addition, historical information about the status of the debt program is provided in the Appendices. This information is required pursuant to KRS 42.410.

## Assumptions

This analysis is premised on the following assumptions:

- FY26-28 General Fund revenues are based on the December 16, 2025 Consensus Forecasting Group's Official Revenue Estimates. FY26 is projected to be \$156.0 million lower than the official General Fund revenue estimate enacted in the 2024-26 budgets during the 2024 Regular Session. FY27 and FY28 General Fund revenues are projected using a 2.5 percent and a 2.2 percent growth rate, respectively.
- FY26-28 Road Fund revenues are based on the December 16, 2025 Consensus Forecasting Group's Official Revenue Estimates. FY26 is projected to be \$50.3 million lower than the official Road Fund revenue estimate enacted in the 2024-26 budgets during the 2024 Regular Session. FY27 and FY28 Road Fund revenues are projected using a -0.4 percent and a 4.0 percent growth rate, respectively.
- Agency Fund revenues are based on actual FY25 revenue from the Draft Supplementary Information to the FY25 Annual Comprehensive Financial Report, and for FY26, FY27, and FY28, estimated amounts are obtained from the 2026-2028 biennial budget submissions.
- Tobacco Settlement Funds are based on the Official Revenue Estimates and are listed as General Fund revenue.
- Interest rate subsidies of 35% on bonds that were issued as Build America Bonds (BABs) as well as interest rate subsidies of 70% on bonds that were issued as Qualified Energy Conservation Bonds (QECBs) from the American Recovery and Reinvestment Act (ARRA) of 2009 are included in the Agency Fund Revenues. Note: Due to Federal Sequestration, interest subsidy payments during October 1, 2024 through September 30, 2026 were reduced by 5.7%. Estimated interest subsidy payments during October 1, 2026 through September 30, 2030 will be reduced by 5.7%.
- Currently authorized but un-issued debt is assumed to be issued during the balance of FY26 with no additional debt service to be paid in FY26 but with debt service payments to be made in FY27 and FY28 using the revised template rates. Where actual debt service is unknown, required debt service is estimated from amortization schedules using the revised debt service template rates.
- Cost of issuance is assumed to be approximately two percent (2%) of the estimated bond size.
- Previously authorized Agency Fund Bonds of \$238,052,000 are assumed to have their authorizations lapse.



**Table 1**  
**DEBT AUTHORIZED BY THE GENERAL ASSEMBLY**

<u>Biennium</u>	<u>Principal Debt Authorized</u>	<u>Biennium</u>	<u>Principal Debt Authorized</u>
2004-06 <sup>1</sup>	1,906,315,300	2016-18 <sup>7</sup>	1,266,242,500
2006-08 <sup>2</sup>	2,110,528,000	2018-20 <sup>8</sup>	1,047,702,000
2008-10 <sup>3</sup>	2,015,494,000	2020-22 <sup>9</sup>	1,204,657,300
2010-12 <sup>4</sup>	1,553,199,800	2022-24 <sup>10</sup>	3,792,204,000
2012-14 <sup>5</sup>	630,258,000	2024-26 <sup>11</sup>	4,856,456,000
2014-16 <sup>6</sup>	1,496,548,200	2026-28 <sup>12</sup>	3,129,988,600

**<sup>1</sup>Debt Enacted in the 2004-2006 Budget of the Commonwealth.**

General Fund Authorization:	\$1,204,589,300
Road Fund Authorization:	\$ 450,000,000
Agency Fund Authorization:	\$ 251,726,000

The 2005 Session of the Kentucky General Assembly also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

**<sup>2</sup>Debt Enacted in the 2006-2008 Budget of the Commonwealth and subsequent 2007 Second Extraordinary Session of the General Assembly.**

General Fund Authorization:	\$1,492,991,000
Road Fund Authorization:	\$ 350,000,000
Agency Fund Authorization:	\$ 267,537,000

The 2006 Session of the Kentucky General Assembly also authorized \$290,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

**<sup>3</sup>Debt Enacted in the 2008-2010 Budget of the Commonwealth.**

General/Tobacco Fund Authorization:	\$ 657,281,000
Road Fund Authorization:	\$ 535,000,000
Agency Fund Authorization:	\$ 743,213,000
Other Authorization:	\$ 80,000,000

The 2008 Session of the Kentucky General Assembly also authorized \$231,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. The Agency Fund bond authorization includes \$230,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

**<sup>4</sup>Debt Enacted in the 2010-2012 Budget of the Commonwealth.**

General/Tobacco Fund Authorization:	\$ 507,395,800
Road Fund Authorization:	\$ 522,500,000
Agency Fund Authorization:	\$ 523,304,000

The 2010 Extraordinary Session of the Kentucky General Assembly also authorized \$435,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2010 Regular Session authorized \$4,000,000 of Agency Bonds for the Department of Military Affairs.

**<sup>5</sup>Debt Enacted in the 2012-2014 Budget of the Commonwealth and 2013 Regular Session of the General Assembly.**

General Fund Authorization:	\$ 182,860,000
Road Fund Authorization:	\$ 12,500,000
Agency Fund Authorization:	\$ 434,898,000

The 2013 Regular Session authorized \$363,298,000 of Agency Bonds for several universities and authorized \$28,100,000 of Agency Bonds for the Administrative Office of the Courts in the Court of Justice.

**<sup>6</sup>Debt Enacted in the 2014-2016 Budget of the Commonwealth and 2015 Regular Session of the General Assembly.**

General Fund Authorization:	\$ 770,273,200
Road Fund Authorization:	\$ 5,000,000
Agency Fund Authorization:	\$ 721,275,000

The 2014 Regular Session authorized \$742,773,200 for new projects and deauthorized \$105,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2015 Regular Session authorized General Fund bonds of \$132,500,000 for the University of Kentucky Research Building.

**<sup>7</sup>Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.**

General Fund Authorization	\$ 588,986,500
Agency Fund Authorization	\$ 677,256,000

The 2016 Regular Session authorized \$582,986,500 for new projects and deauthorized \$9,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2017 Regular Session of the General Assembly authorized General Fund bonds of \$15,000,000 for the Economic Development Cabinet.

**<sup>8</sup>Debt Enacted in the 2018-2020 Budget of the Commonwealth and 2019 Regular Session of the General Assembly.**

General Fund Authorization:	\$ 444,817,000
Agency Fund Authorization:	\$ 602,885,000

The 2018 Regular Session authorized \$369,817,000 for new projects. The Agency Fund bond authorization includes \$60,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2019 Regular Session of the General Assembly authorized General Fund bonds of \$25,000,000 for the Economic Development Cabinet and \$50,000,000 for Parks.

**<sup>9</sup>Debt Enacted in the 2020-2022 Budget of the Commonwealth and 2021 Regular Session of the General Assembly.**

General Fund Authorization	\$ 425,519,300
Agency Fund Authorization	\$ 779,138,000

The total General Fund bonds listed above include \$35,000,000 in bonds for the Economic Development Cabinet that were authorized in House Bill 99 from the 2020 Session of the General Assembly; \$302,672,300 authorized in the Executive Branch appropriations act by the 2020 General Assembly; and an additional \$87,847,000 authorized in the Executive Branch appropriations act by the 2021 General Assembly. The Agency Fund Authorization includes \$422,138,000 authorized by the 2020 General Assembly and an additional \$357,000,000 authorized by the 2021 General Assembly.

**<sup>10</sup>Debt Enacted in the 2022-2024 Budget of the Commonwealth and 2023 Regular Session of the General Assembly.**

General Fund Authorization	\$ 2,834,124,000
Agency Fund Authorization	\$ 958,080,000

The 2022 Regular Session authorized \$2,834,124,000 for new projects. The 2022 General Assembly also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds and a 20% Road Fund match. The 2023 Regular Session of the General Assembly authorized Agency Bonds of \$25,000,000 for Western Kentucky University.

**<sup>11</sup>Debt Enacted in the 2024-2026 Budget of the Commonwealth and 2025 Regular Session of the General Assembly.**

General Fund Authorization	\$ 3,346,932,000
Agency Fund Authorization	\$ 1,509,524,000

The 2024 Regular Session authorized \$4,846,456,000 for new projects. The 2024 General Assembly also authorized \$150,000,000 for Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds and a 20% Road Fund match. The 2025 Regular Session of the General Assembly authorized Agency Bonds of \$10,000,000 for Western Kentucky University.

**<sup>12</sup>\$3,129,988,600 New Debt Recommended in the 2026-2028 Executive Budget**

General Fund Authorization	\$ 1,690,628,600
Agency Fund Authorization	\$ 1,439,360,000

## DEBT CAPACITY ANALYSIS

### Purpose

This report provides a review of pertinent historical information about the Commonwealth's debt and debt management goals. The Governor's recommendation for new debt-financed capital projects for the FY26 – FY28 biennium is evaluated against various measures of debt affordability and previous biennial authorizations.

The goals of the debt management program of the Commonwealth are:

1. Maintain debt at levels that eliminate questions concerning the state's willingness or ability to make timely payments on appropriation supported obligations.
2. Use debt to finance projects prudently, while addressing the capital investment needs of the state.
3. Issue debt only for those projects that will provide benefits equal to or longer than the life of the obligation.
4. Amortize debt consistent with the useful life of the project. Monitor principal levels by Fund source within the broader parameters of 27-30 percent maturing in 5 years and 55-60 percent maturing within 10 years.
5. Maintain or improve the state's current Aa3/A/AA-/A+ State Property and Buildings Commission General Fund lease appropriation debt rating by Moody's Investors Service, Standard & Poor's, Fitch Ratings and Kroll Bond Rating Agency, respectively.
6. Maintain or improve the state's current Aa2/A/AA-/AA- Turnpike Authority of Kentucky Road Fund lease appropriation debt rating by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively.
7. Initiate reviews of debt management processes that are consistent with reviews by external entities such as rating agencies.
8. Continue to develop the program to manage the interest expense of the Commonwealth.
9. Continually strive to reduce the expense of debt through ongoing management of outstanding debt and analysis of low-cost alternatives.
10. Use tax-exempt rather than taxable funding sources for project financing whenever possible to minimize overall governmental operating costs.

These goals continue to be important to the assessment by outside entities of the use of debt by the Commonwealth and provide an appropriate backdrop for any discussion about long-term capital expenditures.

## Structure

The Commonwealth's indebtedness is classified as either appropriation supported debt or non-appropriation supported debt.

**Appropriation supported debt** carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a lease revenue obligation of one of its debt issuing agencies created by the Kentucky General Assembly to finance various projects which is subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project or agency constitute the entire source of payment.

The payment of debt service by the state universities is enhanced by a state intercept provision that provides that in the event of a default, the Secretary of the Finance and Administration Cabinet is required to intercept any funds appropriated to the University but not yet disbursed and to remit those funds to the Trustee to remedy the default.

**Non-appropriation supported debt** carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. Some issuers covenant that in the event of a shortfall, the issuer will request from the Secretary of the Finance and Administration Cabinet or the Governor and the General Assembly in the next regular session sufficient amounts to pay debt service or to replenish the debt service reserves, as applicable. The General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of indebtedness.

## Default Record

The Commonwealth has never defaulted in the payment of principal or interest on its general obligation indebtedness or its project revenue obligations.

**Table 2**  
**ACTIVE DEBT ISSUING ENTITIES**

ENTITY	STATUTORY AUTHORITY/PURPOSE	DEBT LIMITATIONS	RATINGS <sup>1</sup>
State Property and Buildings Commission	<b>KRS 56.450</b> Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	Aa3/A/AA-/A+
Kentucky Asset/Liability Commission	<b>KRS 56.860</b> Provide interim financing of capital projects and cash flow borrowings to meet working capital needs of the state.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly, exclusive of cash flow borrowings within a fiscal year.	Varies***
Turnpike Authority of Kentucky	<b>KRS 175.410-175.990</b> Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	Aa2/A/AA-/AA-
The State Universities (consisting of nine)	<b>KRS 56.495</b> Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	See Appendix C
Kentucky Housing Corporation	<b>KRS 198A</b> Make low interest mortgage loans and construction loans to increase the supply of housing for low and moderate income residents of the State.	Limited to \$5.0 billion of debt outstanding.	Aaa/AAA/NR/NR
Kentucky Infrastructure Authority	<b>KRS 224A</b> Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the General Assembly. Without legislative approval, other programs are limited to debt outstanding of \$500 million.	Aaa/AAA/AAA/NR (Leverage Loan)
Kentucky Higher Education Student Loan Corporation	<b>KRS 164A</b> Make guaranteed student loans to residents of the state to attend postsecondary institutions and to make loans to students attending postsecondary schools within the state.	Limited to \$5.0 billion of debt outstanding.	Varies
School Facilities Construction Commission	<b>KRS 157.611-157.665</b> Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly.	Aa3/NR/NR/NR
Kentucky Economic Development Finance Authority	<b>KRS 154</b> Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the state.	None	Varies
Kentucky Public Transportation Infrastructure Authority	<b>KRS 175B.005-175B.115</b> Facilitate construction, financing, operation, and oversight of significant transportation projects within the Commonwealth by entering into bi-state agreements and by creating bi-state authorities and project authorities.	Cannot incur debt prior approval of projects by General Assembly.	Baa2/NR/BBB+/NR

<sup>1</sup> Ratings, where applicable, include Moody's, Standard & Poor's, Fitch, and Kroll. Certain State Property and Buildings Commission Agency Fund Revenue Bonds and Road Fund Revenue Bonds may have ratings different from those identified above. NR denotes not rated.

## Notes

Following are recent ratings for the referenced issuer or obligations; this is not a comprehensive history of all rating changes:

### State Property and Buildings Commission

- On May 11, 2023, Fitch Ratings ("Fitch") upgraded the Commonwealth's Long-Term Issuer Default Rating ("IDR") to "AA" from "AA-" and its rating on the Commonwealth's appropriation-backed debt to "AA-" from "A+". At the same time, Fitch upgraded its rating on the Next Generation and Public Private Partnership counterparty obligations for the Kentucky Wired Project to "A+".
- On June 28, 2023, Standard & Poor's ("S&P") upgraded the Commonwealth's issuer credit rating to "A+" from "A" and its rating on the Commonwealth's appropriation-backed debt to "A" from "A-". At the same time, S&P upgraded the Commonwealth's appropriation-backed lease debt from the Administrative Office of the Courts to "A-" from "BBB+" and its long-term rating on certain issues linked to the state intercept programs for schools and universities to "A" from "A-".
- On September 18, 2024, Moody's Ratings ("Moody's") upgraded the Commonwealth's issuer credit rating to "Aa2" from "Aa3" and its rating on the Commonwealth's General Fund appropriation-backed debt to "Aa3" from "A1". At the same time, Moody's also upgraded its rating on the Commonwealth's General Fund appropriation-backed debt associated with less essential projects to "A1" from "A2", its rating on the Commonwealth's Road Fund appropriation-backed debt issued by the State Property and Buildings Commission to "Aa2" from "Aa3", its rating on the Kentucky School District Enhancement Program to "Aa3" from "A1", and its rating on the Kentucky Public University Intercept Program to "Aa3" from "A1".

### Turnpike Authority of Kentucky

- On August 23, 2021 Kroll assigned a rating of "AA-" to the Turnpike Authority of Kentucky. The outlook is stable.
- On May 11, 2023, Fitch upgraded the Turnpike Authority of Kentucky's Road Fund appropriation-supported obligations to "AA-" from "A+".
- On June 28, 2023, S&P upgraded the Turnpike Authority of Kentucky's Road Fund appropriation-supported obligations to "A" from "A-".
- On September 18, 2024, Moody's upgraded the Turnpike Authority of Kentucky's Road Fund appropriation-supported obligations to "Aa2" from "Aa3".

### Kentucky Asset/Liability Commission – GARVEEs

- On February 18, 2014, Moody's downgraded certain stand-alone GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "A1" from "Aa3" with a negative outlook.
- On June 16, 2014, Moody's downgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "A2" from "A1" and changed the outlook from negative to stable.
- On May 11, 2023, Fitch upgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "AA-" from "A+".
- On June 28, 2023, S&P upgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "A" from "A-".

### Kentucky Infrastructure Authority

- The Kentucky Infrastructure Authority's Governmental Agencies Program Revenue Bonds are rated "AA+" by Standard & Poor's and are backed by the loans of the borrowers. The Kentucky Infrastructure Authority's Wastewater and Drinking Water Revolving Fund Revenue Bonds are rated "Aaa/AAA/AAA" by Moody's, Standard & Poor's and Fitch, respectively.

### Kentucky Public Transportation Infrastructure Authority

- On March 26, 2021, Fitch upgraded the rating on the Kentucky Public Transportation Infrastructure Authority's First Tier Revenue Bonds and Transportation Infrastructure Finance and Innovation Act loan to "BBB" from "BBB-".
- On March 30, 2021, Moody's upgraded the rating on the Kentucky Public Transportation Infrastructure Authority's First Tier Revenue Bonds and Transportation Infrastructure Finance and Innovation Act loan to "Baa2" from "Baa3".

### Public Private Partnerships

- The Commonwealth of Kentucky has financed three capital construction projects through the Public-Private Partnership ("P3") structure as of January 1, 2026. The Commonwealth of Kentucky State Office Building project was financed through the issuance of \$68,757,000 tax-exempt Certificates of Participation ("COPs"). The Next Generation-Kentucky Information Highway project was funded from proceeds of a conduit issue of \$231,950,000 of tax-exempt senior bonds, \$57,996,000 of taxable senior bonds and \$15,229,110 of subordinate bonds via the Kentucky Economic Development Finance Authority. The Mayo-Underwood State Office Building project was financed through the issuance of \$107,260,000 tax-exempt and \$3,415,000 taxable COPs. The Commonwealth has never defaulted on any payments relative to a P3 obligation.

<u>PROJECT</u>	<u>Structure</u>	<u>Status</u>	<u>Principal Outstanding</u>
Commonwealth of Kentucky State Office Building (300 Building)	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a 30-year, tax-exempt structure.	Project commenced in March 2015 and achieved substantial completion on April 1, 2016 and final completion on May 15, 2016. Full occupancy was achieved by August 23, 2016.	\$56,990,000
Next Generation - Kentucky Information	Availability payments under a	Project commenced in 2015, and as of	\$270,325,246

Highway 2015 Series A and B	taxable, tax-exempt and subordinate structure for a 30-year term.	October 13, 2021, the System is deemed complete and the Construction Period has ended	
2018 Commonwealth of Kentucky State Office Building (Mayo-Underwood)	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a taxable and tax-exempt structure for 30-year term.	Site work commenced in December 2017 and achieved substantial completion on February 27, 2020. Full occupancy was achieved on December 17, 2019.	\$93,575,000

## Definitions

**Debt service** is defined as all debt service appropriated by the General Assembly to the Executive Branch. This includes debt service on all bond issues of the State Property and Buildings Commission, the Kentucky Asset/Liability Commission, state universities (general receipts bonds), the Turnpike Authority of Kentucky, and the state appropriation-supported portion of both the School Facilities Construction Commission and the Kentucky Infrastructure Authority.

**Revenue** is defined to include the General Fund, Road Fund, and Agency Funds and is reported on an actual cash (budgetary) basis. Although the state adopted a modified accrual basis of accounting in 1983, the use of the cash basis for both General and Road Funds allows for an analysis of debt for a longer time period. Revenues for the General Fund and the Road Fund for FY27 and FY28 are based upon the Consensus Forecasting Group's December 16, 2025 Official Revenue Estimates. Agency Fund estimates are based upon actual results for FY25, and for FY26 through FY28 estimated amounts are from the 2026-2028 biennial budget requests. Interest rate subsidies of 35% on bonds issued as BABs and interest rate subsidies of 70% on bonds issued as QECBs are also included in the Agency Fund. – See Note under Assumptions regarding subsidy reductions.

Historical revenue figures and debt service levels were obtained from the ***Kentucky Annual Comprehensive Financial Report*** and the supplementary information reports for the various years.

**Debt capacity** is the total amount of new asset bonds that can be supported by a calculated amount of state appropriations (assuming a 20-year term with a tax-exempt interest rate of 5.13 percent or with a taxable interest rate of 6.20 percent or other applicable rates). Asset bonds equate to project costs plus cost of issuance and assume no debt service reserves.

## Historical Information

Table 3 displays the historical comparison of debt outstanding in current and constant dollars.

Table 4 displays the comparison of debt outstanding and required debt service as a percent of assessed property, personal income, and on a per capita basis.

Table 5 displays the Governor's proposed debt financed projects as it relates to personal income.

Table 6 provides the comparison of total appropriation required debt service as a percentage of total revenue. This is the key indicator of debt affordability for the Commonwealth and is used to assess the impact of any capital program.

Table 7 displays appropriation supported debt service as a percent of total revenue existing and also includes the Governor's proposed debt financed projects.

Table 8 provides the comparison of total appropriated debt service as a percentage of anticipated available revenue as well as an update to include the Governor's proposed debt financed projects.



Table 3  
**APPROPRIATION SUPPORTED DEBT**  
**PRINCIPAL DEBT OUTSTANDING**  
(000,000)

<b>Fiscal Year</b>	<b>Current</b>	<b>Percent Change</b>	<b>CPI Constant Dollar Adjustment</b>	<b>Constant (1984)</b>	<b>Percent Change</b>
2000	3,556.97	-0.92	1.722	2,065.60	-4.14
2001	3,966.22	11.51	1.771	2,239.53	8.42
2002	4,423.93	11.54	1.799	2,459.10	9.80
2003	4,102.63	-7.26	1.840	2,229.69	-9.33
2004	4,483.53	9.28	1.889	2,373.49	6.45
2005	4,658.95	3.91	1.953	2,385.53	0.51
2006	5,103.48	9.54	2.016	2,531.49	6.12
2007	5,455.69	6.90	2.073	2,631.25	3.94
2008	6,300.18	15.48	2.153	2,926.19	11.21
2009	6,831.16	8.43	2.145	3,184.14	8.82
2010	7,815.33	14.41	2.181	3,584.09	12.56
2011	8,763.50	12.13	2.249	3,895.95	8.70
2012	8,974.39	2.41	2.296	3,908.81	0.33
2013	8,792.92	-2.02	2.330	3,774.48	-3.44
2014	9,121.34	3.74	2.367	3,852.96	2.08
2015	8,899.69	-2.43	2.370	3,754.87	-2.55
2016	9,019.27	1.34	2.400	3,757.92	0.08
2017	8,987.05	-0.36	2.460	3,653.12	-2.79
2018	9,031.73	0.50	2.517	3,588.72	-1.76
2019	8,281.28	-8.31	2.575	3,216.53	-10.37
2020	7,889.27	-4.73	2.614	3,018.08	-6.88
2021	7,504.34	-4.88	2.677	2,803.27	-7.12
2022	6,931.11	-7.64	2.741	2,528.68	-9.80
2023	6,761.04	-2.45	2.805	2,410.35	-4.68
2024	6,727.41	-0.50	3.000	2,242.47	-6.97
2025*	7,588.33	12.80	2.700	2,810.49	25.33
2026*	9,535.12	25.66	2.900	3,287.97	16.99
2027*	8,814.88	-7.55	2.500	3,525.95	7.24
2028*	8,127.82	-7.79	2.200	3,694.46	4.78

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

Assumes no additional debt authorization for the 2026-2028 Biennium.

**Table 4**  
**APPROPRIATION SUPPORTED DEBT**  
**KENTUCKY ECONOMIC DEBT INDICATORS**  
**(Current Dollars)**

<b>Fiscal Year</b>	<b>Debt as a % of Assessed Property</b>	<b>Required Debt Service as a % of Assessed Property</b>	<b>Debt as a % of Personal Income</b>	<b>Required Debt Service as a % of Personal Income</b>	<b>Debt Per Capita (\$)</b>	<b>Required Debt Service Per Capita (\$)</b>
2000	1.29	0.20	3.62	0.57	878.52	137.44
2001	1.35	0.19	3.92	0.55	974.78	135.95
2002	1.33	0.16	4.22	0.50	1,080.88	128.75
2003	1.17	0.17	3.82	0.56	996.31	145.26
2004	1.24	0.16	4.00	0.52	1,081.43	141.46
2005	1.22	0.14	3.93	0.47	1,116.34	132.37
2006	1.49	0.18	4.08	0.50	1,213.36	148.04
2007	1.49	0.15	4.15	0.42	1,286.27	131.65
2008	1.66	0.18	4.54	0.50	1,475.71	163.02
2009	1.76	0.16	4.89	0.46	1,583.44	147.73
2010	1.97	0.10	5.54	0.29	1,798.17	92.57
2011	2.19	0.17	5.96	0.45	2,005.67	151.44
2012	2.19	0.17	5.84	0.46	2,048.75	162.74
2013	3.02	0.32	5.62	0.60	2,000.53	213.35
2014	3.10	0.34	5.73	0.62	2,066.71	223.61
2015	2.98	0.34	5.33	0.60	2,008.96	227.42
2016	2.94	0.33	5.25	0.60	2,033.20	230.84
2017	2.83	0.33	5.15	0.60	2,017.75	233.42
2018	2.60	0.32	4.76	0.59	2021.43	251.40
2019	2.29	0.33	4.19	0.60	1853.88	263.76
2020	2.15	0.41	3.83	0.74	1762.08	339.12
2021	2.00	0.30	3.51	0.52	1664.16	245.99
2022	1.61	0.25	3.00	0.47	1536.05	240.41
2023	1.54	0.22	2.82	0.40	1498.72	212.92
2024	1.50	0.21	2.56	0.35	1466.18	202.21
2025*	1.57	0.22	2.76	0.38	1647.95	226.63
2026*	1.90	0.19	3.32	0.34	2061.74	210.48
2027*	1.69	0.27	2.94	0.47	1896.98	302.30
2028*	1.50	0.25	2.61	0.44	1742.30	295.48

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

Assumes no additional debt authorization for the 2026-2028 Biennium.

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

**Table 5**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF PERSONAL INCOME**  
**(000,000)**

<b>Fiscal Year</b>	<b>Debt as a % of Personal Income Assuming No New Authorization</b>	<b>Required Debt Service as a % of Personal Income Assuming No New Authorization</b>	<b>Debt as a % of Personal Income with \$3,129,988,600 Executive Budget Recommended New Authorization</b>	<b>Required Debt Service as a % of Personal Income with \$3,129,988,600 Executive Budget Recommended New Authorization</b>
2000	3.62	0.57		
2001	3.92	0.55		
2002	4.22	0.50		
2003	3.82	0.56		
2004	4.00	0.52		
2005	3.93	0.47		
2006	4.08	0.50		
2007	4.15	0.42		
2008	4.54	0.50		
2009	4.89	0.46		
2010	5.54	0.29		
2011	5.96	0.45		
2012	5.84	0.46		
2013	5.62	0.60		
2014	5.73	0.62		
2015	5.33	0.60		
2016	5.25	0.60		
2017	5.15	0.60		
2018	4.76	0.59		
2019	4.19	0.60		
2020	3.83	0.74		
2021	3.51	0.52		
2022	3.00	0.47		
2023	2.82	0.40		
2024	2.56	0.35		
2025	2.76	0.38		
2026*	3.32	0.34		
2027*	2.94	0.47	3.97**	0.55**
2028*	2.61	0.44	3.60**	0.53**

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

\*\*Assumes new debt authorization for the 2026-2028 Biennium with full year debt service in FY27 and FY28.

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

**Table 6**  
**APPROPRIATION SUPPORTED DEBT SERVICE**  
**AS A PERCENT OF TOTAL REVENUE**  
**(000,000)**

<b>Fiscal Year</b>	<b>Revenue (\$)</b>	<b>Debt Service (\$)</b>	<b>Debt Service/ Revenue (%)</b>
2000	9,427.31	556.47	5.90
2001	9,920.62	553.15	5.58
2002	10,172.25	526.97	5.18
2003	10,499.22	598.16	5.70
2004	10,877.02	586.47	5.39
2005	11,749.64	552.42	4.70
2006	12,746.44	622.68	4.89
2007	13,022.81	558.39	4.29
2008	13,490.88	695.96	5.16
2009	13,249.29	637.34	4.81
2010	13,525.62	402.34	2.97
2011	14,529.38	661.71	4.55
2012	15,741.19	712.87	4.53
2013	15,775.73	937.73	5.94
2014	15,994.20	986.90	6.17
2015	16,740.11	1,007.48	6.02
2016	17,912.90	1,024.02	5.72
2017	18,473.09	1,039.64	5.63
2018	19,534.17	1,123.28	5.75
2019	20,656.38	1,178.23	5.70
2020	20,163.98	1,518.32	7.53
2021	21,717.87	1,109.26	5.11
2022	24,009.14	1,084.82	4.52
2023	26,018.80	960.55	3.69
2024	27,786.80	927.81	3.34
2025*	28,609.40	1,043.58	3.65
2026*	30,493.35	973.44	3.19
2027*	31,642.51	1,404.72	4.44
2028*	32,852.33	1,378.41	4.20

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

Assumes no additional debt authorization for the 2026-2028 Biennium.

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

Table 7  
**APPROPRIATION SUPPORTED DEBT SERVICE  
AS A PERCENT OF TOTAL REVENUE (%)**

		<b>\$3,129,988,600 Executive Budget Recommended New Authorization</b>
<b>Fiscal Year</b>	<b>Assuming No New Authorization</b>	
2000	5.90	
2001	5.58	
2002	5.18	
2003	5.70	
2004	5.39	
2005	4.70	
2006	4.89	
2007	4.29	
2008	5.16	
2009	4.81	
2010	2.97	
2011	4.55	
2012	4.53	
2013	5.94	
2014	6.17	
2015	6.02	
2016	5.72	
2017	5.63	
2018	5.75	
2019	5.70	
2020	7.53	
2021	5.11	
2022	4.52	
2023	3.69	
2024	3.34	
2025	3.65	
2026*	3.19	
2027*	4.44	5.17**
2028*	4.20	4.99**

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

\*\*Assumes new debt authorization for the 2026-2028 Biennium with full year debt service in FY27 and FY28.

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

**Table 8**  
**APPROPRIATION SUPPORTED DEBT SERVICE**  
**AS A PERCENT OF AVAILABLE REVENUE (%)**

<b>Fiscal Year</b>	<b>Available Revenue (000,000)</b>	<b>Appropriated Debt Service/ Revenue (%)</b>	<b>\$3,129,988,600 Executive Budget Recommended New Authorization</b>
2000	7,396.68	7.19	
2001	7,648.48	7.78	
2002	7,622.59	7.96	
2003	7,912.92	7.46	
2004	8,079.32	7.79	
2005	8,681.45	6.40	
2006	9,444.88	7.69	
2007	9,716.66	7.78	
2008	9,851.17	8.53	
2009	9,557.71	8.96	
2010	9,339.15	9.49	
2011	9,986.71	8.06	
2012	10,402.47	8.19	
2013	10,687.89	9.84	
2014	10,905.21	10.61	
2015	11,313.18	9.72	
2016	11,727.54	10.11	
2017	11,889.24	9.59	
2018	12,280.80	10.24	
2019	12,941.58	9.19	
2020	13,018.40	9.20	
2021	14,435.78	7.97	
2022	16,326.61	7.07	
2023	17,236.93	5.82	
2024	17,824.31	5.35	
2025	17,817.26	5.86	
2026*	17,818.77	7.25	
2027*	18,186.22	7.72	9.00**
2028*	18,599.92	7.41	8.81**

\*Estimated

Assumes remaining un-issued debt authorization is issued in FY26.

\*\*Assumes new debt authorization for the 2026-2028 Biennium with full year debt service in FY27 and FY28.

## **Appendix A – Economic Indicators**

The following data reflect Kentucky's debt (principal outstanding) and debt service in comparison with various economic indicators or measures of wealth. Appropriation supported debt and three categories of debt service are presented in terms of the economic variables of assessed property values, personal income and population.

Tables A-1, A-2 and A-3 show the annual debt and debt service in three different categories: required, appropriated and actual. "Required debt service" is the net debt service that is actually due to the bondholders regardless of source of revenue. Debt service may be paid from interest earnings on the debt service reserve funds as well as by direct appropriations or projected revenues. The "required debt service" category is the most accurate reflection of the Commonwealth's liability.

"Appropriated debt service" reflects those funds that were appropriated in the various budgets for debt service. In many cases, these figures are estimated well in advance of debt being issued or refinanced. These figures are neither an accurate nor consistent reflection of the Commonwealth's debt liability and are presented pursuant to KRS 42.410.

"Actual debt service" reflects those funds that flowed through the Debt Service Fund within the state's accounting system. These figures include not only debt service but also proceeds from refundings, costs of issuance and accrued interest on newly issued bonds, rebate and arbitrage penalty payments and trustee fees. These data are not an accurate reflection of the Commonwealth's debt liability, but are being presented pursuant to KRS 42.410.

Table A-4 reflects Kentucky's non-appropriation supported debt in relation to the economic variables of assessed property value, personal income and population. Non-appropriation supported debt is the debt of those authorities for which appropriation of state funds is not used to pay the debt service. The authorities include the Kentucky Housing Corporation, Kentucky Higher Education Student Loan Corporation, Kentucky Local Correctional Facilities Construction Authority, and certain debt of the Kentucky Infrastructure Authority. The final debt service payment for the Kentucky Local Correctional Facilities Construction Authority was made on November 1, 2014.

**Table A-1**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF ASSESSED PROPERTY**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b><u>Debt as a % of Assessed Property</u></b>	<b><u>Required Debt Service as a % of Assessed Property</u></b>	<b><u>Appropriated Debt Service as a % of Assessed Property</u></b>	<b><u>Actual Debt Service as a % of Assessed Property</u></b>
2010	1.97	0.10	0.22	0.22
2011	2.19	0.17	0.20	0.21
2012	2.19	0.17	0.21	0.21
2013	3.02	0.32	0.36	0.36
2014	3.10	0.34	0.39	0.36
2015	2.98	0.34	0.37	0.37
2016	2.94	0.33	0.39	0.37
2017	2.83	0.33	0.36	0.36
2018	2.60	0.32	0.36	0.36
2019	2.29	0.33	0.33	0.36
2020	2.15	0.41	0.33	0.33
2021	2.00	0.30	0.31	0.34
2022	1.61	0.25	0.27	0.28
2023	1.54	0.22	0.23	0.24
2024	1.50	0.21	0.21	0.24
2025	1.57	0.22	0.22	0.22

**Table A-2**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF PERSONAL INCOME**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b><u>Debt as a % of Personal Income</u></b>	<b><u>Required Debt Service as a % of Personal Income</u></b>	<b><u>Appropriated Debt Service as a % of Personal Income</u></b>	<b><u>Actual Debt Service as a % of Personal Income</u></b>
2010	5.54	0.29	0.63	0.62
2011	5.96	0.45	0.55	0.56
2012	5.84	0.46	0.55	0.57
2013	5.62	0.60	0.67	0.67
2014	5.73	0.62	0.73	0.67
2015	5.33	0.60	0.66	0.66
2016	5.25	0.60	0.69	0.66
2017	5.15	0.60	0.65	0.66
2018	4.76	0.59	0.66	0.66
2019	4.19	0.60	0.60	0.66
2020	3.83	0.74	0.58	0.59
2021	3.51	0.52	0.54	0.60
2022	3.00	0.47	0.50	0.52
2023	2.82	0.40	0.42	0.45
2024	2.56	0.35	0.36	0.40
2025	2.76	0.38	0.38	0.38

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.



**Table A-3**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**PER CAPITA**  
**(Current Dollars)**

<b>Fiscal Year</b>	<b>Debt Per Capita (\$)</b>	<b>Required Debt Service Per Capita (\$)</b>	<b>Appropriated Debt Service Per Capita (\$)</b>	<b>Actual Debt Service Per Capita (\$)</b>
2010	1,798.17	92.57	203.94	201.78
2011	2,005.67	151.44	184.14	188.24
2012	2,048.75	162.74	194.47	200.56
2013	2,000.53	213.35	239.34	239.60
2014	2,066.71	223.61	262.23	241.87
2015	2,008.96	227.42	248.14	249.07
2016	2,033.20	230.84	267.27	257.19
2017	2,017.75	233.42	256.01	256.88
2018	2,021.43	251.40	281.44	280.31
2019	1,853.88	263.76	266.14	293.94
2020	1,762.08	339.12	267.40	272.68
2021	1,664.16	245.99	255.11	285.03
2022	1,536.05	240.41	255.75	264.39
2023	1,498.72	212.92	222.45	237.45
2024	1,466.18	202.21	207.95	230.45
2025	1,647.95	226.63	226.63	226.63

**Table A-4**  
**NON-APPROPRIATION SUPPORTED DEBT**  
**KENTUCKY ECONOMIC DEBT INDICATORS**

<b>Fiscal Year</b>	<b>Debt as a % of Assessed Property</b>	<b>Debt as a % of Personal Income</b>	<b>Debt Per Capita (\$)</b>
2010	0.90	2.54	824.22
2011	0.84	2.27	764.60
2012	0.78	2.08	728.60
2013	1.04	1.94	691.18
2014	1.15	2.12	763.82
2015	1.01	1.80	679.69
2016	0.64	1.15	444.81
2017	0.57	1.03	405.36
2018	0.51	0.94	397.15
2019	0.50	0.91	404.29
2020	0.55	0.98	452.50
2021	0.54	0.95	452.58
2022	0.45	0.85	433.08
2023	0.46	0.84	444.78
2024	0.39	0.66	379.19
2025	0.36	0.63	378.24

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

## **Appendix B: Fiscal Debt Indicators**

In the following table, total appropriated revenue is shown in terms of the three categories of debt service as described in Appendix A. Appropriated revenue is the revenue of the General Fund, Road Fund and Agency Funds in the Executive Branch budget. Table B-1 compares required, appropriated and actual debt service to total revenue.

Table B-2 reflects the three categories of debt service in terms of “available appropriated revenues.” This form of revenue is revenue from the same sources as described above less funds that are statutorily dedicated to a specific purpose. In the case of the Road Fund (Table B-3), the following receipts are subtracted: County Road Aid, Rural Secondary Road Aid, Municipal Road Aid within the Motor Fuels Normal and Motor Fuels Normal Use accounts, Kentucky Transportation Center Funds, Coal Haul Cooperative Agreements, Extended Weight and Coal Haul Fines, Drivers Education Program and Drivers License Photo Program.

The Agency Fund receipts include those agency funds that are actually applied to debt service. These include primarily the debt service for university general receipts and housing and dining issues. In addition, certain university consolidated educational buildings revenue bonds and State Property and Buildings Commission bonds are supported by Agency Fund appropriations.

**Table B-1**  
**APPROPRIATED DEBT SERVICE**  
**AS A PERCENT OF TOTAL REVENUE**  
**(Budget Basis)**

<b>Fiscal Year</b>	<b>Total Revenue (\$Millions)</b>	<b>Required Debt Service/ Revenue (%)</b>	<b>Appropriated Debt Service/ Revenue (%)</b>	<b>Actual Debt Service/ Revenue (%)</b>
2010	13,525.62	2.97	6.55	6.48
2011	14,529.38	4.55	5.54	5.66
2012	15,741.19	4.53	5.41	5.58
2013	15,775.73	5.94	6.67	6.68
2014	15,994.20	6.17	7.24	6.67
2015	16,740.11	6.02	6.57	6.59
2016	17,912.90	5.72	6.62	6.37
2017	18,473.09	5.63	6.17	6.19
2018	19,534.17	5.75	6.44	6.41
2019	20,656.38	5.70	5.76	6.36
2020	20,163.98	7.53	5.94	6.05
2021	21,717.87	5.11	5.30	5.92
2022	24,462.41	4.43	4.72	4.88
2023	26,291.05	3.65	3.82	4.07
2024	27,786.80	3.34	3.43	3.81
2025	28,609.40	3.65	3.65	3.65

**Table B-2**  
**APPROPRIATED DEBT SERVICE**  
**AS A PERCENT OF AVAILABLE REVENUE**  
**(Budget Basis)**

<b>Fiscal Year</b>	<b>Available Revenue (\$Millions)</b>	<b>Required Debt Service/ Revenue (%)</b>	<b>Appropriated Debt Service/ Revenue (%)</b>	<b>Actual Debt Service/ Revenue (%)</b>
2010	9,339.15	4.31	9.49	9.39
2011	9,986.71	6.63	8.06	8.24
2012	10,402.47	6.85	8.19	8.45
2013	10,687.89	8.77	9.84	9.85
2014	10,905.21	9.05	10.61	9.79
2015	11,313.18	8.91	9.72	9.75
2016	11,727.57	8.73	10.11	9.73
2017	11,889.24	8.74	9.59	9.62
2018	12,280.80	9.15	10.24	10.20
2019	12,941.58	9.10	9.19	10.15
2020	13,018.40	11.66	9.20	9.38
2021	14,435.78	7.68	7.97	8.90
2022	16,326.61	6.64	7.07	7.31
2023	17,236.93	5.57	5.82	6.21
2024	17,824.31	5.21	5.35	5.93
2025	17,817.26	5.86	5.86	5.86

Note: Total required debt service for Fiscal Years 2009-2012 was reduced by debt restructurings.

**Table B-3**  
**ROAD FUND DEBT SERVICE**  
**AS A PERCENT OF ROAD FUND REVENUE**  
**(000,000)**

<b>Fiscal Year</b>	<b>Available Road Fund Revenue</b>	<b>Debt Service</b>	<b>Debt Service as a Percent of Available Revenue</b>
2010	916.43	31.01	3.38
2011	1,012.51	97.07	9.59
2012	1,089.41	99.77	9.16
2013	1,112.92	135.50	12.17
2014	1,158.34	142.42	12.29
2015	1,141.20	149.60	13.11
2016	1,147.46	150.05	13.08
2017	1,168.30	153.29	13.12
2018	1,170.03	154.82	13.23
2019	1,221.84	154.41	12.64
2020	1,161.93	142.49	12.26
2021	1,301.60	142.48	10.95
2022	1,304.56	141.29	10.83
2023	1,753.32	134.08	7.65
2024	1,884.25	117.31	6.23
2025	1,827.27	109.92	6.02

Note: Total required debt service for Fiscal Year 2010 was reduced by debt restructuring.

## Appendix C: University Rating Agency Information

University	Moody's				S&P				Fitch			
	<u>Underlying</u>		<u>Enhanced</u>		<u>Underlying</u>		<u>Long-Term Debt</u>		<u>Underlying</u>		<u>Enhanced</u>	
	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
Eastern Kentucky University <i>General Receipts</i>	A2	negative	Aa3	stable	-	-	AA	stable	-	-	-	-
KCTCS <i>General Receipts</i>	A1	stable	Aa3	stable	-	-	-	-	-	-	-	-
Kentucky State University <i>General Receipts</i>	-	-	Aa3	stable	-	-	AA	stable	-	-	-	-
Morehead State University <i>General Receipts</i>	A3	stable	Aa3	stable	-	-	AA	stable	-	-	-	-
Murray State University <i>General Receipts</i>	A2	stable	Aa3	stable	-	-	AA	stable	-	-	-	-
Northern Kentucky University <i>General Receipts</i>	A2	stable	Aa3	stable	-	-	AA	stable	-	-	-	-
University of Kentucky <i>General Receipts</i>	Aa2	stable	-	-	-	-	AA+	stable	-	-	-	-
University of Louisville <i>General Receipts</i>	Baa1	negative	Aa3	stable	A+	stable	AA	stable	-	-	-	-
Western Kentucky University <i>General Receipts</i>	A2	negative	Aa3	stable	A-	stable	A	stable	-	-	-	-

## Appendix D: Recommended Bond Funded Projects

<u>AGENCY</u>	<u>PROJECT</u>	<u>GENERAL FUND</u>
Veterans' Affairs	Radcliff Veterans' Center HVAC System Replacement	16,000,000
KIA	Federally Assisted Wastewater Program	18,604,800
KIA	Drinking Water Revolving Loan Program	16,782,600
Military Affairs	Construct Readiness Center - Somerset	1,633,000
Military Affairs	Construct Armory 4 - Frankfort	2,000,000
Military Affairs	Thompson Hood-Interior/Exterior Renovations	2,000,000
Economic Development	KEDFA	15,000,000
Economic Development	Economic Development Fund	15,000,000
Economic Development	High-Tech Construction/Investment Pool	15,000,000
Education and Labor	Renovate McDowell vocational Rehab Center	6,240,000
Natural Resources	State-Owned Dam Repair - 2026-2028	21,060,000
Natural Resources	State Superfund Sites – 2026-2028	3,000,000
Finance	Renovate Cabinet for Human Resources-Phase 2	8,000,000
Behavioral Health	Western St Nursing Facility Renovations-Phase 2	6,621,000
Behavioral Health	Oakwood Renovate/Replace Cottages-Phase IV	12,616,000
Public Health	Construct Central Lab Expansion	276,300,000
KY State Police	Emergency Radio System Replacement	107,427,000
KY State Police	Posts 7 Richmond & 10 Harlan	8,586,000
Juvenile Justice	High Acuity Mental Health Facility	35,000,000
Juvenile Justice	Female Juvenile Detention Center-Central Kentucky	45,000,000
Juvenile Justice	Female Juvenile Detention Center-Western Kentucky	45,000,000
Juvenile Justice	Construct Juvenile Youth Development Center Fencing	5,000,000
Corrections	Kentucky State Reformatory – Demolition	17,010,000
Corrections	KY St Penitentiary-Utilities Infrastructure Replacements	15,758,000
Corrections	Repair Northpoint Training Center Exterior Dorms Masonry Tuckpoint	11,787,000
Corrections	Renovate Northpoint Training Center-Restricted Housing Unit	3,500,000
Corrections	Adaptive Reuse KY Correctional Complex-eKAMI	10,700,000
Personnel	Enterprise Human Resources Information System	140,717,200
EKU	Asset Preservation Pool - 2026-2028	65,000,000
EKU	Aviation Acquisition Pool - 2026-2028	10,000,000
KSU	Renovate Facility for Health Sciences Center	20,000,000
KSU	Renovate Baseball Stadium	2,000,000
Morehead St	Construct New Agriculture Sciences Building	30,665,000
Murray St	Construct Emergency Veterinary & Teaching Clinic	48,500,000
NKU	Renovate Business Academic Center	75,000,000
UK	Construct Research Facility	200,000,000
UofL	Construct STEM Building	142,000,000
WKU	Asset Preservation Pool - 2026-2028	100,000,000
KCTCS	Renovate May Campus-Big Sandy CTC	4,500,000
KCTCS	Upgrade Prestonsburg Campus Bldgs-Big Sandy CTC	7,400,000
KCTCS	Renovate Leestown Building A-Bluegrass CTC	21,000,000
KCTCS	Re-entry Campus-Northpoint Training Center	42,000,000
Historical Society	Old State Capitol Preservation	4,981,000
SFCC	Offers of Assistance 2024-2026	36,240,000
<b>TOTAL-NEW 2026-28</b>		
<b>GENERAL FUND BONDS</b>		<b><u>1,690,628,600</u></b>

<u>AGENCY</u>	<u>PROJECT</u>	<u>AGENCY FUND</u>
KIA	Federally Assisted Wastewater Program	30,000,000
KIA	Drinking Water Revolving Loan Program	30,000,000
	Improve Campus Pedestrian, Parking and Transp Pool Additional	
EKU	Reauthorization	7,000,000
EKU	Upgrade and Improve Residence Hall Pool	25,000,000
Morehead St	Construct New Residence Hall #4	44,900,000
Morehead St	Construct New Residence Hall #3	56,940,000
Morehead St	Capital Renewal and Maintenance Pool-Aux	12,600,000
Morehead St	Renovate Fields Residence Hall	10,100,000
Morehead St	Renovate Grote-Thompson Residence Hall	10,100,000
Morehead St	Renovate & Replace Exterior Precast Panels-Nunn Hall	4,320,000
Morehead St	Comply with ADA - Auxiliary	1,000,000
Murray St	Replace College Courts Apts Additional Reauthorization	15,000,000
Murray St	Construct Residential Housing	47,000,000
UK	Facilities Renewal and Modernization	125,000,000
UK	Improve Gatton Business & Economic Bldg	90,000,000
UK	Construct/Improve Arts & Innovation Complex	175,000,000
UK	Construct/Improve Research/Data Center	100,000,000
UK	Construct Multi-Use Complex 1	50,000,000
UK	Acquire Land	50,000,000
	Renovation – Exterior Envelope Replacement-55A Additional	
UofL	Reauthorization	10,000,000
UofL	Research Lab Enhancements and Repurpose	30,000,000
UofL	Vivarium Equipment Replacement & Upgrade Pool	25,000,000
UofL	Improve Housing Facilities Pool	100,000,000
UofL	ADA Building Upgrade Pool 2026-2028	3,000,000
UofL	Purchase Land Additional Reauthorization	5,000,000
	Construct Connector-Speed School to Research Park Additional	
UofL	Reauthorization	2,400,000
UofL	Construct Belknap Campus Parking Garage	60,000,000
UofL	Build Out 620 Garage Space	50,000,000
UofL	Demo of Resident Hall	6,000,000
UofL	Purchase Residence Housing Facility	250,000,000
UofL	Precision Medicine Research Center	14,000,000
<b>TOTAL-AGENCY BOND PROJECTS</b>		<b>1,439,360,000</b>
<b>TOTAL - ALL BOND PROJECTS</b>		<b>3,129,988,600</b>

## ACKNOWLEDGMENTS

OFFICE OF STATE BUDGET DIRECTOR	
John T. Hicks	State Budget Director
GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT	
Kevin Cardwell	Deputy State Budget Director
Janice Tomes	Deputy State Budget Director
Alexander Ansley	Policy and Budget Analyst
Beth Atkinson	Policy and Budget Analyst
Glenna Goins	Policy and Budget Analyst
Nancy Haggerty	Policy and Budget Analyst
Melissa Highfield-Smith	Policy and Budget Analyst
Marty Miller	Staff Assistant
Alex Oditt	Policy and Budget Analyst
Stacy Roland	Policy and Budget Analyst
Kelby Rose	Policy and Budget Analyst
Phillip Rosell	Systems Administrator Senior
Kara Smothermon	Policy and Budget Analyst
Carla Wright	Policy and Budget Analyst
Buddy Whorrall	Systems Administrator
GOVERNOR'S OFFICE FOR ECONOMIC ANALYSIS	
Greg Harkenrider	Deputy Executive Director
Martha Armstrong	Administrative Specialist
Thomas Jones	Financial Investment and Forecasting Program Analyst
Gene Zaparanick -Brown	Financial Investment and Forecasting Program Analyst
GOVERNOR'S OFFICE FOR POLICY RESEARCH	
Michael Jones	Deputy Executive Director
Sarah Aitken	Financial Investment and Forecasting Program Specialist