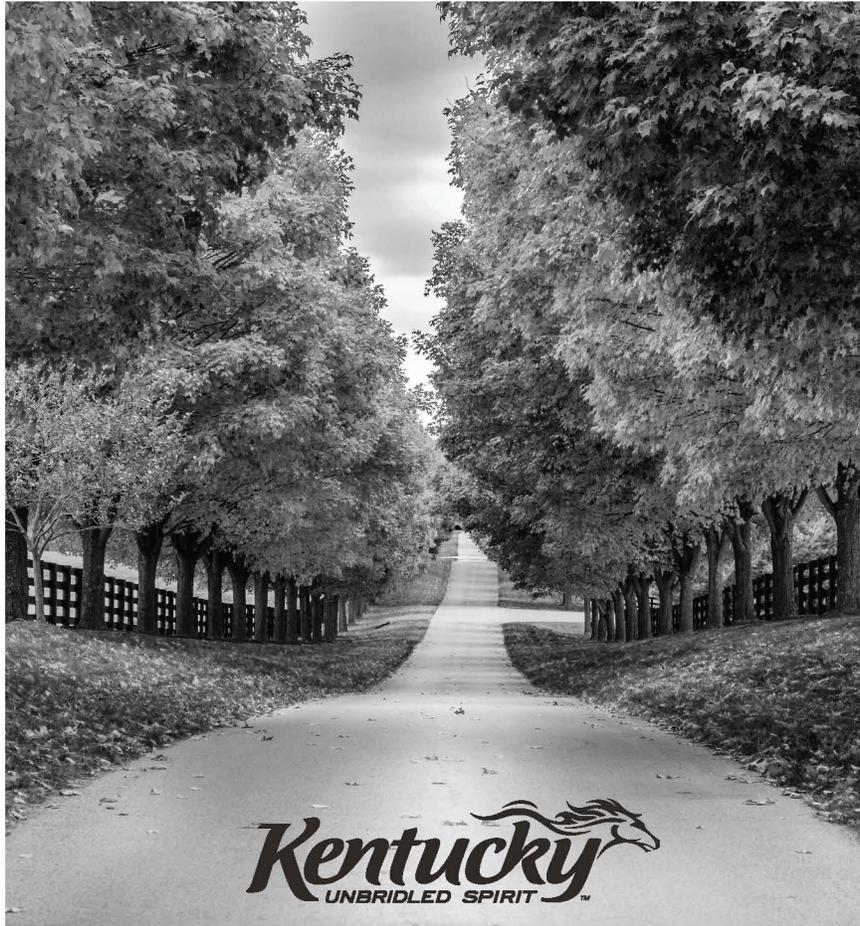


Commonwealth of Kentucky 2016 - 2018 Budget of the Commonwealth

Matthew G. Bevin
Governor

Appropriations and Revenue Bills

John E. Chilton
State Budget Director



Commonwealth of Kentucky
2016 – 2018
Budget of the Commonwealth
Appropriations and Revenue Bills

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

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VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 303 OF THE
2016 REGULAR SESSION

Governor's Office of Agricultural Policy

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 4, line 10, the word "special";
Page 4, lines 11 through 16 in their entirety;
Page 4, line 17, "livestock." and "special";
Page 4, line 19, "The Board shall not approve an individual grant for an";
Page 4, line 20 in its entirety;
Page 193, line 22, "special";
Page 193, line 23, "These special initiatives shall be limited to those which support regional";
Page 193, lines 24 through 27 in their entirety;
Page 194, line 1 in its entirety;
Page 194, line 2, "livestock." and "special";
Page 194, line 4, "The Board shall not approve and individual grant for an";
Page 194, line 5 in its entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Military Affairs

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 6, lines 5 through 7 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Publishing Requirements

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 7, lines 2 through 11 in their entirety;
Page 43, lines 22 through 27 in their entirety;
Page 44, lines 1 through 4 in their entirety.

Local Government Economic Assistance Fund

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 8, lines 11 through 14 in their entirety;
Page 40, line 27 in its entirety;
Page 41, lines 1 through 6 in their entirety.

This budget dedicates an unprecedented amount of coal severance dollars back to the counties where the resource is severed. While this program has benefited a number of school districts in the coal regions, it is time to review its effectiveness and ongoing necessity. The program was initiated during the middle part of the last decade, based upon a concept called "grid computing." In 2016, there are multiple private sector cloud computing options available to provide shared processing resources on demand. Evaluating the program will provide the opportunity to determine if this is a necessary, ongoing investment required of Kentucky's taxpayers.

School Facilities Construction Commission

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 27, line 18, "less than \$1,029,700 nor";
Page 27, line 20, "less than \$9,254,900 nor";
Page 27, line 22, "less than \$12,868,800 nor";
Page 27, line 24, "less than \$13,985,800 nor";
Page 27, line 26, "less than \$10,337,600 nor";
Page 28, line 1, "less than \$18,806,500 nor".

This veto will help ensure tax dollars are expended wisely and only those absolutely necessary will be spent.

Economic Development Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 34, lines 12 through 27 in their entirety;

Page 35, lines 1 through 4 in their entirety;

Page 35, lines 12 through 17 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Department of Education

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 45, line 26, “, but no portion of these funds shall be utilized for state-level”;

Page 45, line 27, “administrative purposes”.

Page 46, line 1, “the ACT and WorkKeys”.

This veto conforms budget language to the provisions of House Bill 15, enacted in the 2016 session of the General Assembly.

Page 46, line 10 in its entirety.

Page 51, line 25, “Notwithstanding 704 KAR 3:410(2), a child”;

Page 51, lines 26 through 27 in their entirety;

Page 52, lines 1 through 5 in their entirety.

Mandated expansion of eligibility, however desirable, is not prudent in tight fiscal times.

Page 57, lines 3 through 7 in their entirety.

Energy and Environment Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 60, lines 1 through 6 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Health and Family Services Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 66, line 20, "up to ten";
Page 66, line 21, "percent".

This veto is necessary to provide flexibility to implement budget reductions within the Cabinet.

Page 73, lines 25 through 27 in their entirety;
Page 74, lines 1 through 8 in their entirety;
Page 107, lines 3 through 26 in their entirety.

Provisions of the Affordable Care Act make these provisions duplicative.

Page 75, lines 25 through 26 in their entirety.

ARC of Kentucky is an excellent advocate for disabled and handicapped Kentuckians. While their work should be applauded, non-profits are strongest when they are not dependent upon tax dollars for operations. We encourage ARC of Kentucky to continue to move forward with their passionate advocacy and focus their fundraising efforts on private sector and foundation support.

Page 77, lines 2 through 5 in their entirety;
Page 77, lines 9 through 24 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Page 79, lines 15 through 17 in their entirety.

Qualifying dually licensed pediatric facilities currently receive supplemental payments from Medicaid. This language requires a duplicative unfunded appropriation from DCBS.

Page 80, lines 2 through 4 in their entirety.

The Cabinet provides a multitude of early intervention services throughout several departments and should have the flexibility to target services where they are most needed.

Justice and Public Safety Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 82, lines 15 through 19 in their entirety.
Page 82, line 22, "The Office shall not be relocated or closed during the 2016-";
Page 82, line 23, "2018 fiscal biennium.";
Page 83, lines 5 through 11 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Page 83, line 14, "The funds shall be distributed";
Page 83, lines 15 through 24 in their entirety.

The Commonwealth is providing general fund support to the Court Appointed Special Advocate (CASA) program for the first time. It is important to ensure the Justice & Public Safety Cabinet has maximum administrative flexibility to establish the program. The budget language is too prescriptive and could potentially hinder effective program implementation.

Page 89, lines 11 through 27 in their entirety;
Page 90, lines 1 through 25 in their entirety.

Attempts have been made in other states to gain approval from CMS for a program along these lines and have been unsuccessful.

Page 91, lines 16 through 27 in their entirety;
Page 92, lines 1 through 5 in their entirety.

The Commonwealth should not limit its options in dealing with any potential state prison population challenges. Furthermore, the administrative discretion to evaluate partnership options with the private sector already exists and, therefore, this language is unnecessary.

Personnel Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 95, lines 26 through 27 in their entirety;
Page 96, lines 1 through 27 in their entirety;
Page 97, lines 1 through 16 in their entirety.

Postsecondary Education

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 99, lines 24 through 26 in their entirety;
Page 99, line 27, "If General Fund appropriations are not sufficient to fully";
Page 100, line 1 in its entirety;
Page 100, line 2, "slots out of the Council's base budget."

The veterinary medicine and optometry programs remain funded. However, the General Assembly should appropriate sufficient funds in the future to fully fund the slots dedicated for veterinary medicine and optometry instead of requiring the Council for Post-Secondary Education to make up for shortfalls out of a reduced base budget.

Page 102, line 8, "the first \$5,000,000 in unanticipated";

Page 102, line 9 in its entirety;
Page 102, line 10, "Fund, and" and "above \$5,000,000".

This veto ensures any excess lottery funds are dedicated to education.

Page 102, line 14, "\$9,400,000 in fiscal";
Page 102, line 15, "year 2016-2017 and".

Developing and implementing a properly functioning Work Ready Scholarship program will take a great deal of time and effort. Therefore, the most prudent action is to develop the program for implementation in fiscal year 2017-2018.

Page 103, lines 14 through 27 in their entirety;
Page 104, lines 1 through 4 in their entirety.

This provides Eastern Kentucky University necessary discretion to determine whether funding the Community Operations Board is the most efficient utilization of their resources.

Page 106, line 4, "located in";
Page 106, line 5, "Covington, Kentucky";
Page 106, line 6, "to be used in Covington, Kentucky".

Northern Kentucky University should retain the flexibility to invest where there is the greatest need.

Tourism, Arts and Heritage Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 116, lines 4 through 9 in their entirety.

General Provisions

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 171, line 17, "shall";
Page 171, line 18, "conform to KRS 48.610 and" and "pursuant to KRS 48.605 and this Act";
Page 171, line 25, "Compliance with the";
Page 171, lines 26 through 27 in their entirety;
Page 172, line 25, "**of Appropriations**" and "any";
Page 172, line 26, "appropriation in" and "as to the purpose or manner for which the appropriation may be";
Page 172, line 27, "expended";
Page 177, line 1, "up to ten percent of";
Page 177, line 21, "appropriations and";
Page 177, line 22, "The Legislative Research Commission shall review";
Page 177, lines 23 through 27 in their entirety.

Funds Transfer

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 184, lines 22 through 26 in their entirety.

Directing these Worker's Compensation benefit funds to the general fund would likely create a program shortfall during the biennium.

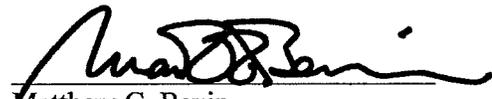
General Fund Budget Reduction Plan

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 185, line 22, "No budget revision";
Page 185, lines 23 through 24 in their entirety;
Page 186, line 11, "No transfers to the";
Page 186, lines 12 through 21 in their entirety;
Page 186, lines 24 through 26 in their entirety;
Page 187, lines 4 through 8 in their entirety.

With the Commonwealth facing significant fiscal constraints, it is vitally important that the Executive Branch retain maximum flexibility to manage any potential budget reductions over the biennium.

This the 27th day of April, 2016


Matthew G. Bevin
Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 303

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

1 AN ACT relating to appropriations measures providing funding and establishing
 2 conditions for the operations, maintenance, support, and functioning of the government of
 3 the Commonwealth of Kentucky and its various officers, cabinets, departments, boards,
 4 commissions, institutions, subdivisions, agencies, and other state-supported activities.

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

6 ➔Section 1. The State/Executive Branch Budget is as follows:

7 **PART I**

8 **OPERATING BUDGET**

9 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
 10 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the
 11 fiscal year beginning July 1, 2015, and ending June 30, 2016, for the fiscal year beginning
 12 July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017,
 13 and ending June 30, 2018, the following discrete sums, or so much thereof as may be
 14 necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each
 15 appropriation is made by source of respective fund or funds accounts. Appropriations for
 16 the following officers, cabinets, departments, boards, commissions, institutions,
 17 subdivisions, agencies, and budget units of the state government, and any and all other
 18 activities of the government of the Commonwealth, are subject to the provisions of
 19 Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the
 20 conditions and procedures set forth in this Act.

21 **(2) Tobacco Settlement Funds:** Appropriations identified as General Fund
 22 (Tobacco) in Part I, Operating Budget, of this Act are representative of the amounts
 23 provided in Part X, Phase I Tobacco Settlement, of this Act and are not to be appropriated
 24 in duplication.

25 **A. GENERAL GOVERNMENT**

26 **Budget Units**

27 **1. OFFICE OF THE GOVERNOR**

	2015-16	2016-17	2017-18
1			
2	General Fund (Tobacco)	-0-	2,050,000
3	General Fund	-0-	5,455,700
4	Restricted Funds	-0-	323,200
5	Federal Funds	870,000	2,506,200
6	TOTAL	870,000	10,335,100

7 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 8 appropriation is \$2,050,000 in each fiscal year for the Early Childhood Advisory Council.

9 **2. OFFICE OF STATE BUDGET DIRECTOR**

	2016-17	2017-18
10		
11	General Fund	3,135,100
12	Restricted Funds	229,100
13	TOTAL	3,364,200

14 **3. STATE PLANNING FUND**

	2016-17	2017-18
15		
16	General Fund	137,200

17 **4. HOMELAND SECURITY**

	2016-17	2017-18
18		
19	General Fund	229,200
20	Restricted Funds	1,468,100
21	Federal Funds	4,031,600
22	Road Fund	269,200
23	TOTAL	5,998,100

24 **5. DEPARTMENT OF VETERANS' AFFAIRS**

	2016-17	2017-18
25		
26	General Fund	18,881,300
27	Restricted Funds	70,085,900

1 TOTAL 88,967,200 95,737,200

2 (1) **Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans'
 3 Centers are authorized to continue the weekend and holiday premium pay incentive for
 4 the 2016-2018 fiscal biennium.

5 (2) **Congressional Medal of Honor Recipients - Travel and Per Diem:** The
 6 Commissioner of the Department of Veterans' Affairs may approve travel and per diem
 7 expenses incurred when Kentucky residents who have been awarded the Congressional
 8 Medal of Honor attend veterans, military, or memorial events in the Commonwealth of
 9 Kentucky.

10 (3) **Brain Injury Alliance of Kentucky and the Epilepsy Foundation of**
 11 **Kentuckiana Funding:** Included in the above General Fund appropriation is \$100,000 in
 12 each fiscal year for grants to the Brain Injury Alliance of Kentucky and \$100,000 in each
 13 fiscal year for grants to the Epilepsy Foundation of Kentuckiana to be used solely for the
 14 purpose of working with veterans who have experienced brain trauma and their families.

15 (4) **Veterans' Service Organization Funding:** Included in the above General
 16 Fund appropriation is \$200,000 in each fiscal year for grants to Veterans' Service
 17 Organization programs.

18 **6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY**

	2015-16	2016-17	2017-18
19 General Fund (Tobacco)	21,099,500	25,358,000	28,450,200
20 Restricted Funds	-0-	150,000	150,000
21 TOTAL	21,099,500	25,508,000	28,600,200

22 (1) **Kentucky Agricultural Finance Corporation:** Notwithstanding KRS
 23 247.978(2), the total amount of principal which a qualified applicant may owe the
 24 Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

25 (2) **Administrative Costs:** Notwithstanding KRS 248.711(2), and from the
 26 allocation provided therein, counties that are allocated in excess of \$20,000 annually may
 27

1 provide up to four percent of the individual county allocation, not to exceed \$15,000
 2 annually, to the county council in that county for administrative costs.

3 **(3) Counties Account:** Notwithstanding KRS 248.703(1), included in the above
 4 General Fund (Tobacco) appropriation is \$10,835,300 in fiscal year 2016-2017 and
 5 \$11,917,600 in fiscal year 2017-2018 for the counties account as specified in KRS
 6 248.703(1)(a).

7 **(4) Directive for Fiscal Year 2015-2016 General Fund (Tobacco):**
 8 Notwithstanding KRS 248.703, 248.711, and 248.727, the General Fund (Tobacco)
 9 appropriation of \$21,099,500 to the Governor’s Office of Agricultural Policy in fiscal
 10 year 2015-2016 shall be used solely for ~~special~~ agricultural development initiatives.
 11 ~~[These special initiatives shall be limited to those which support regional centers of~~
 12 ~~excellence associated with a state university, to regional initiatives that support local food~~
 13 ~~aggregators, processors, or distributors, to statewide initiatives that foster the~~
 14 ~~maintenance, preservation, or enhancement of a natural resource which is important to the~~
 15 ~~future development of the agricultural economy in the Commonwealth, or to regional~~
 16 ~~initiatives that provide a public service which can be used to evaluate the marketability of~~
 17 ~~livestock.]~~The grant process for each ~~special~~ agricultural development initiative shall
 18 be subject to the application process and approval of the Agricultural Development Board
 19 created under KRS 248.707.~~[The Board shall not approve an individual grant for an~~
 20 ~~amount that exceeds \$12,800,000.]~~

21 **7. KENTUCKY INFRASTRUCTURE AUTHORITY**

	2016-17	2017-18
22 General Fund	1,507,900	2,087,000
23 Restricted Funds	37,791,900	53,459,600
24 Federal Funds	29,381,900	29,381,900
25 TOTAL	68,681,700	84,928,500

26 **(1) Administrative Fee on Infrastructure for Economic Development Fund**

1 **Projects:** A one-half of one percent administrative fee is authorized to be paid to the
 2 Kentucky Infrastructure Authority for the administration of each project funded by the
 3 Infrastructure for Economic Development Fund for Coal-Producing Counties and the
 4 Infrastructure for Economic Development Fund for Tobacco Counties. These
 5 administrative fees shall be paid, upon inception of the project, out of the fund from
 6 which the project was allocated.

7 **(2) Debt Service:** Included in the above General Fund appropriation is \$291,000
 8 in fiscal year 2016-2017 and \$870,100 in fiscal year 2017-2018 for new debt service to
 9 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

10 **8. MILITARY AFFAIRS**

	2016-17	2017-18
11 General Fund	9,779,500	9,912,800
12 Restricted Funds	33,164,600	33,314,800
13 Federal Funds	43,632,300	43,707,100
14 TOTAL	86,576,400	86,934,700

15
 16 **(1) Kentucky National Guard:** There is appropriated from the General Fund the
 17 necessary funds to be expended, subject to the conditions and procedures provided in this
 18 Act, which are required as a result of the Governor's declaration of emergency pursuant to
 19 KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty
 20 when an emergency or exigent situation has been declared to exist by the Governor.
 21 These necessary funds shall be made available from the General Fund Surplus Account
 22 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

23 **(2) Disaster or Emergency Aid Funds:** There is appropriated from the General
 24 Fund the necessary funds, subject to the conditions and procedures in this Act, which are
 25 required to match federal aid for which the state would be eligible in the event of a
 26 presidentially declared disaster or emergency. These necessary funds shall be made
 27 available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve

1 Trust Fund Account (KRS 48.705).

2 **(3) Residential Youth at Risk Program:** Included in the above General Fund
 3 appropriation is \$357,300 in each fiscal year to support the Bluegrass Challenge Academy
 4 and \$357,300 in each fiscal year to support the Appalachian Youth Challenge Academy.

5 ~~[(4) Maysville National Guard Base: Notwithstanding KRS 36.080, the Maysville
 6 National Guard Base, located in Mason County, shall retain its workforce and shall be
 7 adequately maintained throughout the 2016-2018 fiscal biennium.]~~

8 **9. COMMISSION ON HUMAN RIGHTS**

	2016-17	2017-18
9		
10	General Fund	1,762,900
		1,781,800
11	Federal Funds	245,000
		245,000
12	TOTAL	2,007,900
		2,026,800

13 **10. COMMISSION ON WOMEN**

	2016-17	2017-18
14		
15	General Fund	235,000
		237,400

16 **11. DEPARTMENT FOR LOCAL GOVERNMENT**

	2016-17	2017-18
17		
18	General Fund	16,397,400
		15,705,300
19	Restricted Funds	1,123,700
		882,400
20	Federal Funds	40,598,900
		40,454,100
21	TOTAL	58,120,000
		57,041,800

22 **(1) Area Development District Funding:** Included in the above General Fund
 23 appropriation is \$2,116,300 in each fiscal year for the Joint Funding Administration
 24 Program in support of the Area Development Districts.

25 **(2) Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the
 26 above General Fund appropriation is \$275,000 in each fiscal year for the support of the
 27 Mary Kendall Homes and \$275,000 in each fiscal year for the support of Gateway

1 Juvenile Diversion.

2 ~~{(3) Publishing Requirements: Notwithstanding KRS 424.220, public availability~~
 3 ~~of a local government's complete annual financial statement shall be made by publishing~~
 4 ~~the documents in the newspaper of the largest general circulation in the county,~~
 5 ~~electronically on the Internet, or by printed copy at a prearranged site at the main branch~~
 6 ~~of the public library within the county in which the local government is located. If~~
 7 ~~publication on the Internet or by printed copy at the public library is chosen, the~~
 8 ~~appropriate officer of the local government shall be directed to publish notification in the~~
 9 ~~newspaper of the largest circulation in the county as to the location where the document~~
 10 ~~can be viewed by the public. The notification shall include the address of the library or~~
 11 ~~the electronic address of the Web site on the Internet where the documents can be~~
 12 ~~viewed.}~~

13 **12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	2016-17	2017-18
14		
15	50,031,100	45,193,400

16 **(1) Coal Severance Tax Collections and Transfers:** The above appropriations
 17 from the General Fund are based on the official estimate presented by the Office of State
 18 Budget Director.

19 (a) Notwithstanding KRS 42.450 to 42.495, coal severance tax collections during
 20 the 2016-2018 fiscal biennium shall first be allocated to the following programs or
 21 purposes on a quarterly basis:

22 1. Osteopathic Medicine Scholarship Program: Pursuant to KRS 164.7891(11)
 23 and (12), a transfer in the amount of \$306,000 in fiscal year 2016-2017 and \$326,000 in
 24 fiscal year 2017-2018 shall be made to the Osteopathic Medicine Scholarship Program
 25 within the Kentucky Higher Education Assistance Authority;

26 2. Pharmacy Scholarships: Pursuant to KRS 164.7890(11), a transfer in the
 27 amount of \$540,000 in fiscal year 2016-2017 and \$580,000 in fiscal year 2017-2018 shall

1 be made to the Coal County Pharmacy Scholarship Program within the Kentucky Higher
2 Education Assistance Authority;

3 3. Trover Clinic Grant: A transfer in the amount of \$496,000 in fiscal year 2016-
4 2017 and \$910,000 in fiscal year 2017-2018 shall be made to the Trover Clinic Grant
5 within the Department for Local Government;

6 4. Robinson Scholars Program: An annual appropriation of \$1,000,000 in each
7 fiscal year is appropriated as General Fund moneys to the University of Kentucky budget
8 unit for the Robinson Scholars Program;

9 5. Mining Engineering Scholarship Program: An annual appropriation of
10 \$300,000 in each fiscal year is appropriated as General Fund moneys to the University of
11 Kentucky budget unit for the Mining Engineering Scholarship Program;

12 ~~[6. School Technology in Coal Counties: An annual appropriation of \$1,750,000~~
13 ~~in each fiscal year is appropriated as General Fund moneys to the Operations and Support~~
14 ~~Services budget unit within the Department of Education for the purpose of enhancing~~
15 ~~education technology in local school districts within coal-producing counties;]~~

16 7. Operation Unite: An annual appropriation of \$2,000,000 in each fiscal year is
17 appropriated as General Fund moneys to the Justice Administration budget unit for
18 Operation Unite in relation to the Federal Task Force on Drug Abuse;

19 8. Shaping Our Appalachian Region (SOAR) Administrative Costs: An annual
20 appropriation of \$200,000 in each fiscal year is appropriated as General Fund moneys to
21 the Department for Local Government budget unit for administrative expenses relating to
22 the Shaping Our Appalachian Region (SOAR) initiative;

23 9. Kentucky Infrastructure Authority: An annual appropriation of \$370,000 in
24 each fiscal year is appropriated as General Fund moneys to the Kentucky Infrastructure
25 Authority budget unit for Local Government Economic Development Fund project
26 administration costs;

27 10. Department for Local Government: An annual appropriation of \$669,700 in

1 each fiscal year is appropriated as General Fund moneys to the Department for Local
 2 Government budget unit for Local Government Economic Development Fund project
 3 administration costs;

4 11. Save the Children: An annual appropriation of \$500,000 in each fiscal year is
 5 appropriated as General Fund moneys to the Learning and Result Services budget unit
 6 within the Department of Education for the Save the Children Program;

7 12. Family Medicine Residency Program at Owensboro Health: A transfer in the
 8 amount of \$414,000 in fiscal year 2016-2017 shall be made to the Family Medicine
 9 Residency Program at Owensboro Health within the Department for Local Government;
 10 and

11 13. Debt Service: An annual appropriation of 25 percent of the debt service
 12 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173,
 13 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, in the amount of \$7,352,300 in fiscal
 14 year 2017-2018 is appropriated for that purpose.

15 (b) An amount equal to 50 percent of the remaining balance of severance and
 16 processing taxes on coal collected annually shall be transferred from the General Fund to
 17 the Local Government Economic Assistance Fund established by KRS 42.450. Transfers
 18 to the Local Government Economic Assistance Fund shall be made quarterly, based upon
 19 the revenue estimates prevailing at the time each quarterly transfer is due, except the last
 20 quarterly transfer shall be made after the close of the fiscal year accounting records, and
 21 shall be adjusted to provide the balance of the annual transfer required by this section.

22 (c) Prior to any distributions to local governments or any other use of the funds
 23 transferred to the Local Government Economic Assistance Fund pursuant to KRS 42.455
 24 and 42.470, \$25,282,400 in fiscal year 2016-2017, representing 100 percent of debt
 25 service in fiscal year 2016-2017 necessary to support bonds authorized in 2003 Ky. Acts
 26 ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, and
 27 \$22,057,000 in fiscal year 2017-2018, representing the remaining 75 percent of the debt

1 service in fiscal year 2017-2018 necessary to support bonds authorized in 2003 Ky. Acts
 2 ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, is
 3 appropriated for that purpose, and any amounts allowed as an incentive to an approved
 4 company under KRS 143.024 and 154.27-060 shall be deducted.

5 (d) No transfers shall be made to the Local Government Economic Development
 6 Fund established by KRS 42.4582.

7 **(2) Additional Coal Severance Transfer:** Notwithstanding KRS 42.450 to
 8 42.495, an additional amount equal to \$600,000 in each fiscal year shall be transferred
 9 from the General Fund to the Local Government Economic Assistance Fund established
 10 by KRS 42.450.

11 **13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

	2016-17	2017-18
12		
13	11,400,000	11,400,000

14 **(1) Coal Severance Tax Transfers:** Notwithstanding KRS 42.450 to 42.495, an
 15 amount equal to \$22,500,000 in each fiscal year of the severance and processing taxes on
 16 coal collected annually shall be transferred from the General Fund and allocated as
 17 follows:

18 (a) \$10,000,000 in each fiscal year shall be transferred to the Local Government
 19 Economic Development Fund Single-County Accounts to be allocated to projects with
 20 the concurrence of the respective county judge/executive, state senator(s), and state
 21 representative(s) of each county. In the event concurrence is not achieved, the fiscal court
 22 of each county may apply for Grants through the Department for Local Government
 23 pursuant to KRS 42.4588;

24 (b) \$5,000,000 in each fiscal year shall be transferred to the Kentucky Higher
 25 Education Assistance Authority budget unit for the Coal County College Completion
 26 Scholarship Program; and

27 (c) \$7,500,000 in each fiscal year shall be transferred to the Kentucky Coal Fields

1 Endowment Fund. The Kentucky Coal Fields Endowment Fund is created as a separate
 2 trust fund within the Department for Local Government. The trust fund shall consist of
 3 funds appropriated from severance and processing taxes on coal, and any other proceeds
 4 from grants, contributions, appropriations, or other moneys made available for the
 5 purposes of the trust fund. Trust fund moneys shall be used to support efforts to diversify
 6 the economy of the coal fields within Kentucky. Funds shall be distributed as directed by
 7 the General Assembly through the Department for Local Government. Moneys
 8 transferred to the trust fund are hereby appropriated for the purposes set forth in this Act.
 9 Notwithstanding KRS 45.229, any moneys, including interest earnings, remaining in the
 10 trust fund at the close of the fiscal year shall not lapse and shall carry forward into the
 11 succeeding fiscal year to be used for the purposes set forth in this Act. The Department
 12 for Local Government shall promulgate administrative regulations to administer the
 13 Kentucky Coal Fields Endowment Fund Program. Projects that may be funded shall be
 14 non-recurring investments in:

- 15 1. Economic development;
- 16 2. Public infrastructure, water, and wastewater;
- 17 3. Public health and safety; and
- 18 4. Information technology development and access.

19 Projects shall be selected based on economic impact, job creation, workforce
 20 development, community benefit, available partnerships, project readiness, and the ability
 21 for a project to be self-sustaining.

22 **(2) Additional Coal Severance Transfer:** Notwithstanding KRS 42.450 to
 23 42.495, an additional amount equal to \$1,400,000 in each fiscal year shall be transferred
 24 from the General Fund to the Local Government Economic Development Fund Single-
 25 County Accounts to be allocated to projects with the concurrence of the respective county
 26 judge/executive, state senator(s), and state representative(s) of each county. In the event
 27 concurrence is not achieved, the fiscal court of each county may apply for grants through

1 the Department for Local Government pursuant to KRS 42.4588.

2 **14. AREA DEVELOPMENT FUND**

	2016-17	2017-18
4 General Fund	431,000	431,000

5 **(1) Appropriation Limit:** Notwithstanding KRS 48.185, funds recommended
6 from the General Fund for the Area Development Fund shall be limited to these amounts.

7 **(2) Area Development District Flexibility:** Notwithstanding KRS 42.350(2) and
8 provided that sufficient funds are maintained in the Joint Funding Agreement program to
9 meet the match requirements for the Economic Development Administration grants,
10 Community Development Block Grants, Appalachian Regional Commission grants, or
11 any federal program where the Joint Funding Agreement funds are utilized to meet non-
12 federal match requirements, an area development district with authorization from its
13 Board of Directors may request approval to transfer funding between the Area
14 Development Fund and the Joint Funding Agreement program from the Commissioner of
15 the Department for Local Government. Joint Funding Agreement grants from the
16 Community Economic Development Block Grant program and the Appalachian Regional
17 Commission shall be matched on a dollar-for-dollar basis.

18 **15. EXECUTIVE BRANCH ETHICS COMMISSION**

	2016-17	2017-18
20 General Fund	445,700	450,200
21 Restricted Funds	290,000	290,000
22 TOTAL	735,700	740,200

23 **(1) Use of Restricted Funds:** All penalties collected or received by the Executive
24 Branch Ethics Commission shall be deposited in the State Treasury and credited to a trust
25 and agency fund account to the credit of the Commission to be used by the Commission
26 for the cost of conducting administrative hearings pursuant to KRS Chapter 13B.
27 Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

1 **16. SECRETARY OF STATE**

	2016-17	2017-18
3 General Fund	1,756,600	1,784,100
4 Restricted Funds	2,460,600	2,447,100
5 Federal Funds	277,000	221,400
6 TOTAL	4,494,200	4,452,600

7 **(1) Use of Restricted Funds:** Notwithstanding KRS 14.140(1) and (3), the above
8 Restricted Funds may be used for the continuation of current activities within the Office
9 of the Secretary of State.

10 **17. BOARD OF ELECTIONS**

	2016-17	2017-18
12 General Fund	3,980,400	3,989,300
13 Restricted Funds	246,000	246,000
14 Federal Funds	5,211,200	4,044,900
15 TOTAL	9,437,600	8,280,200

16 **(1) Cost of Elections:** (a) Notwithstanding KRS 116.145, the State Board of
17 Elections shall set a rate for the fee for new voter registration paid to the county clerks
18 within the available appropriated resources. The State Board of Elections shall also set a
19 fixed rate for the expenses outlined in KRS 117.343 within the available appropriated
20 resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate
21 for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within
22 the available appropriated resources, not to exceed \$300 per precinct per election. These
23 rates and all assumptions as to the number of precincts, registered voters, and new voter
24 registrations shall be communicated to the Secretary of the Finance and Administration
25 Cabinet and the State Budget Director by November 1, 2016, for fiscal year 2016-2017
26 and by November 1, 2017, for fiscal year 2017-2018.

27 **(b)** Costs associated with special elections, KRS 117.345(2) costs associated with

1 additional precincts with a voting machine, KRS 117.343 costs for additional registered
 2 voters, and KRS 116.145 costs for additional new registered voters shall be deemed a
 3 necessary government expense and shall be paid from the General Fund Surplus Account
 4 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any
 5 reimbursements authorized as a necessary government expense according to the above
 6 provisions shall be at the same rates as those established by the State Board of Elections
 7 as provided in paragraph (a) of this subsection.

8 **(2) Help America Vote Act of 2002:** Amounts above those appropriated that are
 9 necessary to match Federal Funds from the Help America Vote Act shall be deemed a
 10 necessary government expense and shall be paid from the General Fund Surplus Account
 11 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

12 **18. REGISTRY OF ELECTION FINANCE**

	2016-17	2017-18
13		
14 General Fund	1,221,400	1,231,700

15 **19. ATTORNEY GENERAL**

	2015-16	2016-17	2017-18
16			
17 General Fund	-0-	10,931,400	11,034,400
18 Restricted Funds	9,500,000	19,434,600	19,726,700
19 Federal Funds	-0-	3,974,300	4,092,100
20 TOTAL	9,500,000	34,340,300	34,853,200

21 **(1) Expert Witnesses:** In addition to such funds as may be appropriated, the
 22 Office of the Attorney General may request from the Finance and Administration Cabinet,
 23 as a necessary government expense, such funds as may be necessary for expert witnesses.
 24 Upon justification of the request, the Finance and Administration Cabinet shall provide
 25 up to \$387,500 for the 2016-2018 fiscal biennium for this purpose to the Office of the
 26 Attorney General from the General Fund Surplus Account (KRS 48.700) or the Budget
 27 Reserve Trust Fund Account (KRS 48.705). Without charge, the Department of Insurance

1 shall provide the Office of the Attorney General any available information to assist in the
2 preparation of a rate hearing pursuant to KRS 304.17A-095. Expenditures under this
3 subsection shall be reported to the Interim Joint Committee on Appropriations and
4 Revenue by August 1 of each year.

5 **(2) Annual and Sick Leave Service Credit:** Notwithstanding any statutory or
6 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial
7 System who has been appointed to a permanent full-time position under KRS Chapter
8 18A shall be credited annual and sick leave based on service credited under the Kentucky
9 Retirement Systems solely for the purpose of computation of sick and annual leave. This
10 provision shall only apply to any new appointment or current employee as of July 1,
11 1998.

12 **(3) Legal Services Contracts:** The Office of the Attorney General may present
13 proposals to state agencies specifying legal work that is presently accomplished through
14 personal service contracts that indicate the Office of the Attorney General's capacity to
15 perform the work at a lesser cost. State agencies may agree to make arrangements with
16 the Office of the Attorney General to perform the legal work and compensate the Office
17 of the Attorney General for the legal services. Notwithstanding KRS Chapter 45A, the
18 Office of the Attorney General may contract with outside law firms on a contingency
19 basis.

20 **(4) Compensatory Leave Conversion to Sick Leave:** If the Office of the
21 Attorney General determines that internal budgetary pressures warrant further austerity
22 measures, the Attorney General may institute a policy to suspend payment of 50-hour
23 blocks of compensatory time for those attorneys who have accumulated 240 hours of
24 compensatory time and instead convert those hours to sick leave.

25 **(5) Operations of the Office of the Attorney General:** Notwithstanding KRS
26 367.478(2), 367.805(3), and 367.905(5), funds may be expended in support of the
27 operations of the Office of the Attorney General.

1 **(6) Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.162,
2 the Transportation Cabinet shall review the costs related to the distribution of child
3 victims' license plates. Any revenue received from the sale or renewal of those plates in
4 excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual
5 basis.

6 **(7) Risperdal Settlement Funds:** The Attorney General, after payment of
7 attorney's fees and expenses, shall transfer the settlement funds resulting from the suit
8 against Johnson and Johnson, et al. regarding the off-label marketing of the
9 pharmaceutical Risperdal as follows:

10 (a) \$4,500,000 in fiscal year 2015-2016 shall be transferred to the Kentucky State
11 Police to support statewide law enforcement purposes, inclusive of funding to reduce the
12 DNA backlog at Kentucky State Police Forensic Laboratories;

13 (b) \$1,000,000 in each fiscal year of the 2016-2018 fiscal biennium shall be
14 transferred to the University of Louisville for genomics research in conjunction with
15 Medicaid;

16 (c) \$1,000,000 in each fiscal year shall be transferred to the Prosecutors Advisory
17 Council to expand and continue the Rocket Docket Program;

18 (d) \$500,000 in each fiscal year shall be transferred to support the Office of
19 Attorney General's Department of Criminal Investigations & Office of Special
20 Prosecutions for law enforcement purposes relating to drug and rape prosecution; and

21 (e) Any additional funds received in the 2016-2018 fiscal biennium shall be
22 transferred to the Kentucky State Police to reduce the DNA backlog at Kentucky State
23 Police Forensic Laboratories.

24 **(8) Purdue Pharma Settlement Funds:** The Attorney General, after payment of
25 attorney's fees and expenses, shall transfer the settlement funds resulting from the suit
26 against Purdue Pharma, et al. as follows:

27 (a) \$700,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the

- 1 2016-2018 fiscal biennium to Hope in the Mountains;
- 2 (b) \$500,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 3 2016-2018 fiscal biennium to Necco;
- 4 (c) \$300,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 5 2016-2018 fiscal biennium to Maryhurst Alternative School;
- 6 (d) \$500,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 7 2016-2018 fiscal biennium to Kentucky River Community Care;
- 8 (e) \$200,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 9 2016-2018 fiscal biennium to KVC Behavioral Health Care Kentucky;
- 10 (f) \$200,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 11 2016-2018 fiscal biennium to Mountain Comprehensive Care Center;
- 12 (g) \$200,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 13 2016-2018 fiscal biennium to Pathways;
- 14 (h) \$200,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 15 2016-2018 fiscal biennium to Ramey Estep Homes;
- 16 (i) \$200,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 17 2016-2018 fiscal biennium to WestCare;
- 18 (j) \$250,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 19 2016-2018 fiscal biennium to Chrysalis House;
- 20 (k) \$250,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 21 2016-2018 fiscal biennium to Independence House;
- 22 (l) \$250,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 23 2016-2018 fiscal biennium to Children's Home of Northern Kentucky;
- 24 (m) \$250,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
- 25 2016-2018 fiscal biennium to Transitions Inc., Women's Residential Addiction Program
- 26 (WRAP);
- 27 (n) \$500,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the

1 2016-2018 fiscal biennium to Freedom House; and
 2 (o) \$500,000 in fiscal year 2015-2016 and \$100,000 in each fiscal year of the
 3 2016-2018 fiscal biennium to Recovery Kentucky.

4 **20. UNIFIED PROSECUTORIAL SYSTEM**

5 **(1) Prosecutors Advisory Council Administrative Functions:** The Prosecutors
 6 Advisory Council shall approve compensation for employees of the Unified Prosecutorial
 7 System subject to the appropriations in this Act.

8 **a. Commonwealth's Attorneys**

	2016-17	2017-18
9 General Fund	48,439,600	49,024,300
10 Restricted Funds	1,653,000	1,652,900
11 Federal Funds	38,900	40,300
12 TOTAL	50,131,500	50,717,500

14 **b. County Attorneys**

	2016-17	2017-18
15 General Fund	42,080,300	42,647,000
16 Restricted Funds	554,700	554,600
17 Federal Funds	506,200	503,700
18 TOTAL	43,141,200	43,705,300

20 **TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

	2016-17	2017-18
21 General Fund	90,519,900	91,671,300
22 Restricted Funds	2,207,700	2,207,500
23 Federal Funds	545,100	544,000
24 TOTAL	93,272,700	94,422,800

26 **21. TREASURY**

	2016-17	2017-18
27		

1	General Fund	1,937,200	1,989,900
2	Restricted Funds	1,825,000	1,848,600
3	Road Fund	250,000	250,000
4	TOTAL	4,012,200	4,088,500

5 **(1) Unclaimed Property Fund:** Included in the above Restricted Funds
6 appropriation is \$1,742,000 in fiscal year 2016-2017 and \$1,755,100 in fiscal year 2017-
7 2018 from the Unclaimed Property Fund to provide funding for services performed by the
8 Unclaimed Property Division of the Department of the Treasury.

9 **22. AGRICULTURE**

10		2016-17	2017-18
11	General Fund (Tobacco)	600,000	600,000
12	General Fund	16,903,000	17,041,200
13	Restricted Funds	10,168,600	10,191,400
14	Federal Funds	6,406,900	6,406,900
15	TOTAL	34,078,500	34,239,500

16 **(1) Use of Restricted Funds:** Notwithstanding KRS 217.570 and 217B.580,
17 funds may be expended in support of the operations of the Department of Agriculture.

18 **(2) County Fair Grants:** Included in the above General Fund appropriation is
19 \$455,000 in each fiscal year to support capital improvement grants to the Local
20 Agricultural Fair Aid Program.

21 **(3) Farms to Food Banks:** Included in the above General Fund (Tobacco)
22 appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks Program
23 to benefit both Kentucky farmers and the needy by providing fresh, locally grown
24 produce to food pantries. The appropriations to the Farm to Food Banks Program may be
25 used to purchase USDA-inspected meat to be distributed to local food pantries in
26 Kentucky.

27 **23. AUDITOR OF PUBLIC ACCOUNTS**

1	2015-16	2016-17	2017-18
2 General Fund	-0-	4,899,500	4,948,600
3 Restricted Funds	347,700	8,965,400	9,038,500
4 TOTAL	347,700	13,864,900	13,987,100

5 **(1) Auditor's Scholarships:** Notwithstanding KRS 43.200, no funding is
6 provided for Auditor's scholarships.

7 **(2) Audit Services Contracts:** No state agency shall enter into any contract with
8 a nongovernmental entity for audit services unless the Auditor of Public Accounts has
9 declined in writing to perform the audit or has failed to respond within 30 days of receipt
10 of a written request for such services. The agency's request for audit services shall
11 include a comprehensive statement of the scope and nature of the proposed audit.

12 **(3) Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public
13 Accounts determines that internal budgetary pressures warrant further austerity measures,
14 the State Auditor may institute a policy to suspend payment of 50-hour blocks of
15 compensatory time for those employees who have accumulated 240 hours of
16 compensatory time and instead convert those hours to sick leave.

17 **24. PERSONNEL BOARD**

18	2016-17	2017-18
19 Restricted Funds	888,000	913,800

20 **25. KENTUCKY RETIREMENT SYSTEMS**

21	2016-17	2017-18
22 General Fund	98,193,000	87,574,300
23 Restricted Funds	42,819,200	42,960,400
24 TOTAL	141,012,200	130,534,700

25 **(1) State Police Retirement System Pension Fund:** Included in the above
26 General Fund appropriation is \$25,000,000 in fiscal year 2016-2017 and \$10,000,000 in
27 fiscal year 2017-2018 to be applied to the unfunded pension liability of the State Police

1 Retirement System pension fund.

2 **(2) Kentucky Employees Retirement System Hazardous Pension Fund:**

3 Included in the above General Fund appropriation is \$15,000,000 in fiscal year 2016-
 4 2017 and \$10,000,000 in fiscal year 2017-2018 to be applied to the unfunded pension
 5 liability of the Kentucky Employees Retirement System hazardous pension fund.

6 **(3) Kentucky Employees Retirement System Nonhazardous Pension Fund:**

7 Included in the above General Fund appropriation is \$58,193,000 in fiscal year 2016-
 8 2017 and \$67,574,300 in fiscal year 2017-2018 to be applied to the unfunded pension
 9 liability of the Kentucky Employees Retirement System nonhazardous pension fund.

10 **26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

11 **a. Accountancy**

12		2016-17	2017-18
13	Restricted Funds	578,000	581,400

14 **b. Certification of Alcohol and Drug Counselors**

15		2016-17	2017-18
16	Restricted Funds	102,200	102,200

17 **c. Applied Behavior Analysis Licensing**

18		2016-17	2017-18
19	Restricted Funds	30,600	30,600

20 **d. Architects**

21		2016-17	2017-18
22	Restricted Funds	460,800	463,700

23 **e. Certification for Professional Art Therapists**

24		2016-17	2017-18
25	Restricted Funds	11,200	11,200

26 **f. Auctioneers**

27		2016-17	2017-18
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1	Restricted Funds	403,300	405,000
2	g. Barbering		
3		2016-17	2017-18
4	Restricted Funds	339,100	340,800
5	h. Chiropractic Examiners		
6		2016-17	2017-18
7	Restricted Funds	334,400	336,500
8	i. Dentistry		
9		2016-17	2017-18
10	Restricted Funds	934,600	940,200
11	j. Licensed Diabetes Educators		
12		2016-17	2017-18
13	Restricted Funds	26,800	26,800
14	k. Licensure and Certification for Dietitians and Nutritionists		
15		2016-17	2017-18
16	Restricted Funds	73,900	73,900
17	l. Embalmers and Funeral Directors		
18		2016-17	2017-18
19	Restricted Funds	424,900	427,800
20	m. Licensure for Professional Engineers and Land Surveyors		
21		2016-17	2017-18
22	Restricted Funds	1,383,300	1,393,000
23	n. Certification of Fee-Based Pastoral Counselors		
24		2016-17	2017-18
25	Restricted Funds	3,600	3,600
26	o. Registration for Professional Geologists		
27		2016-17	2017-18

1	Restricted Funds	106,900	106,900
2	p. Hairdressers and Cosmetologists		
3		2016-17	2017-18
4	Restricted Funds	1,443,400	1,451,800
5	q. Specialists in Hearing Instruments		
6		2016-17	2017-18
7	Restricted Funds	81,100	81,100
8	r. Interpreters for the Deaf and Hard of Hearing		
9		2016-17	2017-18
10	Restricted Funds	38,200	38,200
11	s. Home Inspectors		
12		2016-17	2017-18
13	Restricted Funds	83,800	83,800
14	t. Examiners and Registration of Landscape Architects		
15		2016-17	2017-18
16	Restricted Funds	68,900	69,300
17	u. Licensure of Marriage and Family Therapists		
18		2016-17	2017-18
19	Restricted Funds	136,400	136,400
20	v. Licensure for Massage Therapy		
21		2016-17	2017-18
22	Restricted Funds	188,600	188,600
23	w. Medical Imaging and Radiation Therapy		
24		2016-17	2017-18
25	Restricted Funds	400,600	401,600
26	x. Medical Licensure		
27		2016-17	2017-18

1	Restricted Funds	3,072,300	3,088,200
2	y. Nursing		
3		2016-17	2017-18
4	Restricted Funds	7,220,000	7,266,000
5	z. Licensure for Nursing Home Administrators		
6		2016-17	2017-18
7	Restricted Funds	61,100	61,100
8	aa. Licensure for Occupational Therapy		
9		2016-17	2017-18
10	Restricted Funds	176,600	176,600
11	ab. Ophthalmic Dispensers		
12		2016-17	2017-18
13	Restricted Funds	49,700	49,700
14	ac. Optometric Examiners		
15		2016-17	2017-18
16	Restricted Funds	216,000	217,100
17	ad. Pharmacy		
18		2016-17	2017-18
19	Restricted Funds	1,728,700	1,740,400
20	ae. Physical Therapy		
21		2016-17	2017-18
22	Restricted Funds	580,300	583,700
23	af. Podiatry		
24		2016-17	2017-18
25	Restricted Funds	38,800	39,900
26	ag. Private Investigators		
27		2016-17	2017-18

1	Restricted Funds		101,500	101,500
2	ah. Licensed Professional Counselors			
3			2016-17	2017-18
4	Restricted Funds		215,800	215,800
5	ai. Prosthetics, Orthotics, and Pedorthics			
6			2016-17	2017-18
7	Restricted Funds		46,200	46,200
8	aj. Examiners of Psychology			
9			2016-17	2017-18
10	Restricted Funds		256,400	256,400
11	ak. Real Estate Appraisers			
12			2016-17	2017-18
13	Restricted Funds		793,200	841,600
14	al. Real Estate Commission			
15			2016-17	2017-18
16	Restricted Funds		2,370,500	2,383,100
17	am. Respiratory Care			
18			2016-17	2017-18
19	Restricted Funds		218,100	219,500
20	an. Social Work			
21		2015-16	2016-17	2017-18
22	Restricted Funds	53,500	358,200	338,300
23	ao. Speech-Language Pathology and Audiology			
24			2016-17	2017-18
25	Restricted Funds		190,100	190,100
26	ap. Veterinary Examiners			
27			2016-17	2017-18

1 Urgent Needs Schools authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014
 2 Ky. Acts ch. 117, Part I, C., 1., (19)(b) are not issued by June 30, 2016, then the School
 3 Facilities Construction Commission is authorized to make offers of assistance to districts
 4 for the remaining Urgent Needs Schools as authorized in Part II, A., 10., 001. of this Act.

5 (b) If a school district receives an allotment for an Urgent Needs School
 6 authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I,
 7 C., 1., (19)(b) or in Part II, Capital Projects Budget, of this Act and subsequently, as a
 8 result of litigation or insurance, receives funds for the original facility, the school district
 9 shall reimburse the Commonwealth an amount equal to that received for such purposes. If
 10 the litigation or insurance receipts are less than the amount received, the district shall
 11 reimburse the Commonwealth an amount equal to that received as a result of litigation or
 12 insurance less the district's costs and legal fees in securing the judgment or payment. Any
 13 funds received in this manner shall be deposited in the Budget Reserve Trust Fund
 14 Account (KRS 48.705).

15 **(4) Urgent Needs School Assistance -- 2016-2018:** Notwithstanding KRS
 16 157.611 to 157.665, the School Facilities Construction Commission is authorized to
 17 make additional offers of assistance in the specified amounts during the 2016-2018 fiscal
 18 biennium to the following local school districts:

19 (a) Not~~[less than \$1,029,700 nor]~~ more than \$3,850,000 to Lewis County
 20 Schools for Lewis County Central Elementary School;

21 (b) Not~~[less than \$9,254,900 nor]~~ more than \$13,580,000 to Breckinridge County
 22 Schools for Hardinsburg Elementary School;

23 (c) Not~~[less than \$12,868,800 nor]~~ more than \$14,355,000 to Raceland-
 24 Worthington Independent Schools for Worthington Middle School;

25 (d) Not~~[less than \$13,985,800 nor]~~ more than \$19,186,800 to Hart County
 26 Schools for Hart County High School;

27 (e) Not~~[less than \$10,337,600 nor]~~ more than \$12,585,000 to Boyle County

1 Schools for Boyle County Middle School; and

2 (f) Not~~[less than \$18,806,500 nor]~~ more than \$25,188,000 to Morgan County
3 Schools for Morgan County High School.

4 These schools are designated as the six schools ranked highest on the Kentucky
5 Facilities Inventory and Classification System that are A1 schools, are ranked as a Priority
6 1 or 2 on the local school district's facility plan, are located in districts that did not receive
7 Urgent Needs School Assistance funding authorized in 2014 Ky. Acts ch. 117, Part I, A.,
8 28., (5), and have levied a ten-cent equivalent tax dedicated to capital improvements but
9 remain unable to cash fund or to sufficiently support the required annual debt service for
10 replacement or renovation of the school. The amounts stated represent the difference
11 between the cost to replace or renovate the designated facility and the amount of available
12 local resources.

13 The School Facilities Construction Commission shall not make an offer of
14 assistance to a local school district listed in paragraphs (a) through (f) in excess of the
15 minimum amount authorized for the respective local school district unless provided with
16 written authorization of the Commissioner of Education or his or her designee and
17 documentation of the project cost, but in no case shall any district listed in paragraphs (a)
18 through (f) receive an additional offer of assistance greater than the maximum amount
19 authorized for the respective local school district.

20 **(5) Critical Construction Needs Schools:** Notwithstanding KRS 157.611 to
21 157.665, the School Facilities Construction Commission is authorized to make an
22 additional offer of assistance of \$5,000,000 to Martin County Schools in fiscal year 2016-
23 2017, which shall be used to complete construction of Sheldon Clark High School. These
24 funds are in addition to those authorized in 2014 Ky. Acts ch. 117, Part I, C., 1., (19) for
25 this purpose. If the school district subsequently, as the result of litigation or insurance,
26 receives funds for the original facility, Martin County Schools shall reimburse the
27 Commonwealth an amount equal to that received pursuant to this subsection. If the

1 litigation or insurance receipts are less than the amount received pursuant to this
 2 subsection, the district shall reimburse the Commonwealth an amount equal to that
 3 received as a result of litigation or insurance less the district's costs and legal fees in
 4 securing the judgment or payment. Any funds received in this manner shall be deposited
 5 in the Budget Reserve Trust Fund Account (KRS 48.705).

6 **29. TEACHERS' RETIREMENT SYSTEM**

	2016-17	2017-18
8 General Fund	779,248,000	744,837,200
9 Restricted Funds	12,934,000	13,515,000
10 TOTAL	792,182,000	758,352,200

11 **(1) State Medical Insurance Fund Financing:** Notwithstanding KRS 161.420
 12 and 161.550, a portion of the state employer contribution in a sufficient amount shall be
 13 allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State
 14 Accumulation Fund.

15 **(2) Additional Employer Contribution for Pension Fund:** Included in the
 16 above General Fund appropriation is \$453,869,600 in fiscal year 2016-2017 and
 17 \$430,056,700 in fiscal year 2017-2018 to be applied to the unfunded pension liability of
 18 the Kentucky Teachers' Retirement System, of which \$9,598,200 in fiscal year 2016-2017
 19 and \$19,288,600 in fiscal year 2017-2018 represent lesser debt service funding
 20 requirements for bonds previously issued for the Kentucky Teachers' Retirement System.

21 **(3) Debt Service:** Included in the above General Fund appropriation is
 22 \$106,838,400 in fiscal year 2016-2017 and \$97,148,000 in fiscal year 2017-2018 for debt
 23 service on previously issued bonds.

24 **(4) State Annual Appropriations Deficit:** Pursuant to KRS 161.550(6), the
 25 Kentucky Teachers' Retirement System has identified a \$24,613,400 deficit for fiscal
 26 years 2013-2014 and 2014-2015. A portion of this deficit shall be funded from
 27 \$11,624,800 from the state medical insurance fund stabilization contribution for fiscal

1 year 2015-2016 within the General Fund appropriation specified in 2014 Ky. Acts ch.
 2 117, Part I, A., 29., and identified as the excess amount of the state medical insurance
 3 fund stabilization contribution by the Kentucky Teachers' Retirement System. Included
 4 in the above General Fund appropriation is \$12,988,600 in fiscal year 2016-2017 for the
 5 remaining portion of the deficit.

6 **(5) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year
 7 an amount not greater than four percent of the receipts of the state accumulation fund
 8 shall be set aside in the expense fund or expended for the administration of the retirement
 9 system.

10 **(6) Amortization of Sick Leave:** Included in the above General Fund
 11 appropriation is \$5,623,500 in fiscal year 2016-2017 and \$11,660,200 in fiscal year 2017-
 12 2018 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick
 13 leave, for members retiring during the 2016-2018 biennium.

14 **(7) Contribution for Retiree Medical Insurance:** Included in the above General
 15 Fund appropriation is \$46,545,800 in fiscal year 2016-2017 and \$53,948,400 in fiscal
 16 year 2017-2018 to support the state's contribution for the cost of retiree health insurance
 17 for members not eligible for Medicare, who have retired since July 1, 2010, pursuant to
 18 KRS 161.550.

19 **(8) Direct Appropriation for Pension Liability:** Included in the above General
 20 Fund appropriation is \$44,668,000 in each fiscal year to be applied to the unfunded
 21 pension liability of the Kentucky Teachers' Retirement System.

22 **30. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	2016-17	2017-18
23		
24	5,026,400	5,026,400

25 **(1) Funding Sources for Appropriations Not Otherwise Classified:** Funds
 26 required to pay the costs of items included within Appropriations Not Otherwise
 27 Classified are appropriated. Any required expenditure over the above amounts is to be

1 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
 2 available balance in either the Judgments budget unit appropriation or the Budget Reserve
 3 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in
 4 this Act.

5 The above appropriation is for the payment of Attorney General Expense, Board of
 6 Claims Award, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded,
 7 Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes, Frankfort Cemetery,
 8 Police Officer, Firefighter, and National Guard and Reserve Survivor Benefits, Medical
 9 Malpractice Liability Insurance Reimbursement, and Blanket Employee Bonds.

10 **(2) Repayment of Awards or Judgments:** Funds are appropriated from the
 11 General Fund for the repayment of awards or judgments made by the Board of Claims
 12 against departments, boards, commissions, and other agencies funded with appropriations
 13 out of the General Fund. However, awards under \$5,000 shall be paid from funds
 14 available for the operations of the agency.

15 **(3) Guardian Ad Litem Fees:** Included in the above appropriation is funding for
 16 fees to be paid to each guardian ad litem appointed by the court pursuant to KRS 311.732.
 17 The fee shall be fixed by the court and shall not exceed \$500.

18 **(4) Reissuance of Uncashed Checks:** Checks written by the State Treasurer and
 19 not cashed within the statutory period may be presented to the State Treasurer for
 20 reissuance in accordance with KRS 41.370.

21 **(5) Police Officer, Firefighter, and Active Duty National Guard and Reserve**
 22 **Survivor Benefits:** Funds are appropriated for payment of benefits for survivors of state
 23 and local police officers, firefighters, and active duty National Guard and Reserve
 24 members in accordance with KRS 61.315 and for the cost of insurance premiums for
 25 firefighters as provided in KRS 95A.070.

26 **31. JUDGMENTS**

27 **2016-17** **2017-18**

1 appropriations not needed to satisfy any debt service obligations and provide notification
 2 to the Capital Projects and Bond Oversight Committee before such moneys can be used
 3 for this purpose.

4 **TOTAL - GENERAL GOVERNMENT**

	2015-16	2016-17	2017-18
5			
6	General Fund (Tobacco)	21,099,500	28,008,000
7	General Fund	-0-	1,221,637,800
8	Restricted Funds	9,901,200	294,703,400
9	Federal Funds	870,000	134,257,700
10	Road Fund	-0-	520,400
11	TOTAL	31,870,700	1,718,000,200

12 **B. ECONOMIC DEVELOPMENT CABINET**

13 **Budget Units**

14 **1. ECONOMIC DEVELOPMENT**

	2015-16	2016-17	2017-18
15			
16	General Fund	-0-	17,963,600
17	Restricted Funds	975,000	2,994,300
18	Federal Funds	-0-	100,000
19	TOTAL	975,000	22,066,500

20 **(1) Funding for Commercialization and Innovation:** Notwithstanding KRS
 21 154.12-278, interest income earned on the balances in the High-Tech
 22 Construction/Investment Pool and loan repayments received by the High-Tech
 23 Construction/Investment Pool shall be used to support the Office of Entrepreneurship and
 24 are appropriated in addition to amounts appropriated above.

25 **(2) Debt Service:** Included in the above General Fund appropriation is \$922,000
 26 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II,
 27 Capital Projects Budget, of this Act.

1 **(3) Lapse and Carry Forward of General Fund Appropriation Balance for**
 2 **Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund
 3 appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year
 4 2015-2016 and fiscal year 2016-2017 shall not lapse and shall carry forward. The amount
 5 available to the Corporation for disbursement in each fiscal year shall be limited to the
 6 unexpended training grant allotment balance at the end of fiscal year 2014-2015
 7 combined with the additional training grant allotment amounts for each fiscal year of the
 8 2016-2018 biennium, less any disbursements. If the required disbursements exceed the
 9 Bluegrass State Skills Corporation training grants allotment balance, notwithstanding
 10 KRS 154-12.278, Restricted Funds may be expended for training grants, and funds in an
 11 amount not to exceed \$2,000,000 shall be appropriated from the General Fund Surplus
 12 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

13 ~~[(4) Kentucky Innovation and Commercialization Center Program: The Kentucky~~
 14 ~~Innovation and Commercialization Center Program authorized in KRS 154.12-305 shall~~
 15 ~~remain open for the 2016-2018 fiscal biennium. Included in the above General Fund~~
 16 ~~appropriation are sufficient funds to support 13 Innovation and Commercialization~~
 17 ~~Centers.~~

18 ~~(5) Northern Kentucky Waterfront Development: Included in the above General~~
 19 ~~Fund appropriation is \$150,000 in each fiscal year to be used by the cities of Bellevue,~~
 20 ~~Covington, Dayton, Ft. Thomas, Ludlow, and Newport on projects or activities related to~~
 21 ~~the development of Riverfront Commons. These funds shall be expended for the benefit~~
 22 ~~of a geographic corridor approximately 12 miles long and one half mile deep along the~~
 23 ~~left bank of the Ohio River in Northern Kentucky in the communities of Bellevue,~~
 24 ~~Covington, Dayton, Ft. Thomas, Ludlow, and Newport. The project shall include the area~~
 25 ~~from the mouth of the Licking River to the Veterans' (Fourth Street) Bridge.~~

26 ~~(6) Louisville Waterfront Development Corporation: Included in the above~~
 27 ~~General Fund appropriation is \$420,000 in each fiscal year for the Louisville Waterfront~~

1 ~~Development Corporation. These funds shall be expended for projects or activities related~~
 2 ~~to the benefit of Louisville Waterfront Park. The park area is contained within an area of~~
 3 ~~approximately 85 acres, along a geographic corridor of over a mile, 500 to 800 feet from~~
 4 ~~shore to its land-ward boundary.]~~

5 **(7) Funding for Aerospace/Aviation and Exomedicine Research and**
 6 **Development:** Notwithstanding KRS 154.20-410, any unallotted or unencumbered
 7 balances in the Kentucky Alternative Fuel and Renewable Energy Fund may be used to
 8 support research and development and commercialization activities undertaken by or in
 9 partnership with companies or not-for-profit organizations at a four-year public
 10 postsecondary institution in the areas of aerospace/aviation, Exomedicine, and other
 11 related activities as approved by the Cabinet for Economic Development.

12 ~~[(8) Waterfront Botanical Gardens: Included in the above General Fund~~
 13 ~~appropriation is \$225,000 in each fiscal year for Botanica, Incorporated. These funds shall~~
 14 ~~be expended for the projects or activities related to the benefit of the Louisville~~
 15 ~~Waterfront Botanical Gardens. The botanical gardens shall encompass an area of 23 acres~~
 16 ~~bounded by Frankfort Avenue to the east, River Road to the north, Beargrass Creek to the~~
 17 ~~west, and Interstate 71 to the south, within the city limits of Louisville.]~~

18 **C. DEPARTMENT OF EDUCATION**

19 **Budget Units**

20 **1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)**
 21 **PROGRAM**

	2016-17	2017-18
22		
23	3,035,747,400	3,024,776,100

24 **(1) Common School Fund Earnings:** Accumulated earnings for the Common
 25 School Fund shall be transferred in each fiscal year to the SEEK Program.

26 **(2) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above
 27 General Fund appropriation to the base SEEK Program is intended to provide a base

1 guarantee of \$3,981 per student in average daily attendance in fiscal year 2016-2017 and
 2 \$3,981 per student in average daily attendance in fiscal year 2017-2018 as well as to meet
 3 the other requirements of KRS 157.360.

4 Funds appropriated to the SEEK Program shall be allotted to school districts in
 5 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
 6 not exceed the appropriations for this purpose, except as provided in this Act. The total
 7 appropriation for the SEEK Program shall be measured by, or construed as, estimates of
 8 the state expenditures required by KRS 157.310 to 157.440. If the required expenditures
 9 exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon
 10 the written request of the Commissioner of Education and with the approval of the
 11 Governor, may increase the appropriation by such amount as may be available and
 12 necessary to meet, to the extent possible, the required expenditures under the cited
 13 sections of the Kentucky Revised Statutes, but any increase of the total appropriation to
 14 the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter
 15 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of
 16 money required under KRS 157.310 to 157.440, allotments to local school districts may
 17 be reduced in accordance with KRS 157.430. Notwithstanding KRS 45.229, any
 18 unexpended SEEK funds shall not lapse and shall be transferred to the Kentucky
 19 Teachers' Retirement System to be applied to the system's unfunded pension liability.

20 **(3) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the
 21 above General Fund appropriation is \$2,101,558,200 in fiscal year 2016-2017 and
 22 \$2,089,985,500 in fiscal year 2017-2018 for the base SEEK Program as defined by KRS
 23 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in
 24 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
 25 not exceed the appropriations for this purpose except as provided in this Act.
 26 Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK
 27 Program is \$214,752,800 in each fiscal year for pupil transportation.

1 **(4) Tier I Component:** Included in the above General Fund appropriation is
2 \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 for the
3 Tier I component as established by KRS 157.440.

4 **(5) Vocational Transportation:** Included in the above General Fund
5 appropriation is \$2,416,900 in each fiscal year for vocational transportation.

6 **(6) Secondary Vocational Education:** Included in the above General Fund
7 appropriation is \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year
8 2017-2018 to provide secondary vocational education in state-operated vocational
9 schools.

10 **(7) Teachers' Retirement System Employer Match:** Included in the above
11 General Fund appropriation is \$388,817,000 in fiscal year 2016-2017 and \$397,482,500
12 in fiscal year 2017-2018 to enable local school districts to provide the employer match for
13 qualified employees as provided for by KRS 161.550.

14 **(8) Salary Supplements for Nationally Certified Teachers:** Notwithstanding
15 KRS 157.395, included in the above General Fund appropriation is \$2,750,000 in each
16 fiscal year for the purpose of providing salary supplements for public school teachers
17 attaining certification by the National Board for Professional Teaching Standards.
18 Notwithstanding the provisions of KRS 157.395, if the appropriation is insufficient to
19 provide the mandated salary supplement for teachers who have obtained this certification,
20 the Department of Education is authorized to pro rata reduce the supplement.

21 **(9) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before
22 March 1 of each year, the Commissioner of Education shall determine the exact amount
23 of the public common school fund to which each district is entitled, and the remainder of
24 the amount due each district for the year shall be distributed in equal installments
25 beginning the first month after completion of final calculation and for each successive
26 month thereafter.

27 **(10) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its

1 adjustment factors that are not needed for the base or a particular adjustment factor may
 2 be allocated to other adjustment factors, if funds for that adjustment factor are not
 3 sufficient.

4 **(11) Facilities Support Program of Kentucky/Equalized Nickel Levies:**

5 Included in the above General Fund appropriation is \$80,109,500 in fiscal year 2016-
 6 2017 and \$78,002,400 in fiscal year 2017-2018 to provide facilities equalization funding
 7 pursuant to KRS 157.440 and 157.620.

8 **(12) Growth Levy Equalization Funding:** Included in the above General Fund
 9 appropriation is \$17,234,200 in fiscal year 2016-2017 and \$16,414,200 in fiscal year
 10 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and
 11 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

12 **(13) Retroactive Equalized Facility Funding:** Included in the above General
 13 Fund appropriation is \$16,377,200 in fiscal year 2016-2017 and \$15,973,300 in fiscal
 14 year 2017-2018 to provide equalized facility funding pursuant to KRS 157.440 and
 15 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In
 16 addition, a local board of education that levied a tax rate subject to recall by January 1,
 17 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that
 18 committed the receipts to debt service, new facilities, or major renovations of existing
 19 facilities shall be eligible for equalization funds from the state at 150 percent of the
 20 statewide average per pupil assessment. Revenue to generate the five cent equivalent levy
 21 may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS
 22 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was
 23 dedicated to facilities funding at the time of the levy. The equalization funds shall be used
 24 as provided in KRS 157.440(1)(b). For the 2016-2018 fiscal biennium, school districts
 25 that levied the tax rate subject to recall prior to January 1, 2014, shall be equalized at 100
 26 percent of the calculated equalization funding, and school districts that levied the tax rate
 27 subject to recall after January 1, 2014, and before January 1, 2016, and began collecting

1 the tax by fiscal year 2016-2017, shall be equalized at 25 percent of the calculated
 2 equalization funding in each fiscal year. It is the intent of the 2016 General Assembly that
 3 any local school district receiving partial equalization under this subsection in the 2016-
 4 2018 fiscal biennium shall receive full calculated equalization in the 2018-2020 fiscal
 5 biennium and thereafter.

6 **(14) Equalized Facility Funding:** Included in the above General Fund
 7 appropriation is \$6,829,600 in fiscal year 2016-2017 and \$6,658,300 in fiscal year 2017-
 8 2018 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to
 9 districts meeting the eligibility requirements of KRS 157.621(3) and (4).

10 **(15) BRAC Equalized Facility Funding:** Included in the above General Fund
 11 appropriation is \$1,832,000 in fiscal year 2016-2017 and \$1,764,100 in fiscal year 2017-
 12 2018 to provide equalized facility funding to school districts meeting the eligibility
 13 requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

14 **(16) Equalization Funding for Critical Construction Needs Schools:** Included
 15 in the above General Fund appropriation is \$5,639,300 in fiscal year 2016-2017 and
 16 \$5,532,800 in fiscal year 2017-2018 to school districts in accordance with 2010 (1st
 17 Extra. Sess.) Ky. Acts ch. 1, Part I, C., 4., (18).

18 **(17) Hold-Harmless Guarantee:** A modified hold-harmless guarantee is
 19 established in fiscal biennium 2016-2018 which provides that every local school district
 20 shall receive at least the same amount of Support Education Excellence in Kentucky
 21 (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds
 22 appropriated to the SEEK Program are insufficient to provide the amount of money
 23 required under KRS 157.310 to 157.440, and allotments to local school districts are
 24 reduced in accordance with KRS 157.430, allocations to school districts subject to this
 25 provision shall not be reduced.

26 **(18) Residential Youth-at-Risk Programs:** In accordance with KRS 157.360, no
 27 funds from the SEEK Program shall be distributed to the programs operated by the

1 Kentucky Guard Youth Challenge Division of the Department of Military Affairs.
 2 Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary,
 3 any nonresident school district providing educational services to students enrolled in
 4 programs operated by the Kentucky Guard Youth Challenge Division of the Department
 5 of Military Affairs shall be paid for those services from the General Fund appropriation in
 6 Part I, A., 8. of this Act.

7 **(19) Additional SEEK Funding:** If the General Fund appropriation contained in
 8 2014 Ky. Acts ch. 117, Part I, C., 1. is not sufficient to fully fund the SEEK Program,
 9 including any adjustments pursuant to KRS 157.360 in fiscal year 2015-2016, or if the
 10 above General Fund appropriation is not sufficient to fully fund the SEEK Program,
 11 including any adjustments pursuant to KRS 157.360 in fiscal year 2016-2017 or fiscal
 12 year 2017-2018, the Kentucky Department of Education may request up to \$10,000,000
 13 in each fiscal year, which shall be deemed a necessary government expense and shall be
 14 paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust
 15 Fund Account (KRS 48.705).

16 **2. OPERATIONS AND SUPPORT SERVICES**

	2016-17	2017-18
18 General Fund	58,148,800	58,849,300
19 Restricted Funds	7,390,000	7,401,500
20 Federal Funds	328,954,900	328,966,400
21 TOTAL	394,493,700	395,217,200

22 **(1) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
 23 18A.200, the Kentucky Board of Education shall continue to have sole authority to
 24 determine the employees of the Department of Education who are exempt from the
 25 classified service and to set those employees' compensation comparable to the
 26 competitive market.

27 ~~[(2) School Technology in Coal Counties: Notwithstanding KRS 42.4582 and~~

1 ~~42.4585, included in the above General Fund appropriation is \$1,750,000 in each fiscal~~
 2 ~~year for the purpose of enhancing education technology in local school districts within~~
 3 ~~coal-producing counties. The Commissioner of Education shall use the appropriation in~~
 4 ~~this subsection to continue the Coal County Computing Program in conjunction with the~~
 5 ~~Cabinet for Economic Development through its Department of Commercialization and~~
 6 ~~Innovation.]~~

7 **(3) Debt Service:** Included in the above General Fund appropriation is \$578,000
 8 in fiscal year 2016-2017 and \$1,220,500 in fiscal year 2017-2018 for new debt service to
 9 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

10 **(4) Blind/Deaf Residential Travel Program:** Included in the above General
 11 Fund appropriation is \$525,100 in each fiscal year for the Blind/Deaf Residential Travel
 12 Program.

13 **(5) School Food Services:** Included in the above General Fund appropriation is
 14 \$3,646,200 in each fiscal year for the School Food Services Program.

15 **(6) Review of the Classification of Primary and Secondary School Buildings:**
 16 Included in the above General Fund appropriation is \$2,000,000 in each fiscal year to
 17 implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the
 18 \$2,000,000 that has not been expended by the end of fiscal year 2016-2017 shall not lapse
 19 and shall carry forward into fiscal year 2017-2018. Notwithstanding KRS 157.420(9) and
 20 (10), only schools classified as A1, A2, A3, A4, A5, A6, C2, and D1 shall be included in
 21 the evaluation process. Notwithstanding KRS 157.420(9) and (10), the Department of
 22 Education may limit the school buildings included in the evaluation process based on the
 23 time elapsed since the building's construction or last major renovation as defined in 702
 24 KAR 4:160. The Department of Education shall provide an updated list of school
 25 buildings evaluated by the process pursuant to KRS 157.420(9) and (10) to the
 26 Legislative Research Commission by October 1, 2017. The Department of Education
 27 shall also maintain and update this list and provide an updated list to the Legislative

1 Research Commission by October 1 of each odd-numbered year.

2 **3. LEARNING AND RESULTS SERVICES**

	2016-17	2017-18
4 General Fund	1,037,639,100	1,039,225,600
5 Restricted Funds	26,752,500	26,787,400
6 Federal Funds	559,520,200	559,526,700
7 TOTAL	1,623,911,800	1,625,539,700

8 **(1) Funding for Employer Health and Life Insurance:** If the costs for health
 9 insurance or life insurance coverage for employees of local school districts exceed the
 10 levels of appropriated funds, any unexpended Support Education Excellence in Kentucky
 11 appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject
 12 to the approval of the Governor upon the written recommendation of the State Budget
 13 Director pursuant to the written request of the Commissioner of Education. The per-
 14 month, per-employee administrative assessment shall be remitted to the Personnel
 15 Cabinet by the Department of Education from the General Fund appropriation for local
 16 school district health and life insurance.

17 **(2) Kentucky Education Technology System:** The School for the Deaf and the
 18 School for the Blind shall be fully eligible, along with local school districts, to participate
 19 in the Kentucky Education Technology System in a manner that takes into account the
 20 special needs of the students of these two schools.

21 **(3) Family Resource and Youth Services Centers:** Funds appropriated to
 22 establish and support Family Resource and Youth Services Centers shall be transferred in
 23 fiscal year 2016-2017 and in fiscal year 2017-2018 to the Cabinet for Health and Family
 24 Services consistent with KRS 156.496. The Cabinet for Health and Family Services is
 25 authorized to use, for administrative purposes, no more than three percent of the total
 26 funds transferred from the Department of Education for the Family Resource and Youth
 27 Services Centers. If a certified person is employed as a director or coordinator of a Family

1 Resource and Youth Services Center, that person shall retain his or her status as a
2 certified employee of the school district.

3 If 70 percent or more of the funding level provided by the state is utilized to support
4 the salary of the director of a center, that center shall provide a report to the Cabinet for
5 Health and Family Services identifying the salary of the director. The Cabinet for Health
6 and Family Services shall transmit any reports received from Family Resource and Youth
7 Services Centers pursuant to this paragraph to the Legislative Research Commission.

8 **(4) Health Insurance:** Included in the above General Fund appropriation is
9 \$694,800,000 in fiscal year 2016-2017 and \$696,247,500 in fiscal year 2017-2018 for
10 employer contributions for health insurance and the contribution to the health
11 reimbursement account for employees waiving coverage.

12 **(5) Program Flexibility:** Notwithstanding KRS 157.3175(3) and (4) and
13 160.345(8) with regard to the state allocation for Professional Development, Extended
14 School Services, Instructional Resources, and Safe Schools, local school districts shall be
15 provided additional flexibility in the utilization of these funds. Local school districts shall
16 continue to address the governing statutes and serve the intended student population but
17 may utilize funds from these programs for general operating expenses in each year of the
18 biennium. Local school districts that utilize these funds for general operating expenses
19 shall report to the Kentucky Department of Education and the Interim Joint Committee on
20 Education on an annual basis the amount of each program funding utilized for general
21 operating expenses.

22 ~~{(6) Publishing Requirements: Notwithstanding KRS 160.463 and 424.220, public~~
23 ~~availability of the school district's complete annual financial statement and the school~~
24 ~~report card shall be made by publishing the documents in the newspaper of the largest~~
25 ~~general circulation in the county, electronically on the Internet, or by printed copy at a~~
26 ~~prearranged site at the main branch of the public library within the school district. If~~
27 ~~publication on the Internet or by printed copy at the public library is chosen, the~~

1 ~~superintendent shall be directed to publish notification in the newspaper of the largest~~
 2 ~~circulation in the county as to the location where the document can be viewed by the~~
 3 ~~public. The notification shall include the address of the library or the electronic address of~~
 4 ~~the Web site on the Internet where the documents can be viewed.]~~

5 **(7) Commonwealth School Improvement Fund:** Notwithstanding KRS
 6 158.805, the Commissioner of Education shall be authorized to use the Commonwealth
 7 School Improvement Fund to provide support services to schools or to meet federal
 8 requirements.

9 **(8) Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the
 10 supplemental funding distribution shall include Category II and III programs in districts
 11 established after June 21, 2001, with state assistance, if approved by the Commissioner of
 12 Education.

13 **(9) Coordination With Head Start:** Each local district shall work with Head
 14 Start and other existing preschool programs to avoid duplication of services and
 15 programs, to avoid supplanting federal funds, and to maximize Head Start funds in order
 16 to serve as many four-year-old children as possible, and shall maintain certification from
 17 the Head Start director that the Head Start Program is fully utilized. If a local district fails
 18 to comply with the requirements of this subsection, the Commissioner of Education shall
 19 withhold preschool funding for an amount equal to the number of Head Start-eligible
 20 children served in the district who would have been eligible to be served by Head Start
 21 under the full utilization certification required under this subsection. The Commissioner
 22 of Education shall resolve any disputes and make a determination of the district's
 23 compliance with the full utilization requirement. Notwithstanding KRS 157.3175(1)(a)
 24 and (b) and 157.3175(4)(b), the Department of Education shall continue to implement
 25 entrance age requirements for preschool in the 2016-2017 school year to align with the
 26 new school entrance age requirements pursuant to KRS 158.030.

27 **(10) Surplus Property:** Notwithstanding KRS 45.777, any funds received by the

1 Commonwealth from the disposal of any surplus property at the Kentucky School for the
 2 Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center shall
 3 be deposited in a separate restricted account for each facility and shall not be expended
 4 without appropriation authority granted by the General Assembly.

5 **(11) Advisory Council for Gifted and Talented Education:** Notwithstanding
 6 KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented
 7 Education may be reappointed but shall not serve more than four consecutive terms.
 8 Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted
 9 Education shall be a voting member of the State Advisory Council for Gifted and
 10 Talented Education.

11 **(12) Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center
 12 for School Safety shall develop and implement allotment policies for all moneys received
 13 for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

14 **(13) Allocations to School-Based Decision Making Councils:** Notwithstanding
 15 KRS 160.345(8), for fiscal years 2016-2017 and 2017-2018, a local board of education
 16 may reduce the allocations to individual schools within the district as outlined in 702
 17 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be
 18 less than \$100 per pupil in average daily attendance.

19 **(14) Kentucky School for the Blind and Kentucky School for the Deaf:**
 20 Included in the above General Fund appropriation is \$6,741,400 in fiscal year 2016-2017
 21 and \$6,755,500 in fiscal year 2017-2018 for the Kentucky School for the Blind and
 22 \$9,916,500 in fiscal year 2016-2017 and \$9,937,100 in fiscal year 2017-2018 for the
 23 Kentucky School for the Deaf.

24 **(15) Learning and Results Services Programs:** Notwithstanding KRS 156.265,
 25 included in the above General Fund appropriation are the following allocations for the
 26 2016-2018 fiscal biennium~~], but no portion of these funds shall be utilized for state-level~~
 27 ~~administrative purposes]:~~

- 1 (a) \$1,236,000 in each fiscal year for~~the ACT and WorkKeys~~ testing;
- 2 (b) \$72,300 in each fiscal year for the Appalachian Learning Disabled Tutoring
3 Program;
- 4 (c) \$1,358,800 in each fiscal year for the Commonwealth School Improvement
5 Fund;
- 6 (d) \$1,936,400 in each fiscal year for the Community Education Program;
- 7 (e) \$1,225,600 in each fiscal year for the Collaborative Center for Literacy
8 Development;
- 9 (f) \$424,100 in each fiscal year for the Elementary Arts and Humanities Program;
- 10 ~~{(g) \$225,700 in each fiscal year for the Every1 Reads Program;}~~
- 11 (h) \$25,510,700 in each fiscal year for the Extended School Services Program;
- 12 (i) \$52,148,300 in each fiscal year for the Family Resource and Youth Services
13 Centers Program;
- 14 (j) \$227,900 in each fiscal year for the Georgia Chaffee Teenage Parent Program;
- 15 (k) \$6,622,300 in each fiscal year for the Gifted and Talented Program;
- 16 (l) \$328,800 in each fiscal year for the Leadership and Mentor Fund;
- 17 (m) \$1,483,700 in each fiscal year for the Local School District Life Insurance;
- 18 (n) \$5,353,600 in each fiscal year for the Mathematics Achievement Fund;
- 19 (o) \$339,200 in each fiscal year for the Middle School Academic Center;
- 20 (p) \$90,113,200 in each fiscal year for the Preschool Program;
- 21 (q) \$11,927,700 in each fiscal year for the Professional Development Program;
- 22 (r) \$720,300 in each fiscal year for the Teacher's Professional Growth Fund;
- 23 (s) \$16,999,000 in each fiscal year for the Read to Achieve Program;
- 24 (t) \$10,378,300 in each fiscal year for the Safe Schools Program;
- 25 (u) \$941,400 in each fiscal year for the Save the Children/Rural Literacy
26 Program;
- 27 (v) \$10,096,500 in each fiscal year for the State Agency Children Program;

- 1 (w) \$1,400,800 in each fiscal year for the Teacher Academies Program;
- 2 (x) \$16,700,000 in each fiscal year for Instructional Resources;
- 3 (y) \$1,338,200 in each fiscal year for the Teacher Recruitment and Retention
4 Program-Educator Quality and Diversity;
- 5 (z) \$700,300 in each fiscal year for the Virtual Learning Program;
- 6 (aa) \$534,300 in each fiscal year for the Writing Program;
- 7 (ab) \$100,000 in each fiscal year for the Lexington Hearing and Speech Center,
- 8 (ac) \$100,000 in each fiscal year for the Heuser Hearing and Language Academy;
- 9 (ad) \$100,000 in each fiscal year for the Visually Impaired Preschool Services
10 program;
- 11 (ae) \$1,200,000 in each fiscal year for AdvanceKentucky; and
- 12 (af) \$250,000 in each fiscal year for Teach for America.

13 **(16) Participation in the Education Technology Program by Area Vocational**
14 **Education Centers:** Area Vocational Education Centers shall be fully eligible to
15 participate in the Kentucky Education Technology System. Notwithstanding KRS
16 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission,
17 in consultation with the Kentucky Board of Education and the Department of Education,
18 shall develop administrative regulations which identify a methodology by which the
19 average daily attendance for Area Vocational Education Centers may be equated to the
20 average daily attendance of other local school districts in order that they may receive their
21 respective distributions of these funds. The School Facilities Construction Commission
22 shall include Area Vocational Education Centers in any offers of assistance to local
23 school districts for technology assistance during the 2016-2018 fiscal biennium.

24 **(17) Transfer of State-Operated Secondary Vocational Education and**
25 **Technology Centers:** (a) Notwithstanding KRS 156.808, 156.812, 156.814, 156.816,
26 156.820, and 156.826, effective at the beginning of fiscal year 2016-2017, a local board
27 of education may submit a request to the Executive Director of the Office of Career and

1 Technical Education to assume authority for the management and control of a state-
2 operated secondary vocational education and technology center. Upon agreement between
3 the Executive Director of the Office of Career and Technical Education and the local
4 board of education for the transfer of a state-operated secondary vocational education and
5 technology center, all personnel, equipment, and supplies shall be transferred to the local
6 board of education and shall only be utilized for the operation of the locally operated
7 vocational center. The transfer of management and control of the secondary area
8 vocational education and technology center shall be considered a permanent transfer to
9 the local district.

10 (b) A certified employee who is affected by a transfer to the local board of
11 education under paragraph (a) of this subsection shall be granted a one-year limited
12 contract by the local board of education and shall be employed on the local district salary
13 schedule. A classified employee shall be guaranteed employment equal to his or her
14 present status for at least one complete school term. A transferred employee shall be
15 provided the benefits of comparable employees in the district and shall be subject to all
16 rules and policies of the local board of education, including but not limited to disciplinary
17 and personnel actions that are the same as those that may be exercised by the district for
18 any other employee in the district during a contract period.

19 (c) A transferred employee who has accrued annual leave and compensatory time
20 shall be paid a lump sum for the accrued time at the effective date of the transfer by the
21 Office of Career and Technical Education. The employee shall be granted credit for
22 accrued sick leave up to the maximum allowed for transfers for teachers between school
23 districts. Sick leave credit shall be awarded to a classified employee based on the local
24 board policy. Any excess sick leave that a classified or certified employee has earned that
25 the district will not accept in the transfer may be requested to be held in escrow by the
26 appropriate state personnel system under KRS Chapter 18A or 156, and the sick leave
27 balance shall be restored to the employee if the employee returns to a state government

1 position.

2 (d) An employee who is to be transferred to a local board of education under
3 provisions of this subsection but who chooses not to accept a one-year limited contract
4 with the board shall be separated from the state system, and the employee's position shall
5 be abolished. The employee may apply for any state position for which the employee is
6 qualified but shall not be granted priority over other applicants for a position because the
7 employee's position was abolished due to a transfer of the vocational education and
8 technology center. An employee who refuses a contract with the local board shall be
9 provided a lump-sum payment for accrued annual leave and compensatory time, and the
10 employee's sick leave balance shall be placed in escrow by the appropriate state personnel
11 system under KRS Chapter 18A or 156. The sick leave balance shall be restored to the
12 employee if the employee returns to a state government position.

13 (e) A certified employee, other than a principal, who has earned continuing status
14 in the state certified personnel system under KRS Chapter 156 may be granted tenure
15 under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a
16 teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall
17 apply.

18 (f) An employee of the Office of Career and Technical Education who is
19 transferred to the local school district and who occupies a position covered by the
20 Kentucky Teachers' Retirement System shall remain in the Kentucky Teachers'
21 Retirement System.

22 (g) General Fund moneys previously appropriated to the Office of Career and
23 Technical Education for support of the transferred state-operated vocational technical
24 school shall be appropriated to the Kentucky Department of Education for support of the
25 local board of education center operations effective at the beginning of fiscal year 2016-
26 2017. In addition, the local board of education shall receive 100 percent of the Support
27 Education Excellence in Kentucky (SEEK) Program funds from the Kentucky

1 Department of Education that are generated from students enrolled in the center.

2 **(18) Transfer of Locally Operated Secondary Vocational Education and**

3 **Technology Centers:** (a) Effective at the beginning of fiscal year 2016-2017, a local
4 board of education that has operated a career and technical center for at least five years
5 may submit a request to the Executive Director of the Office of Career and Technical
6 Education to relinquish authority for the management and control of the career and
7 technical center to the Office of Career and Technical Education. Upon agreement
8 between the Executive Director of the Office of Career and Technical Education and the
9 local board of education for the transfer of a locally operated career and technical center,
10 the local board of education shall transfer all personnel, equipment, and supplies to the
11 Office of Career and Technical Education.

12 (b) A certified employee who is affected by a transfer to the Office of Career and
13 Technical Education under paragraph (a) of this subsection shall be granted the same
14 status by the Office of Career and Technical Education as he or she had at the close of
15 employment with the local board of education and shall be employed on the state salary
16 schedule. A classified employee shall be guaranteed employment equal to his or her status
17 in the local school district for at least one complete school term. A transferred employee
18 shall be provided the benefits of comparable employees in the Office of Career and
19 Technical Education and shall be subject to all rules and policies of the Office of Career
20 and Technical Education, including but not limited to disciplinary and personnel actions
21 that are the same as those that may be exercised by the Office for any other employee of
22 the Commonwealth during a contract period.

23 (c) A certified employee shall be granted credit for accrued sick leave by the
24 Office of Career and Technical Education up to the maximum allowed for transfers for
25 teachers between school districts. The Office of Career and Technical Education shall
26 award sick leave credit to a classified employee based on the sick leave accumulated in
27 the local district. Any excess sick leave that a classified or certified employee earned that

1 had been held in escrow by the appropriate state personnel system under KRS Chapter
2 18A or 156 when a transfer was made to the local board of education shall be restored to
3 the employee.

4 (d) An employee who is to be transferred to the Office of Career and Technical
5 Education under the provisions of this subsection but who chooses not to accept
6 employment with the Commonwealth shall be separated from the local board of
7 education, and the employee's position shall be abolished. The employee may apply for
8 any local board of education or state position for which the employee is qualified but
9 shall not be granted priority over other applicants for a position because the employee's
10 position was abolished due to a transfer of the area vocational education and technical
11 center.

12 (e) A certified employee, other than a principal, who has earned continuing status
13 in the local school district under KRS 161.740(1), shall be granted continuing status
14 under the provisions of KRS 156.820. A principal may be granted continuing status as a
15 teacher, but the provisions relating to demotion under KRS 156.820(8) shall apply.

16 (f) An employee of a local board of education who is transferred to the Office of
17 Career and Technical Education and who occupies a position covered by the Kentucky
18 Teachers' Retirement System shall remain in the Kentucky Teachers' Retirement System.

19 (g) General Fund moneys previously appropriated to a local board of education
20 for support of the career and technical center shall be appropriated to the Office of Career
21 and Technical Education. In addition, the Office of Career and Technical Education shall
22 receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program
23 funds from the Kentucky Department of Education that are generated from students
24 enrolled in the career and technical center.

25 **(19) Preschool Education Program:** ~~[Notwithstanding 704 KAR 3:410(2), a child~~
26 ~~shall be considered eligible for enrollment in the preschool program if he or she is a~~
27 ~~resident of the school district, has reached the age of four by August 1 of the school year,~~

1 and his or her family income is less than 200 percent of the federal poverty level. It is the
 2 intent of the General Assembly that the increase of preschool enrollment eligibility to 200
 3 percent or less of the federal poverty level is a pilot program for the 2016-2018 fiscal
 4 biennium. Income thresholds for preschool program eligibility in future years shall be
 5 determined based on future program enrollment growth and available funding.]

6 Notwithstanding KRS 157.3175, \$7,500,000 of preschool funding in each fiscal
 7 year shall be used to develop a grant program to incentivize cooperative, public-private
 8 partnerships between school districts and child care providers to develop full-day, high
 9 quality programs for children eligible for assistance from the Child Care Assistance
 10 Program to be administered by the Kentucky Department of Education. The Board of
 11 Education, the Department of Education, the Early Childhood Advisory Council, the
 12 Child Care Advisory Council, and the Cabinet for Health and Family Services shall work
 13 collaboratively to develop the incentive grant program.

14 **(20) Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and
 15 (6), 157.440, and 157.621, a local board of education may submit a request to the
 16 Commissioner of Education to utilize any capital funds, regardless of the source, for
 17 general operating expenses in fiscal year 2016-2017 without forfeiting the district's
 18 eligibility to participate in the School Facilities Construction Commission Program. Prior
 19 to August 1, 2016, the Kentucky Board of Education shall approve guidelines to be
 20 followed in considering such requests from local boards of education. Prior to December
 21 15, 2016, the Kentucky Board of Education shall approve a recommendation to the
 22 General Assembly on the local school district use of capital funds in fiscal year 2017-
 23 2018, which shall be provided to the Interim Joint Committee on Appropriations and
 24 Revenue.

25 **(21) Learning and Results Services Reporting:** The Kentucky Board of
 26 Education shall prepare and submit an annual report to the Interim Joint Committee on
 27 Appropriations and Revenue by December 1 of each fiscal year detailing the use of

1 funding and performance outcomes for the following programs: Every1 Reads Program,
2 Georgia Chaffee Teenage Parent Program, Lexington Hearing and Speech Center, Heuser
3 Hearing and Language Academy, Visually Impaired Preschool Services Program, and
4 Teach for America.

5 **TOTAL - DEPARTMENT OF EDUCATION**

	2016-17	2017-18
7 General Fund	4,131,535,300	4,122,851,000
8 Restricted Funds	34,142,500	34,188,900
9 Federal Funds	888,475,100	888,493,100
10 TOTAL	5,054,152,900	5,045,533,000

11 **D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

12 **Budget Units**

13 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

	2016-17	2017-18
15 General Fund	4,893,100	13,470,600
16 Restricted Funds	5,720,900	5,770,900
17 Federal Funds	2,589,900	2,589,900
18 TOTAL	13,203,900	21,831,400

19 **(1) Debt Service:** Included in the above General Fund appropriation is
20 \$8,543,000 in fiscal year 2017-2018 for new debt service to support new bonds as set
21 forth in Part II, Capital Projects Budget, of this Act.

22 **(2) Governor's Scholars Program:** Included in the above General Fund
23 appropriation is \$1,875,000 in fiscal year 2016-2017 and \$1,875,900 in fiscal year 2017-
24 2018 for the Governor's Scholars Program.

25 **(3) Kentucky Center for Education and Workforce Statistics:** Included in the
26 above General Fund appropriation is \$765,200 in fiscal year 2016-2017 and \$775,000 in
27 fiscal year 2017-2018 to support the Kentucky Center for Education and Workforce

1 Statistics (KCEWS).

2 **(4) Governor's School for Entrepreneurs:** Included in the above General Fund
 3 appropriation is \$200,200 in each year for the Governor's School for Entrepreneurs.

4 **2. PROPRIETARY EDUCATION**

	2016-17	2017-18
5 Restricted Funds	286,500	288,600

7 **3. DEAF AND HARD OF HEARING**

	2016-17	2017-18
8 General Fund	862,900	873,900
9 Restricted Funds	1,109,600	1,109,600
10 TOTAL	1,972,500	1,983,500

12 **4. KENTUCKY EDUCATIONAL TELEVISION**

	2016-17	2017-18
13 General Fund	13,814,300	13,923,200
14 Restricted Funds	1,451,000	1,451,000
15 TOTAL	15,265,300	15,374,200

17 **5. ENVIRONMENTAL EDUCATION COUNCIL**

	2016-17	2017-18
18 Restricted Funds	211,900	188,700

20 **(1) Environmental Education Council:** Notwithstanding KRS 224.43-
 21 505(2)(b), the Council may use interest received to support the operations of the Council.

22 **6. LIBRARIES AND ARCHIVES**

23 **a. General Operations**

	2016-17	2017-18
24 General Fund	5,898,900	5,943,700
25 Restricted Funds	1,983,500	1,981,100
26 Federal Funds	1,447,300	1,460,300

1 TOTAL 9,329,700 9,385,100

2 **b. Direct Local Aid**

3 **2016-17 2017-18**

4 General Fund 7,058,100 7,058,100

5 Restricted Funds 592,200 592,200

6 Federal Funds 139,900 139,900

7 TOTAL 7,790,200 7,790,200

8 **(1) Per Capita Grants:** Notwithstanding KRS 171.201(2)(b), the department
9 shall distribute the per capita grants within the available appropriated amounts.

10 **(2) Local Records Grant Program:** Notwithstanding KRS 142.010(5), included
11 in the above General Fund appropriation are amounts for the Local Records Grant
12 Program.

13 **(3) Public Libraries Facilities Construction:** Included in the above General
14 Fund appropriation is a total of \$4,329,600 in each fiscal year for the Public Libraries
15 Facilities Construction Fund. Of that amount, \$1,000,000 in each fiscal year is additional
16 funding to assist local libraries with debt service payments for new library facilities and
17 library improvements. Notwithstanding the provisions of KRS 171.027 and 725 KAR
18 2:015, local public libraries that currently own property, have debt service obligations, or
19 are actively engaged in a construction project and have not been able to secure assistance
20 from this fund due to lack of available funds shall be permitted to apply for grant funds
21 during the 2016-2018 fiscal biennium.

22 **TOTAL - LIBRARIES AND ARCHIVES**

23 **2016-17 2017-18**

24 General Fund 12,957,000 13,001,800

25 Restricted Funds 2,575,700 2,573,300

26 Federal Funds 1,587,200 1,600,200

27 TOTAL 17,119,900 17,175,300

1 **7. OFFICE FOR THE BLIND**

	2015-16	2016-17	2017-18
3 General Fund	-0-	1,424,800	1,438,700
4 Restricted Funds	900,000	1,477,600	1,482,300
5 Federal Funds	-0-	7,627,700	7,674,200
6 TOTAL	900,000	10,530,100	10,595,200

7 **(1) Accessible Electronic Information Service Program:** Included in the above
8 General Fund appropriation is \$36,400 in each fiscal year for the Accessible Electronic
9 Information Service Program.

10 **8. EMPLOYMENT AND TRAINING**

	2016-17	2017-18
12 Restricted Funds	18,002,300	22,037,500
13 Federal Funds	689,594,500	694,504,400
14 TOTAL	707,596,800	716,541,900

15 **(1) Unemployment Compensation Administration Fund:** Notwithstanding
16 KRS 341.240 and 341.295, funds from the Unemployment Compensation Administration
17 Fund may be used each fiscal year to support the Wagner-Peyser program.

18 **9. VOCATIONAL REHABILITATION**

	2016-17	2017-18
20 General Fund	11,849,300	11,872,700
21 Restricted Funds	3,307,100	3,308,800
22 Federal Funds	45,767,800	45,855,700
23 TOTAL	60,924,200	61,037,200

24 **10. EDUCATION PROFESSIONAL STANDARDS BOARD**

	2016-17	2017-18
26 General Fund	6,819,400	6,839,300
27 Restricted Funds	1,352,800	1,353,100

1	Federal Funds	205,000	205,000
2	TOTAL	8,377,200	8,397,400

3 ~~{(1) Employment of Leadership Personnel: Notwithstanding KRS 18A.005 to~~
 4 ~~18A.200, the Education Professional Standards Board shall have the sole authority to~~
 5 ~~determine the employees of the Education Professional Standards Board staff who are~~
 6 ~~exempt from the classified service and to set their compensation comparable to the~~
 7 ~~competitive market.}~~

8 **(2) Kentucky Teacher Internship Program:** Notwithstanding KRS
 9 161.028(1)(q), the Education Professional Standards Board may use the funds generated
 10 from professional school personnel certification fees to support the operations of the
 11 Kentucky Teacher Internship Program. Notwithstanding KRS 161.030(7), the Education
 12 Professional Standards Board shall set the minimum number of hours for the activities set
 13 forth in KRS 161.030(7), subject to the availability of appropriations.

14 **(3) Kentucky Principal Internship Program:** Notwithstanding KRS 161.027,
 15 no funds are provided in the above appropriations for the operational costs of the
 16 Kentucky Principal Internship Program.

17 **TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

		2015-16	2016-17	2017-18
18				
19	General Fund	-0-	52,620,800	61,420,200
20	Restricted Funds	900,000	35,495,400	39,563,800
21	Federal Funds	-0-	747,372,100	752,429,400
22	TOTAL	900,000	835,488,300	853,413,400

23 **E. ENERGY AND ENVIRONMENT CABINET**

24 **Budget Units**

25 **1. SECRETARY**

		2016-17	2017-18
26			
27	General Fund	3,029,300	3,059,400

1	Restricted Funds	2,021,000	1,967,900
2	Federal Funds	810,900	856,300
3	TOTAL	5,861,200	5,883,600

4 **(1) Administrative Support:** Notwithstanding KRS 224.60-130, 224.60-140,
 5 and 224.60-145, the Secretary may use Restricted Funds to support the Environmental
 6 Quality Commission. The use of these funds shall not exceed \$225,100 in fiscal year
 7 2016-2017 and \$233,600 in fiscal year 2017-2018.

8 **2. ENVIRONMENTAL PROTECTION**

9		2016-17	2017-18
10	General Fund	22,877,100	22,479,100
11	Restricted Funds	71,968,800	71,301,000
12	Federal Funds	24,331,900	24,052,900
13	Road Fund	320,900	320,900
14	TOTAL	119,498,700	118,153,900

15 **(1) Municipal Solid Waste Landfill Inspectors:** Notwithstanding KRS 224.43-
 16 320, no funds are provided in the above appropriations for the assignment of full-time
 17 inspectors to each municipal solid waste landfill operating in the Commonwealth.

18 **(2) Debt Service:** Included in the above General Fund appropriation is \$9,000 in
 19 fiscal year 2016-2017 and \$180,500 in fiscal year 2017-2018 for new debt service to
 20 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

21 **(3) Kentucky Pride Program:** Included in the above Restricted Funds
 22 appropriation is \$14,750,000 in each fiscal year for the Kentucky Pride Program.

23 **(4) Equipment and Maintenance:** Included in the above General Fund
 24 appropriation is \$350,000 in fiscal year 2016-2017 for the relocation of the Department
 25 for Environmental Protection's laboratory equipment to the new state office building on
 26 Sower Boulevard and \$550,000 in fiscal year 2016-2017 for the construction of a
 27 maintenance and equipment garage on Sower Boulevard to house the Cabinet's machinery

1 and equipment.

2 **3. NATURAL RESOURCES**

	2016-17	2017-18
4 General Fund (Tobacco)	5,000,000	5,000,000
5 General Fund	32,330,000	32,632,200
6 Restricted Funds	14,844,800	14,657,900
7 Federal Funds	48,521,700	45,758,500
8 TOTAL	100,696,500	98,048,600

9 **(1) Emergency Forest Fire Suppression:** Not less than \$240,000 of the above
 10 General Fund appropriation for each fiscal year shall be set aside for emergency forest
 11 fire suppression. There is appropriated from the General Fund the necessary funds,
 12 subject to the conditions and procedures provided in this Act, which are required as a
 13 result of emergency fire suppression activities in excess of \$240,000. Fire suppression
 14 costs in excess of \$240,000 annually shall be deemed necessary government expenses and
 15 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
 16 Reserve Trust Fund Account (KRS 48.705).

17 **(2) Mine Safety:** Notwithstanding KRS 351.140, the number of mandatory mine
 18 safety inspections to be carried out by the Division of Mine Safety shall be equal to the
 19 number of mine safety inspections required annually by the Mine Safety and Health
 20 Administration, with one of these general inspections being a complete electrical
 21 inspection. The Energy and Environment Cabinet shall take no action that would
 22 diminish the requirement that a trained mine rescue team be within 60 minutes of every
 23 underground mine licensed by the Department for Natural Resources as required by KRS
 24 351.191.

25 **(3) Environmental Stewardship Program:** Included in the above General Fund
 26 (Tobacco) appropriation is \$5,000,000 in fiscal year 2016-2017 and \$5,000,000 in fiscal
 27 year 2017-2018 for the Environmental Stewardship Program.

1 ~~[(4) Conservation Districts: Included in the above General Fund appropriation is~~
 2 ~~\$907,300 in each fiscal year for the Division of Conservation to provide direct aid to local~~
 3 ~~conservation districts.~~

4 ~~(5) Forestry Tree Nurseries: Included in the above Restricted Funds appropriation~~
 5 ~~is \$250,000 in each fiscal year for the Department of Natural Resources' tree nursery~~
 6 ~~programs in Morgan County and Marshall County.]~~

7 **4. ENERGY DEVELOPMENT AND INDEPENDENCE**

	2016-17	2017-18
8 General Fund	1,241,200	1,249,200
9 Restricted Funds	1,412,400	1,103,600
10 Federal Funds	762,400	582,000
11 TOTAL	3,416,000	2,934,800

12 **5. KENTUCKY NATURE PRESERVES COMMISSION**

	2016-17	2017-18
13 General Fund	1,050,000	1,061,500
14 Restricted Funds	336,900	288,600
15 Federal Funds	39,000	39,000
16 TOTAL	1,425,900	1,389,100

17 **6. PUBLIC SERVICE COMMISSION**

	2016-17	2017-18
18 General Fund	16,498,900	16,582,600
19 Restricted Funds	200,000	200,000
20 Federal Funds	444,400	445,100
21 TOTAL	17,143,300	17,227,700

22 **(1) Debt Service:** Included in the above General Fund appropriation is \$474,000
 23 in each fiscal year for debt service for previously issued bonds.

24 **(2) Lapse of General Fund Appropriation Balance:** Notwithstanding KRS

1 278.150(3), \$7,068,000 in fiscal year 2016-2017 and \$7,068,000 in fiscal year 2017-2018
 2 shall lapse to the credit of the General Fund.

3 **(3) Water Districts and Water Associations:** A water district created pursuant
 4 to KRS Chapter 74 and a water association formed under KRS Chapter 273 that
 5 undertakes a waterline extension or improvement project shall not be required to obtain a
 6 certificate of public convenience and necessity, notwithstanding KRS 278.020(1), if the
 7 water district or water association is a Class A or B utility as defined in the Uniform
 8 System of Accounts established by the Public Service Commission, pursuant to KRS
 9 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The
 10 water line extension or improvement project will not cost in excess of \$500,000; or (b)
 11 The water district or water association will not, as a result of the water line extension or
 12 improvement project, incur obligations requiring Public Service Commission approval
 13 pursuant to KRS 278.300. In either case, the water district or water association shall not,
 14 as a result of the water line extension or improvement project, increase rates to its
 15 customers.

16 **TOTAL - ENERGY AND ENVIRONMENT CABINET**

	2016-17	2017-18
17		
18	5,000,000	5,000,000
19	77,026,500	77,064,000
20	90,783,900	89,519,000
21	74,910,300	71,733,800
22	320,900	320,900
23	248,041,600	243,637,700

24 **F. FINANCE AND ADMINISTRATION CABINET**

25 **Budget Units**

26 **1. GENERAL ADMINISTRATION**

	2016-17	2017-18
27		

1	General Fund	9,405,200	13,575,300
2	Restricted Funds	32,431,600	32,638,200
3	Road Fund	445,100	448,100
4	TOTAL	42,281,900	46,661,600

5 **(1) Debt Service:** Included in the above General Fund appropriation is
6 \$2,563,500 in fiscal year 2016-2017 and \$6,662,000 in fiscal year 2017-2018 for new
7 debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this
8 Act.

9 **(2) State Motor Vehicle Fleet:** The Secretary of the Finance and Administration
10 Cabinet shall restrict permanently assigned vehicles to only Constitutional Officers, the
11 Court of Justice, Executive Cabinet Secretaries, law enforcement, or for other public
12 safety purposes. A report listing the recipients of permanently assigned vehicles from the
13 State Motor Vehicle Fleet shall be submitted to the Interim Joint Committee on
14 Appropriations and Revenue by August 1 of each fiscal year.

15 **(3) Lexington Convention Center Project:** Prior to any further investment by
16 the General Assembly in the Lexington Convention Center project, the Lexington-Fayette
17 Urban County Government shall remit to the Commonwealth a payment of \$2,187,500 to
18 be distributed pursuant to KRS 42.4592(1)(a) and (b). This payment shall serve to
19 reimburse the Local Government Economic Development Fund for the moneys that were
20 transferred pursuant to 2012 Ky. Acts ch. 144, Pt. I, A., 13., (30) and used by the
21 Lexington-Fayette Urban County Government for the planning and design of the project.

22 **(4) Performance Review of State Motor Vehicle Fleet:** The Secretary of the
23 Finance and Administration Cabinet shall conduct a performance review of the state
24 motor vehicle fleet, which shall include evaluation of vehicle fleet demand, operations,
25 maintenance, procurement, replacement rate, and utilization. The performance review
26 shall be submitted to the Interim Joint Committee on Appropriations and Revenue by
27 December 1, 2016.

1 **2. CONTROLLER**

	2016-17	2017-18
3 General Fund	5,848,700	5,893,900
4 Restricted Funds	11,342,200	11,521,200
5 TOTAL	17,190,900	17,415,100

6 **(1) Social Security Contingent Liability Fund:** Any expenditures that may be
 7 required by KRS 61.470 are hereby deemed necessary government expenses and shall be
 8 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
 9 available balance in the Budget Reserve Trust Fund Account (KRS 48.705), subject to the
 10 conditions and procedures provided in this Act.

11 **3. DEBT SERVICE**

	2016-17	2017-18
13 General Fund (Tobacco)	26,985,300	26,667,700
14 General Fund	423,105,900	469,749,500
15 TOTAL	450,091,200	496,417,200

16 **(1) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4)
 17 of this Act, \$2,151,400 in fiscal year 2016-2017 and \$2,218,000 in fiscal year 2017-2018
 18 shall lapse.

19 **4. FACILITIES AND SUPPORT SERVICES**

	2016-17	2017-18
21 General Fund	5,396,200	6,072,800
22 Restricted Funds	47,577,600	45,547,000
23 TOTAL	52,973,800	51,619,800

24 **(1) Debt Service:** Included in the above General Fund appropriation is \$151,000
 25 in fiscal year 2016-2017 and \$775,500 in fiscal year 2017-2018 for new debt service to
 26 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

27 **5. COUNTY COSTS**

		2016-17	2017-18
1			
2	General Fund	15,897,000	15,897,000
3	Restricted Funds	1,702,500	1,702,500
4	TOTAL	17,599,500	17,599,500

5 **(1) County Costs:** Funds required to pay county costs are appropriated and
6 additional funds may be allotted from the General Fund Surplus Account (KRS 48.700)
7 or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance
8 and Administration Cabinet, subject to the conditions and procedures provided in this
9 Act.

10 **(2) Reimbursement to Sheriffs’ Offices for Court Security Services:**
11 Notwithstanding KRS 64.092(6), the sheriff or other law enforcement officer serving a
12 Circuit or District Court shall be compensated at the rate of \$9 per hour of service.

13 **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

		2016-17	2017-18
14			
15	Restricted Funds	130,856,000	128,376,100
16	Federal Funds	1,262,800	1,262,800
17	TOTAL	132,118,800	129,638,900

18 **(1) Computer Services Fund Receipts:** The Secretary of the Finance and
19 Administration Cabinet shall provide a listing of fee receipts from the Executive, Judicial,
20 and Legislative Branches of government itemized by appropriation units, cost allocation
21 methodology, and a report detailing the rebate of excess fee receipts to the agencies to the
22 Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

23 **7. REVENUE**

		2016-17	2017-18
24			
25	General Fund (Tobacco)	250,000	250,000
26	General Fund	90,164,700	90,756,400
27	Restricted Funds	12,533,000	12,660,600

1	Road Fund	3,078,000	3,097,800
2	TOTAL	106,025,700	106,764,800

3 **(1) Operations of Revenue:** Notwithstanding KRS 132.672, 134.552(2),
 4 136.652, and 365.390(2), funds may be expended in support of the operations of the
 5 Department of Revenue.

6 **8. PROPERTY VALUATION ADMINISTRATORS**

		2016-17	2017-18
7			
8	General Fund	46,644,700	47,600,200
9	Restricted Funds	4,690,000	4,690,000
10	TOTAL	51,334,700	52,290,200

11 **(1) Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597,
 12 the property valuation administrators are authorized to take necessary actions to manage
 13 expenditures within the appropriated amounts contained in this Act.

14 **TOTAL - FINANCE AND ADMINISTRATION CABINET**

		2016-17	2017-18
15			
16	General Fund (Tobacco)	27,235,300	26,917,700
17	General Fund	596,462,400	649,545,100
18	Restricted Funds	241,132,900	237,135,600
19	Federal Funds	1,262,800	1,262,800
20	Road Fund	3,523,100	3,545,900
21	TOTAL	869,616,500	918,407,100

22 **G. HEALTH AND FAMILY SERVICES CABINET**

23 **Budget Units**

24 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

		2016-17	2017-18
25			
26	General Fund	30,506,000	31,052,200
27	Restricted Funds	16,961,500	16,550,400

1	Federal Funds	42,460,600	42,710,300
2	TOTAL	89,928,100	90,312,900

3 **(1) Debt Service:** Included in the above General Fund appropriation is \$101,500
 4 in fiscal year 2016-2017 and \$304,500 in fiscal year 2017-2018 for new debt service to
 5 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

6 **(2) Human Services Transportation Delivery:** Notwithstanding KRS 281.010,
 7 the Kentucky Works Program shall not participate in the Human Services Transportation
 8 Delivery Program or the Coordinated Transportation Advisory Committee.

9 **(3) Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any
 10 provisions of this Act to the contrary, direct service units of the Office of Inspector
 11 General, Department for Income Support, Commission for Children with Special Health
 12 Care Needs, Department for Community Based Services, Department for Behavioral
 13 Health, Developmental and Intellectual Disabilities, Family Resource Centers and
 14 Volunteer Services, Department for Aging and Independent Living, and the Department
 15 for Public Health shall be authorized to establish and fill such positions that are 100
 16 percent federally funded for salary and fringe benefits.

17 **(4) Reallocation of Appropriations Among Budget Units:** The Secretary of the
 18 Cabinet for Health and Family Services shall operate the Cabinet within the
 19 appropriations for the Cabinet authorized in this Act. The Secretary may request a
 20 revision or reallocation among the departments and offices of the Cabinet ~~up to ten~~
 21 ~~percent~~ of the General Fund or Restricted Funds appropriations contained in Part I,
 22 Operating Budget, of this Act for fiscal years 2016-2017 and 2017-2018 for approval by
 23 the State Budget Director. No request shall relate to moneys in a fiduciary fund account.
 24 A request shall explain the need and use for the transfer authority under this subsection.

25 **2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE**
 26 **NEEDS**

	2016-17	2017-18
--	----------------	----------------

1	General Fund	5,711,100	5,824,800
2	Restricted Funds	9,587,500	9,864,900
3	Federal Funds	4,566,100	4,566,100
4	TOTAL	19,864,700	20,255,800

5 **3. MEDICAID SERVICES**

6 **a. Medicaid Administration**

7		2016-17	2017-18
8	General Fund	41,085,800	40,549,800
9	Restricted Funds	16,012,300	16,012,300
10	Federal Funds	155,521,100	156,843,800
11	TOTAL	212,619,200	213,405,900

12 **(1) Transfer of Excess Administrative Funds for Medicaid Benefits:** If any
13 portion of the above General Fund appropriation in either fiscal year is deemed to be in
14 excess of the necessary expenses for administration of the Department, the amount may
15 be used for Medicaid Benefits in accordance with statutes governing the functions and
16 activities of the Department for Medicaid Services. In no instance shall these excess
17 funds be used without prior written approval of the State Budget Director to:

- 18 (a) Establish a new program;
- 19 (b) Expand the services of an existing program; or
- 20 (c) Increase rates or payment levels in an existing program.

21 Any transfer authorized under this subsection shall be approved by the Secretary of
22 the Finance and Administration Cabinet upon recommendation of the State Budget
23 Director.

24 **(2) Medicaid Service Category Expenditure Information:** No Medicaid
25 managed care contract shall be valid and no payment to a Medicaid managed care vendor
26 by the Finance and Administration Cabinet or the Cabinet for Health and Family Services
27 shall be made, unless the Medicaid managed care contract contains a provision that the

1 contractor shall collect Medicaid expenditure data by the categories of services paid for
 2 by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories
 3 of Medicaid services including mandated and optional Medicaid services, special
 4 expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital,
 5 shall be compiled by the Department for Medicaid Services for all Medicaid providers
 6 and forwarded to the Interim Joint Committee on Appropriations and Revenue on a
 7 quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services
 8 shall be provided to the Interim Joint Committee on Appropriations and Revenue upon
 9 request.

10 **(3) Eligibility and Enrollment System Operation and Maintenance:** Included
 11 in the above appropriation is \$5,610,700 in Restricted Funds and \$11,527,200 in Federal
 12 Funds in each fiscal year for the Medicaid Eligibility and Enrollment System operations
 13 and maintenance.

14 **b. Medicaid Benefits**

	2015-16	2016-17	2017-18
15 General Fund	-0-	1,745,721,900	1,945,430,200
16 Restricted Funds	109,379,600	532,959,500	547,620,200
17 Federal Funds	-0-	8,299,738,200	8,586,627,900
18 TOTAL	109,379,600	10,578,419,600	11,079,678,300

19 **(1) Medicaid and KCHIP Premiums and Cost-Sharing:** Notwithstanding KRS
 20 205.6312 and 205.6485(1)(c), the Department for Medicaid Services may utilize
 21 premiums and cost-sharing for services rendered to Medicaid and KCHIP recipients not
 22 to exceed amounts permitted by federal law or waivers. KCHIP premiums are suspended
 23 for the 2016-2018 biennium.
 24

25 **(2) Disproportionate Share Hospital (DSH) Program:** Hospitals shall report
 26 indigent inpatient and outpatient care for which, under federal law, the hospital is eligible
 27 to receive disproportionate share payments. Disproportionate Share Hospital payments

1 shall equal the maximum amounts established by federal law. Notwithstanding KRS
 2 205.640 and 205.641, the disproportionate share factor for hospitals in fiscal years 2016-
 3 2017 and 2017-2018 shall be the same disproportionate share factor for hospitals that was
 4 established as the final fiscal year 2013-2014 disproportionate share factor. The final
 5 fiscal year 2013-2014 disproportionate share factor shall account for all corrected data
 6 submitted by a hospital by June 30, 2014. If a hospital's corrected data submitted by June
 7 30, 2014, was not included in the final disproportionate share factor used to make
 8 disproportionate share hospital payments in fiscal years 2014-2015 and 2015-2016, a one-
 9 time catch-up payment shall be made in fiscal year 2016-2017 by:

10 (a) Calculating the dollar difference between the hospital's total disproportionate
 11 share hospital payments received in fiscal years 2014-2015 and 2015-2016 and the
 12 amount the hospital would have received if the corrected data had been included; and

13 (b) Reducing the final indigent care factor for all remaining hospitals in fiscal
 14 year 2016-2017 by a uniform percentage to yield the amount of the catch-up payment.

15 In the interim, the hospitals shall work with the Cabinet for Health and Family
 16 Services to develop or select a method for determining the hospital share factor based
 17 upon the Centers for Medicare and Medicaid Services' revised rules for the
 18 Disproportionate Share Hospital Program and data from the federal Medicaid DSH Audit
 19 Survey. The hospitals and the Cabinet for Health and Family Services shall provide a
 20 report to the Interim Joint Committee on Health and Welfare on the proposed new
 21 method for determining the hospital share factor on a quarterly basis beginning with the
 22 first quarter of fiscal year 2016-2017; and shall finalize the development and selection of
 23 a method for determining the hospital share factor and submit a final report to the Interim
 24 Joint Committee on Health and Welfare by December 31, 2017.

25 **(3) Hospital Indigent Patient Billing:** Hospitals shall not bill patients for
 26 services if the services have been reported to the Cabinet and the hospital has received
 27 disproportionate share payments for the specific services.

1 **(4) Provider Tax Information:** Any provider who posts a sign or includes
2 information on customer receipts or any material distributed for public consumption
3 indicating that it has paid provider tax shall also post, in the same size typeset as the
4 provider tax information, the amount of payment received from the Department for
5 Medicaid Services during the same period the provider tax was paid. Providers who fail
6 to meet this requirement shall be excluded from the Disproportionate Share Hospital and
7 Medicaid Programs. The Cabinet for Health and Family Services shall include this
8 provision in facilities' annual licensure inspections.

9 **(5) Intergovernmental Transfers (IGTs):** Any funds received through an
10 Intergovernmental Transfer (IGT) agreement between the Department for Medicaid
11 Services and other governmental entities, in accordance with a federally approved State
12 Plan amendment, shall be used to provide for the health and welfare of the citizens of the
13 Commonwealth through the provision of Medicaid Benefits. Revenues from IGTs are
14 contingent upon agreement by the parties. The Secretary of the Cabinet for Health and
15 Family Services shall make the appropriate interim appropriations increase requests
16 pursuant to KRS 48.630.

17 **(6) Medicaid Budget Analysis Reports:** The Department for Medicaid Services
18 shall submit a quarterly budget analysis report to the Interim Joint Committee on
19 Appropriations and Revenue no later than 75 days after the quarter's end. The report shall
20 provide monthly detail of actual expenditures, eligibles, and average monthly cost per
21 eligible by eligibility category along with current trailing 12-month averages for each of
22 these figures. The report shall also provide actual figures for all categories of noneligible-
23 specific expenditures such as Supplemental Medical Insurance premiums, Kentucky
24 Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and
25 Disproportionate Share Hospital payments by type of hospital. The report shall compare
26 the actual expenditure experience with those underlying the enacted or revised enacted
27 budget and explain any significant variances which may occur.

1 **(7) Medicaid Benefits Budget Deficit:** If Medicaid Benefits expenditures are
2 projected to exceed available funds, the Secretary of the Cabinet for Health and Family
3 Services may recommend that reimbursement rates, optional services, eligibles, or
4 programs be reduced or maintained at levels existing at the time of the projected deficit in
5 order to avoid a budget deficit. The projected deficit shall be confirmed by the Office of
6 State Budget Director. No service, eligible, or program reductions shall be implemented
7 by the Cabinet for Health and Family Services without written notice of such action to the
8 Interim Joint Committee on Appropriations and Revenue and the State Budget Director.
9 Such actions taken by the Cabinet for Health and Family Services shall be reported, upon
10 request, at the next meeting of the Interim Joint Committee on Appropriations and
11 Revenue.

12 **(8) Transfer of Medicaid Benefits Funds:** Any portion of the General Fund
13 appropriation in either fiscal year that is deemed to be necessary for the administration of
14 the Medicaid Program may be transferred from the Medicaid Benefits budget unit to the
15 Medicaid Administration budget unit in accordance with statutes governing the functions
16 and activities of the Department for Medicaid Services. The Secretary shall recommend
17 any proposed transfer to the State Budget Director for approval prior to transfer. Such
18 action shall be reported by the Cabinet for Health and Family Services to the Interim Joint
19 Committee on Appropriations and Revenue.

20 **(9) Critical Access Hospitals:** Beginning with the effective date of this Act
21 through June 30, 2018, no acute care hospital shall convert to a critical access hospital
22 unless the hospital has either received funding for a feasibility study from the Kentucky
23 State Office of Rural Health or filed a written request by January 1, 2016, with the
24 Kentucky State Office of Rural Health requesting funding for conducting a feasibility
25 study.

26 **(10) Medicaid Managed Care Organization Reporting:** Except as provided by
27 KRS 61.878, all records and correspondence relating to Kentucky Medicaid, revenues

1 derived from Kentucky Medicaid funds, and expenditures utilizing Kentucky Medicaid
2 funds of a Medicaid managed care company operating within the Commonwealth shall be
3 subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. All records and
4 correspondence relating to Medicaid specifically prohibited from disclosure by the federal
5 Health Insurance Portability and Accountability Act privacy rules shall not be provided
6 under this Act.

7 No later than 60 days after the end of a quarter, each Medicaid managed care
8 company operating within the Commonwealth shall prepare and submit to the
9 Department for Medicaid Services sufficient information to allow the department to meet
10 the following requirements 90 days after the end of the quarter. The Department shall
11 forward to the Legislative Research Commission Budget Review Office a quarterly report
12 detailing monthly actual expenditures by service category, monthly eligibles, and average
13 monthly cost per eligible for Medicaid and the Kentucky Children's Health Insurance
14 Program (KCHIP) along with current trailing 12-month averages for each of these figures.
15 The report shall also provide actual figures for other categories such as pharmacy rebates
16 and reinsurance. Finally, the Department shall include in this report the most recent
17 information or report available regarding the amount withheld to meet Department of
18 Insurance reserve requirements, and any distribution of moneys received or retained in
19 excess of these reserve requirements.

20 **(11) Appeals:** An appeal from denial of a service or services provided by a
21 Medicaid managed care organization for medical necessity, or denial, limitation, or
22 termination of a health care service in a case involving a medical or surgical specialty or
23 subspecialty, shall, upon request of the recipient, authorized person, or provider, include a
24 review by a board-eligible or board-certified physician in the appropriate specialty or
25 subspecialty area; except in the case of a health care service rendered by a chiropractor or
26 optometrist, in which case, the denial shall be made respectively by a chiropractor or
27 optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The

1 physician reviewer shall not have participated in the initial review and denial of service
2 and shall not be the provider of service or services under consideration in the appeal.

3 **(12) Waiver Slots:** Included in the above appropriation are the necessary funds to
4 support the phase-in of the following additional waiver slots:

5 (a) Supports for Community Living - 41 additional slots in fiscal year 2016-2017
6 and 130 additional slots in fiscal year 2017-2018 for a total of 171 new slots added over
7 the 2016-2018 fiscal biennium;

8 (b) Acquired Brain Injury - 8 additional long-term care slots in each fiscal year for
9 a total of 16 new slots added over the 2016-2018 fiscal biennium; and

10 (c) Michelle P - 83 additional slots in fiscal year 2016-2017 and 166 additional
11 slots in fiscal year 2017-2018 for a total of 249 new slots added over the 2016-2018
12 fiscal biennium.

13 **(13) Medicaid Pharmacy:** Notwithstanding KRS 205.6312(4), a pharmacy
14 provider participating in the Medical Assistance Program or a pharmacy provider serving
15 Kentucky Medicaid recipients through a Medicaid Managed Care Organization shall not
16 be required to serve an eligible recipient if the recipient does not make the required
17 copayment at the time of service. An exception to this provision shall be an encounter
18 when a recipient presents a condition which could result in harm to the recipient if left
19 untreated, in which case the pharmacist shall dispense a 72-hour emergency supply of the
20 required medicine. The recipient may then return to the pharmacy with the necessary
21 copayment to obtain the remainder of the prescription. Only one dispensing fee shall be
22 paid by the Cabinet for the provision of both the emergency supply and the remainder of
23 the prescription. The Medicaid Managed Care Organization shall determine its policies
24 with respect to dispensing fees.

25 ~~{(14) Evaluation of Indigent Care: The Cabinet for Health and Family Services shall~~
26 ~~conduct an annual study of the effect of the reduction in contributions to the Quality and~~
27 ~~Charity Care Trust on the delivery of indigent care in Jefferson County. The Cabinet for~~

1 ~~Health and Family Services shall submit a report containing the results of this study to the~~
 2 ~~Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal~~
 3 ~~year. The report shall include but not be limited to the number of individuals served,~~
 4 ~~demographic characteristics of the individuals served, the number of individuals served~~
 5 ~~from Jefferson County and the surrounding counties including out of state locations, the~~
 6 ~~health insurance status of the individuals served, the cost of the program, and the amount~~
 7 ~~of financial support for the program provided by the Louisville Metro Government.]~~

8 **(15) Adult Day Health Services Reimbursement Rates:** Included in the above
 9 appropriation are the necessary funds to implement the reimbursement rates for adult day
 10 health services as prescribed in 907 KAR 7:015 effective July 1, 2016.

11 **TOTAL - MEDICAID SERVICES**

	2015-16	2016-17	2017-18
12 General Fund	-0-	1,786,807,700	1,985,980,000
13 Restricted Funds	109,379,600	548,971,800	563,632,500
14 Federal Funds	-0-	8,455,259,300	8,743,471,700
15 TOTAL	109,379,600	10,791,038,800	11,293,084,200

17 **4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL**
 18 **DISABILITIES**

	2016-17	2017-18
19 General Fund (Tobacco)	891,400	891,400
20 General Fund	180,368,200	180,833,900
21 Restricted Funds	209,398,300	209,706,700
22 Federal Funds	40,215,900	40,232,000
23 TOTAL	430,873,800	431,664,000

24 **(1) Disproportionate Share Hospital Funds:** Mental health disproportionate
 25 share funds are budgeted at the maximum amounts permitted by Section 1923(f) of the
 26 Social Security Act. Upon publication in the Federal Register of the Annual Institutions
 27

1 for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of
 2 the federal IMD DSH limit goes to the state-operated mental hospitals.

3 **(2) Lease Payments for Eastern State Hospital:** Included in the above General
 4 Fund appropriation is \$11,257,800 in each fiscal year to make lease payments to the
 5 Lexington-Fayette Urban County Government to retire its debt for the construction of the
 6 new facility.

7 **(3) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 8 appropriation is \$891,400 in each fiscal year for substance abuse prevention and
 9 treatment for pregnant women with a history of substance abuse problems.

10 **(4) Debt Service:** Included in the above General Fund appropriation is \$19,500 in
 11 fiscal year 2016-2017 and \$228,000 in fiscal year 2017-2018 for new debt service to
 12 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

13 **(5) Regional Mental Health/Mental Retardation Boards Retirement Cost**
 14 **Increase:** Included in the above General Fund appropriation is a total of \$24,825,700 in
 15 each fiscal year for Regional Mental Health/Mental Retardation Boards to assist them
 16 with employer contributions for the Kentucky Employees Retirement System. In July and
 17 January of each year the Department for Behavioral Health, Intellectual and
 18 Developmental Disabilities shall obtain the total creditable compensation reported by
 19 each Regional Mental Health/Mental Retardation Board to the Kentucky Retirement
 20 System and utilize that number to determine how much of this total appropriation shall be
 21 distributed to each Regional Mental Health/Mental Retardation Board. Payments to the
 22 Mental Health/Mental Retardation Boards shall be made on September 1 and April 1 of
 23 each fiscal year.

24 ~~[(6) Arc of Kentucky: Included in the above General Fund appropriation is~~
 25 ~~\$200,000 in each fiscal year to support the operations of the Arc of Kentucky.]~~

26 **5. PUBLIC HEALTH**

27 **2016-17** **2017-18**

1	General Fund (Tobacco)	13,933,100	14,168,100
2	General Fund	73,703,400	74,548,200
3	Restricted Funds	85,262,900	85,680,900
4	Federal Funds	188,417,600	187,879,400
5	TOTAL	361,317,000	362,276,600

6 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
7 appropriation is \$9,000,000 in each fiscal year for the Health Access Nurturing
8 Development Services Program, \$1,000,000 in each fiscal year for Healthy Start
9 initiatives, \$80,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in each
10 fiscal year for Early Childhood Mental Health, \$500,000 in each fiscal year for Early
11 Childhood Oral Health, and \$2,353,100 in fiscal year 2016-2017 and \$2,588,100 in fiscal
12 year 2017-2018 for Smoking Cessation.

13 **(2) Local and District Health Department Retirement Cost Increase:** Included
14 in the above General Fund appropriation is a total of \$26,390,900 in fiscal year 2016-
15 2017 and \$27,087,600 in fiscal year 2017-2018 for Local and District Health Departments
16 to assist them with employer contributions for the Kentucky Employees Retirement
17 System. In July and January of each year the Department for Public Health shall obtain
18 the total creditable compensation reported by each Local and District Health Department
19 Board to the Kentucky Retirement System and utilize that number to determine how
20 much of this total appropriation shall be distributed to each department. Payments to the
21 Departments shall be made on September 1 and April 1 of each fiscal year.

22 **(3) Local and District Health Department Payments:** The Department for
23 Public Health shall not interfere with the ability of a local or district health department to
24 receive reimbursement for services provided. The Department for Public Health shall
25 submit to the Department for Medicaid Services and the Medicaid Managed Care
26 Organizations all requests for payment for services received from a local or district health
27 department.

1	Federal Funds	1,511,100	1,013,100
2	TOTAL	2,767,100	2,273,200

3 **7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES**

4		2016-17	2017-18
5	General Fund	1,402,300	1,412,600
6	Federal Funds	4,869,100	4,869,100
7	TOTAL	6,271,400	6,281,700

8 **8. INCOME SUPPORT**

9		2016-17	2017-18
10	General Fund	7,635,600	7,635,600
11	Restricted Funds	16,130,800	16,130,800
12	Federal Funds	83,226,700	84,968,900
13	TOTAL	106,993,100	108,735,300

14 **9. COMMUNITY BASED SERVICES**

15		2015-16	2016-17	2017-18
16	General Fund (Tobacco)	2,046,600	6,668,400	8,894,700
17	General Fund	-0-	383,005,000	384,035,000
18	Restricted Funds	-0-	155,293,900	156,517,300
19	Federal Funds	-0-	514,443,900	519,023,000
20	TOTAL	2,046,600	1,059,411,200	1,068,470,000

21 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 22 appropriation is \$2,046,600 in fiscal year 2015-2016 for the Early Childhood
 23 Development Program. The \$2,046,600 shall not be expended in fiscal year 2015-2016,
 24 and shall continue into fiscal year 2016-2017. Included in the above General Fund
 25 (Tobacco) appropriation is \$6,668,400 in fiscal year 2016-2017 and \$8,894,700 in fiscal
 26 year 2017-2018 for the Early Childhood Development Program.

27 **(2) Contracted Entities Retirement Cost Increase:** Included in the above

1 General Fund appropriation is \$1,536,200 in fiscal year 2016-2017 and \$1,598,800 in
 2 fiscal year 2017-2018 for domestic violence shelters, rape crisis centers, and child
 3 advocacy centers to fully fund the increase in employer contribution rates for the
 4 Kentucky Employees Retirement System. In the interim, the contracted entities shall
 5 evaluate the feasibility of continued participation in the Kentucky Employees Retirement
 6 System as provided in KRS 61.522.

7 **(3) Relative Placement Support Benefit:** Included in the above General Fund
 8 appropriation is \$1,000,000 in each fiscal year for start-up costs associated with placing
 9 children with non-parental relatives.

10 **(4) Domestic Violence Shelters:** Included in the above General Fund
 11 appropriation is \$250,000 in each fiscal year for operational costs.

12 **(5) Rape Crisis Centers:** Included in the above General Fund appropriation is
 13 \$250,000 in each fiscal year for operational costs.

14 ~~[(6) Dually licensed Pediatric Facilities: Included in the above General Fund~~
 15 ~~appropriation is \$550,000 in each fiscal year to provide supplemental payments to dually-~~
 16 ~~licensed pediatric facilities for emergency shelter services for children.]~~

17 **(7) Child Care Assistance Program:** Included in the above General Fund
 18 appropriation is \$10,600,000 in each fiscal year to provide services to families at or
 19 below 160 percent of the federal poverty level as determined annually by the U.S.
 20 Department of Health and Human Services.

21 **(8) Foster Home Rate Equity:** Included in the above General Fund appropriation
 22 is \$1,600,000 in each fiscal year to increase reimbursement rates for foster care family
 23 providers effective July 1, 2016.

24 **(9) Family Dependent Exchange and Visitation Services:** Included in the
 25 above General Fund appropriation is \$50,000 in each fiscal year to continue family
 26 dependent exchange and visitation services primarily in Jefferson County and
 27 surrounding Kentucky counties.

1 ~~[(10) Early Intervention Services: Included in the above General Fund appropriation~~
 2 ~~is \$100,000 in each fiscal year to the Madison County Fiscal Court for early intervention~~
 3 ~~services.]~~

4 **(11) benefind Information Technology System Implementation:** In order to
 5 comply with state and federal regulations and to deliver necessary services to eligible
 6 individuals, costs as may be necessary for the roll out, implementation, and operation of
 7 the benefind eligibility and enrollment system in fiscal years 2015-2016, 2016-2017, and
 8 2017-2018 shall be deemed a necessary government expense and shall be paid from the
 9 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account
 10 (KRS 48.705).

11 **10. AGING AND INDEPENDENT LIVING**

	2016-17	2017-18
13 General Fund	42,583,200	42,716,800
14 Restricted Funds	3,184,400	3,184,400
15 Federal Funds	24,829,300	24,829,300
16 TOTAL	70,596,900	70,730,500

17 **(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities
 18 contracting with the Cabinet for Health and Family Services to provide essential services
 19 under KRS 205.455 and 205.460 shall provide local match equal to or greater than the
 20 amount in effect during fiscal year 2015-2016. Local match may include any combination
 21 of materials, commodities, transportation, office space, personal services, or other types
 22 of facility services or funds. The Secretary of the Cabinet for Health and Family Services
 23 shall prescribe the procedures to certify the local match compliance.

24 **(2) Home Health Services Presumptive Eligibility Pilot Program:** Subject to
 25 the availability of funds, the Cabinet for Health and Family Services shall develop and
 26 implement a pilot program for the early assessment of a Medicaid applicant's functional
 27 and financial eligibility for home health services upon discharge from a hospital or

1 institutional setting as provided in KRS 205.528. The Department for Aging and
 2 Independent Living shall submit a report containing the results of the pilot program
 3 including but not limited to the number of participants, average time for a participant to
 4 transition from an institutional setting to a home or community setting, and the cost of the
 5 pilot program to the Interim Joint Committee on Health and Welfare by June 1 of each
 6 fiscal year.

7 **11. HEALTH BENEFIT AND INFORMATION EXCHANGE**

	2016-17	2017-18
9 Restricted Funds	20,370,100	8,186,800
10 Federal Funds	22,658,500	9,227,000
11 TOTAL	43,028,600	17,413,800

12 **(1) Kentucky Access Fund:** Notwithstanding KRS 304.17B-021, excess
 13 Restricted Funds in the amount of \$23,800,000 in fiscal year 2015-2016 shall be
 14 transferred to the Department for Medicaid Services from the Kentucky Access Fund.
 15 Any excess Restricted Funds not needed for the operations, maintenance, or transition
 16 cost for the Health Benefit Exchange in fiscal year 2016-2017 and fiscal year 2017-2018
 17 shall be transferred from the Kentucky Access Fund to the Department for Medicaid
 18 Services.

19 **TOTAL - HEALTH AND FAMILY SERVICES CABINET**

	2015-16	2016-17	2017-18
20 General Fund (Tobacco)	2,046,600	21,492,900	23,954,200
21 General Fund	-0-	2,512,159,900	2,714,480,600
22 Restricted Funds	109,379,600	1,065,979,800	1,070,273,300
23 Federal Funds	-0-	9,382,458,100	9,662,789,900
24 TOTAL	111,426,200	12,982,090,700	13,471,498,000

26 **H. JUSTICE AND PUBLIC SAFETY CABINET**

27 **Budget Units**

1 **1. JUSTICE ADMINISTRATION**

	2016-17	2017-18
3 General Fund (Tobacco)	1,609,100	1,769,800
4 General Fund	30,312,800	30,999,800
5 Restricted Funds	1,554,500	1,493,000
6 Federal Funds	21,172,100	21,178,700
7 TOTAL	54,648,500	55,441,300

8 **(1) Operation Unite:** Included in the above General Fund appropriation is
9 \$2,000,000 in each fiscal year from the Local Government Economic Development Fund
10 for the Operation Unite program.

11 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
12 appropriation is \$1,609,100 in fiscal year 2016-2017 and \$1,769,800 in fiscal year 2017-
13 2018 for the Office of Drug Control Policy.

14 ~~{(3) Kentucky Legal Education Opportunity Program: Included in the above~~
15 ~~General Fund appropriation is \$250,000 in each fiscal year for the Kentucky Legal~~
16 ~~Education Opportunity Program. All Kentucky law schools may participate in the~~
17 ~~program, but the summer institute shall be held on the campus of the University of~~
18 ~~Kentucky.}~~

19 **(4) Madisonville Medical Examiner's Office:** Included in the above General
20 Fund appropriation is \$297,800 in each fiscal year for the operation of the Madisonville
21 Medical Examiner's Office. ~~[The Office shall not be relocated or closed during the 2016-~~
22 ~~2018 fiscal biennium.]~~ The Justice and Public Safety Cabinet shall conduct a study to
23 determine the feasibility of relocating the Madisonville Medical Examiner's Office to
24 another location in western Kentucky. The basis of the study shall include analyzing a
25 more efficient location that increases the likelihood of obtaining the necessary workforce
26 to eliminate the need for using personnel from other medical examiner offices. The study
27 shall take into consideration the new location's ability to meet the demands of western

1 Kentucky without a reduction in services. The Cabinet shall finalize and report this study
 2 to the House and Senate Standing Committees on Appropriations and Revenue by
 3 January 15, 2017.

4 ~~[(5) Public Safety First Programs: Included in the appropriations for the Justice
 5 and Public Safety Cabinet is \$1,001,000 in each fiscal year for Public Safety First
 6 programs. Expenditure of these funds may be from a combination of any of the following
 7 appropriation units: Justice Administration, State Police, Corrections Management, Adult
 8 Correctional Institutions, and Community Services and Local Facilities.~~

9 ~~[(6) Access to Justice: Included in the above General Fund appropriation is
 10 \$682,500 in each fiscal year to support the Access to Justice Program.]~~

11 **(7) Court Appointed Special Advocate Funding:** Included in the above General
 12 Fund appropriation is \$1,500,000 in each fiscal year for grants to support Court
 13 Appointed Special Advocate Funding (CASA) programs.~~[The funds shall be distributed
 14 as follows:~~

15 ~~(a) 80 percent of the funding provided shall be distributed to local CASA
 16 programs to expand services in existing programs and establish new programs in
 17 unserved counties. Existing programs shall provide a 20 percent match of non grant
 18 funds. Newly formed programs shall provide a 10 percent match of non grant funds;~~

19 ~~(b) 10 percent of the funding provided shall be used to establish the grant
 20 application process; and~~

21 ~~(c) 10 percent of the funding provided shall be provided to the Kentucky CASA
 22 Network to fulfill statutory duties as provided in KRS 620.500 to 620.550 and to assist
 23 the Office of the Attorney General with monitoring grant compliance.]~~

24 **2. CRIMINAL JUSTICE TRAINING**

	2015-16	2016-17	2017-18
25 Restricted Funds	-0-	72,721,600	69,149,600
26 Federal Funds	47,600	249,500	260,000

1	General Fund	-0-	85,770,200	86,488,700
2	Restricted Funds	1,795,100	13,559,400	13,651,000
3	Federal Funds	-0-	12,226,500	12,323,400
4	TOTAL	1,795,100	111,556,100	112,463,100

5 **4. STATE POLICE**

6		2015-16	2016-17	2017-18
7	General Fund	-0-	95,577,600	99,030,600
8	Restricted Funds	4,500,000	28,458,800	28,668,600
9	Federal Funds	-0-	11,764,400	11,801,000
10	Road Fund	-0-	87,676,700	88,596,700
11	TOTAL	4,500,000	223,477,500	228,096,900

12 **(1) Call to Extraordinary Duty:** There is appropriated from the General Fund to
 13 the Department of Kentucky State Police, subject to the conditions and procedures
 14 provided in this Act, funds which are required as a result of the Governor's call of the
 15 Kentucky State Police to extraordinary duty when an emergency situation has been
 16 declared to exist by the Governor. Funding is authorized to be provided from the General
 17 Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
 18 48.705).

19 **(2) State Police and Vehicle Enforcement Personnel Training Incentive:**
 20 Included in the above Restricted Funds appropriation is sufficient funding for a \$4,000
 21 annual training incentive stipend for state troopers, arson investigators, hazardous devices
 22 investigators, legislative security specialists, and vehicle enforcement officers from the
 23 Kentucky Law Enforcement Foundation Program Fund.

24 **(3) Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 65.7631,
 25 189A.050(3)(a), 237.110(18), and 281A.160(2)(b), funds are included in the above
 26 Restricted Funds appropriation to maintain the operations and administration of the
 27 Kentucky State Police.

1 **(4) Dispatcher Training Incentive:** Included in the above General Fund
 2 appropriation is sufficient funding for a \$3,100 annual training incentive stipend for
 3 dispatchers.

4 **(5) Commercial Vehicle Enforcement Candidacy Study:** The Kentucky State
 5 Police shall conduct a study to determine an efficient and direct method by which
 6 Commercial Vehicle Enforcement Officers may be commissioned as Kentucky state
 7 troopers who are recognized by all state government entities as having the same status
 8 held by any present and future State Police troopers. This study shall be accessible to all
 9 Commercial Vehicle Enforcement Officers and shall be made known to all present and
 10 future Commercial Vehicle Enforcement Officers. This study shall be submitted to the
 11 House and Senate Standing Committees on Judiciary by January 15, 2017.

12 **5. CORRECTIONS**

13 **a. Corrections Management**

	2016-17	2017-18
14 General Fund	9,335,300	9,404,900
15 Restricted Funds	300,000	300,000
16 Federal Funds	75,000	75,000
17 TOTAL	9,710,300	9,779,900

18 **(1) Appropriations Adjustments:** The General Assembly has determined that
 19 the Department of Corrections shall be permitted to adjust appropriations between the
 20 Community Services and Local Facilities budget unit and the Adult Correctional
 21 Institutions budget unit in each fiscal year. Only adjustments necessary to manage the
 22 diverse mix of inmate classifications, custody levels, probation and parole caseloads, and
 23 population increases or decreases shall be permitted. Any appropriations transferred or
 24 otherwise directed between these appropriation units shall be documented and justified in
 25 writing. No adjustments may be made except upon the prior written concurrence of the
 26 State Budget Director. The State Budget Director shall report the adjustments and the
 27

1 necessity of the adjustments to the Interim Joint Committee on Appropriations and
2 Revenue.

3 **(2) Jailer Mental Health Screening Training:** The Kentucky Commission on
4 Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse
5 Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan,
6 include in its duties recommendations for improvements in identifying, treating, housing,
7 and transporting prisoners in jails and juveniles with mental illness who reside in
8 detention centers. Items to be reviewed shall include but not be limited to
9 recommendations for statutory and regulatory changes, training and treatment funding,
10 cost sharing, housing and transportation costs, appropriate treatment sites, and training
11 requirements for local jailers and other officers of the court who may come in contact
12 with persons deemed mentally ill who are incarcerated or in detention.

13 The training shall continue to be delivered by Regional Mental Health/Mental
14 Retardation Board staff to new jailers and new jail staff, except administrative support, on
15 screening and responding to the needs of inmates with mental illness within six months of
16 employment. Treatment services may also be provided for within this funding allocation.

17 **(3) Local Correctional Facilities, Reimbursement of Design Fees for**
18 **Architectural and Engineering Services:** In accordance with the provisions of KRS
19 441.420(3), the Department of Corrections shall pay unreimbursed fees and costs for
20 architectural plans and engineering services associated with any new local correctional
21 facility that was approved by the Local Correctional Facilities Construction Authority on
22 or before January 1, 2016. A jurisdiction shall certify to the Department the amount of
23 such fees and costs for which reimbursement is sought, and the amounts requested shall
24 be deemed a necessary government expense and shall be paid from the General Fund
25 Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
26 48.705). Notwithstanding KRS 441.420, no county jail construction projects approved by
27 the Local Correctional Facilities Construction Authority after January 1, 2016, shall

1 qualify for reimbursement from the Department of Corrections.

2 **b. Adult Correctional Institutions**

	2015-16	2016-17	2017-18
4 General Fund	15,800,000	270,456,700	271,096,300
5 Restricted Funds	-0-	17,454,400	17,459,700
6 Federal Funds	-0-	521,500	521,500
7 TOTAL	15,800,000	288,432,600	289,077,500

8 **(1) Debt Service:** Included in the above General Fund appropriation is \$252,500
 9 in fiscal year 2016-2017 and \$926,500 in fiscal year 2017-2018 for new debt service to
 10 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

11 **(2) Transfer to State Institutions:** Notwithstanding KRS 532.100(7), state
 12 prisoners, excluding the Class C and Class D felons qualifying to serve time in county
 13 jails, may be transferred to a state institution within 90 days of final sentencing, if the
 14 county jail does not object to the additional 45 days.

15 **(3) Canteen Fund Proceeds:** The Department of Corrections shall file annual
 16 reports with the Interim Joint Committee on Appropriations and Revenue detailing the
 17 revenues and expenditures from the Canteen Fund for each state-operated prison, private
 18 prison, and the central office of the Department. The report shall be due September 1 of
 19 each year.

20 **c. Community Services and Local Facilities**

	2016-17	2017-18
22 General Fund	202,325,300	205,363,200
23 Restricted Funds	6,200,000	3,000,000
24 Federal Funds	695,500	695,500
25 TOTAL	209,220,800	209,058,700

26 **(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem
 27 payments exceed the amounts provided to support the budgeted average daily population

1 of state felons in county jails for each fiscal year, the payments shall be deemed necessary
 2 government expenses and may be paid from the General Fund Surplus Account (KRS
 3 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification
 4 as to necessity and amount by the State Budget Director who shall report any certified
 5 expenditure to the Interim Joint Committee on Appropriations and Revenue.

6 **(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the
 7 amount of \$5,333,200 in fiscal year 2016-2017 and \$2,000,000 in fiscal year 2017-2018
 8 shall be expended from the Kentucky Local Correctional Facilities Construction
 9 Authority for local correctional facility and operational support.

10 ~~[(3) Parole for Infirm Inmates: (a) The Commissioner of the Department of~~
 11 ~~Corrections shall certify and notify the Parole Board when a prisoner meets the~~
 12 ~~requirements of paragraph (c) of this subsection for parole.~~

13 ~~(b) Notwithstanding any statute to the contrary, within 30 days of receiving~~
 14 ~~notification as prescribed by paragraph (a) of this subsection, the Parole Board shall grant~~
 15 ~~parole.~~

16 ~~(c) A prisoner who has been determined by the Department of Corrections to be~~
 17 ~~physically or mentally debilitated, incapacitated, or infirm as a result of advanced age,~~
 18 ~~chronic illness, disease, or any other qualifying criteria that constitutes an infirm prisoner~~
 19 ~~shall be eligible for parole if:~~

20 ~~1. The prisoner was not convicted of a capital offense and sentenced to death or~~
 21 ~~was not convicted of a sex crime as defined in KRS 17.500;~~

22 ~~2. The prisoner has reached his or her parole eligibility date or has served one-~~
 23 ~~half of his or her sentence, whichever occurs first;~~

24 ~~3. The prisoner is substantially dependent on others for the activities of daily~~
 25 ~~living; and~~

26 ~~4. There is a low risk of the prisoner presenting a threat to society if paroled.~~

27 ~~(d) Unless a new offense is committed that results in a new conviction subsequent~~

1 to a prisoner being paroled, paroled prisoners shall not be considered to be under the
2 custody of the state in any way.

3 (e) ~~Prisoners paroled under this subsection shall be paroled to a licensed long-~~
4 ~~term care facility in the Commonwealth.~~

5 (f) ~~The Cabinet for Health and Family Services and the Justice and Public Safety~~
6 ~~Cabinet shall provide all needed assistance and support in seeking and securing approval~~
7 ~~from the United States Department of Health and Human Services for federal assistance,~~
8 ~~including Medicaid funds, for the provision of long-term care services to those eligible~~
9 ~~for parole under paragraph (e) of this subsection.~~

10 (g) ~~The Cabinet for Health and Family Services and the Justice and Public Safety~~
11 ~~Cabinet shall have the authority to contract with community providers that meet the~~
12 ~~requirements of paragraph (f) and that are willing to house any inmates deemed to meet~~
13 ~~the requirements of this section so long as contracted rates do not exceed current~~
14 ~~expenditures related to the provisions of this section.~~

15 (h) ~~The Cabinet for Health and Family Services and the Justice and Public Safety~~
16 ~~Cabinet are encouraged to corroborate with other states that are engaged in similar efforts~~
17 ~~so as to achieve the mandates of this section.~~

18 (i) ~~The Cabinet for Health and Family Services and the Justice and Public Safety~~
19 ~~Cabinet shall provide a report to the Interim Joint Committee on Appropriations and~~
20 ~~Revenue by December 15 of each fiscal year concerning these provisions. The report shall~~
21 ~~include the number of persons paroled, the identification of the residential facilities~~
22 ~~utilized, an estimate of cost savings as a result of the project, and any other relevant~~
23 ~~material to assist the General Assembly in assessing the value of continuing and~~
24 ~~expanding the project.]~~

25 **(4) Participation in Transparent Governing - Full Disclosure of Inmate**
26 **Population Forecasts and Related Materials:** The Office of State Budget Director shall
27 provide the methodology, assumptions, data, and all other related materials used to

1 project biennial offender population forecasts conducted by the Office of State Budget
 2 Director, the Kentucky Department of Corrections, and any consulting firms, to the
 3 Interim Joint Committee on Appropriations and Revenue by November 1, 2017. This
 4 submission shall include but not be limited to the projected state, county, and community
 5 offender populations for the 2018-2020 fiscal biennium and must coincide with the
 6 budgeted amount for these populations. This submission shall clearly divulge the
 7 methodology and reasoning behind the budgeted and projected offender population in a
 8 commitment to participate in transparent governing.

9 **(5) Participation in Transparent Governing - Calculating Avoided Costs**
 10 **Relating to Legislative Action:** The Office of State Budget Director shall provide the
 11 methodology, assumptions, data, and all other related materials used to calculate any
 12 avoided costs pursuant to the implementation of 2011 Ky. Acts ch. 2 by November 1,
 13 2017. This submission shall clearly divulge the methodology and reasoning behind the
 14 projected costs avoided in a commitment to participate in transparent governing.

15 ~~{(6) Management of the State Inmate Population: Pursuant to KRS 197.505(1), if~~
 16 ~~upon review the Secretary of the Justice and Public Safety Cabinet finds that there is~~
 17 ~~overpopulation of state inmates in county jails, and that overpopulation exposes the~~
 18 ~~Commonwealth to litigation as a result, the Justice and Public Safety Cabinet may~~
 19 ~~increase the number of beds available by recommissioning privately operated correctional~~
 20 ~~facilities located in Wheelwright, St. Mary's, and Beattyville, which are currently being~~
 21 ~~maintained and are on standby for use. The number of inmates transitioned to state~~
 22 ~~privately operated facilities may be phased in over the 2016-2018 fiscal biennium. The~~
 23 ~~Cabinet shall provide a written report to the Interim Joint Committee on Appropriations~~
 24 ~~and Revenue by the end of each fiscal quarter that details the number of inmates~~
 25 ~~transitioned to state privately operated facilities. In the event that any contractual~~
 26 ~~payments exceed the amounts that would be provided to support state felons in county~~
 27 ~~jails for each fiscal year, the payments shall be deemed a necessary government expense~~

1 ~~and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget~~
 2 ~~Reserve Trust Fund Account (KRS 48.705). The Commonwealth shall hold these~~
 3 ~~privately operated facilities to the highest ethical standards, and any instances of abuse~~
 4 ~~shall be reported to the Secretary of the Justice and Public Safety Cabinet.]~~

5 **d. Local Jail Support**

	2016-17	2017-18
7 General Fund	16,712,300	16,712,300

8 **(1) Local Corrections Assistance Fund Allocation:** Moneys in the fund shall be
 9 distributed to the counties each year. Amounts distributed from the fund shall be used to
 10 support local correctional facilities and programs, including the transportation of
 11 prisoners, as follows:

12 (a) In each fiscal year, the first \$3,000,000 received by the fund, or, if the fund
 13 receives less than \$3,000,000, the entire balance of the fund, shall be divided equally
 14 among all counties; and

15 (b) Any moneys remaining after making the distributions required by paragraph
 16 (a) of this subsection shall be distributed to each county based on a ratio, the numerator of
 17 which shall be the county's county inmate population on the second Thursday in January
 18 during the prior fiscal year, and the denominator of which shall be the total counties'
 19 county inmate population for the entire state on the second Thursday in January during
 20 the prior fiscal year.

21 **(2) Local Corrections Assistance Funds:** Notwithstanding KRS 196.288(5)(a),
 22 included in the above General Fund appropriation is \$4,917,600 in each fiscal year for the
 23 Local Corrections Assistance Fund.

24 **(3) Life Safety or Closed Jails:** Included in the above General Fund
 25 appropriation is \$873,600 in each fiscal year to provide a monthly payment of an annual
 26 amount of \$20,000 to each county with a life safety jail or closed jail. The payment shall
 27 be in addition to the payment required by KRS 441.206(2).

1 **(4) Inmate Medical Care Expenses:** Included in the above General Fund
 2 appropriation is \$847,200 in each fiscal year for medical care contracts to be distributed,
 3 upon approval of the Department of Corrections, to counties by the formula codified in
 4 KRS 441.206, and \$873,600 in each fiscal year, on a partial reimbursement basis, for
 5 medical claims in excess of the statutory threshold pursuant to KRS 441.045. The
 6 funding support for medical contracts and catastrophic medical expenses for indigents
 7 shall be maintained in discrete accounts. Any medical claim that exceeds the statutory
 8 threshold may be reimbursed for that amount in excess of the statutory threshold.

9 **TOTAL - CORRECTIONS**

	2015-16	2016-17	2017-18
11 General Fund	15,800,000	498,829,600	502,576,700
12 Restricted Funds	-0-	23,954,400	20,759,700
13 Federal Funds	-0-	1,292,000	1,292,000
14 TOTAL	15,800,000	524,076,000	524,628,400

15 **6. PUBLIC ADVOCACY**

	2015-16	2016-17	2017-18
17 General Fund	377,500	49,987,800	50,399,300
18 Restricted Funds	-0-	2,855,200	2,716,100
19 Federal Funds	937,100	2,004,800	1,962,900
20 TOTAL	1,314,600	54,847,800	55,078,300

21 **(1) Compensatory Leave Conversion to Sick Leave:** If the Department for
 22 Public Advocacy determines that internal budgetary pressures warrant further austerity
 23 measures, the Public Advocate may institute a policy to suspend payment of 50-hour
 24 blocks of compensatory time for those attorneys who have accumulated 240 hours of
 25 compensatory time and instead convert those hours to sick leave.

26 **TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

	2015-16	2016-17	2017-18
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1	General Fund (Tobacco)	-0-	1,609,100	1,769,800
2	General Fund	16,177,500	760,478,000	769,495,100
3	Restricted Funds	6,295,100	143,103,900	136,438,000
4	Federal Funds	984,700	48,709,300	48,818,000
5	Road Fund	-0-	87,676,700	88,596,700
6	TOTAL	23,457,300	1,041,577,000	1,045,117,600

I. LABOR CABINET

Budget Units

1. SECRETARY

10			2016-17	2017-18
11	Restricted Funds		4,596,900	4,640,700
12	Federal Funds		139,800	139,800
13	TOTAL		4,736,700	4,780,500

2. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

15			2016-17	2017-18
16	General Fund		3,193,600	3,219,000
17	Restricted Funds		3,106,100	3,111,000
18	Federal Funds		73,400	73,400
19	TOTAL		6,373,100	6,403,400

3. WORKPLACE STANDARDS

21			2016-17	2017-18
22	General Fund		2,007,400	2,025,300
23	Restricted Funds		81,774,200	83,865,900
24	Federal Funds		3,436,300	3,436,300
25	TOTAL		87,217,900	89,327,500

26 **(1) Apprenticeship Program:** Included in the above General Fund appropriation
 27 is an additional \$250,000 in each fiscal year for the Apprenticeship Program.

1	4. WORKERS' CLAIMS		
2		2016-17	2017-18
3	Restricted Funds	18,876,000	19,040,800
4	5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION		
5		2016-17	2017-18
6	Restricted Funds	806,500	813,100
7	6. WORKERS' COMPENSATION FUNDING COMMISSION		
8		2016-17	2017-18
9	Restricted Funds	115,325,100	117,379,800
10	TOTAL - LABOR CABINET		
11		2016-17	2017-18
12	General Fund	5,201,000	5,244,300
13	Restricted Funds	224,484,800	228,851,300
14	Federal Funds	3,649,500	3,649,500
15	TOTAL	233,335,300	237,745,100

J. PERSONNEL CABINET

Budget Units

1. GENERAL OPERATIONS

19		2016-17	2017-18
20	Restricted Funds	29,586,000	30,320,800

21 **(1) Pro Rata Assessment:** Included in the above Restricted Funds appropriation
 22 is \$2,692,600 in each fiscal year are funds to be transferred to the General Fund to
 23 support debt service on bonds previously issued for the Kentucky Human Resources
 24 Information System.

25 ~~{(2) Kentucky Employees' Health Plan and Medicaid State Plan Cost-Savings~~
 26 ~~Demonstration Projects: The Personnel Cabinet and the Cabinet for Health and Family~~
 27 ~~Services shall implement the Kentucky Employees' Health Plan Program and Kentucky~~

1 ~~Medicaid State Plan Program cost-savings projects centered on process improvement and~~
2 ~~patient empowerment with door-to-door engagement via use of interactive technology to~~
3 ~~capture the potential for improved medical outcomes at reduced cost. The demonstration~~
4 ~~projects shall include established patients who have, within 24 months of the telehealth~~
5 ~~services, visited established providers and maintained a clinical relationship with a~~
6 ~~qualified health professional licensed in Kentucky through an in-office and in-person~~
7 ~~evaluation, including a medical history and a physical examination. These cost-reduction~~
8 ~~projects shall not increase premiums nor reduce benefits.~~

9 ~~The Personnel Cabinet and the Cabinet for Health and Family Services are~~
10 ~~authorized to expend up to \$400,000 from the State Group Health Trust and State~~
11 ~~Medicaid Administration appropriation to support two demonstration projects for both~~
12 ~~areas. The initial capital outlay may be recouped from cost savings to the State Group~~
13 ~~Health Trust and State Medicaid Administration Program. The demonstration projects~~
14 ~~shall be a proof of concept to confirm the ability to capture an annualized savings of up to~~
15 ~~ten percent in the Kentucky Employees' Health Plan Program and an annualized savings~~
16 ~~of up to five percent in the Kentucky Medicaid State Plan Program starting from January~~
17 ~~1, 2017.~~

18 ~~The Personnel Cabinet and the Cabinet for Health and Family Services shall enter~~
19 ~~into an agreement with one or both of the university teaching hospitals in the~~
20 ~~Commonwealth to leverage the substantial return on investment of the demonstration~~
21 ~~projects. The demonstration projects shall be implemented as provided in this Act~~
22 ~~pursuant to the contracts utilized for the purpose of administering the Kentucky~~
23 ~~Employees' Health Plan Program and the Kentucky Medicaid State Plan Program. For~~
24 ~~purposes of the demonstration projects, the participating contractor to be given the first~~
25 ~~option from the Kentucky Medicaid State Plan Program shall be one that services the~~
26 ~~largest contingent of recipients in the program and one that services a rural area that has~~
27 ~~an underserved population that has already demonstrated concept of cost savings through~~

1 interactive technology.

2 ~~The demonstration projects shall be awarded no later than December 1, 2016, and~~
 3 ~~shall be based on a competitive bid via a formal Request for Information (RFI) process.~~
 4 ~~The demonstration projects should be completed and a report regarding the proof of~~
 5 ~~concept shall be submitted to the Program Review and Investigations Committee, the~~
 6 ~~Personnel Cabinet, and the Cabinet for Health and Family Services by December 1,~~
 7 ~~2017.~~

8 ~~If the proof of concept demonstrates an annual savings, the Personnel Cabinet and~~
 9 ~~the Cabinet for Health and Family Services shall implement the final project on a larger~~
 10 ~~scale. If implemented, the large-scale project shall be awarded via a formal Request for~~
 11 ~~Proposal (RFP) process to capture the mandated annualized savings of up to ten percent~~
 12 ~~in the Kentucky Employees' Health Plan Program and an annualized savings of up to five~~
 13 ~~percent in the Kentucky Medicaid State Plan Program. The cost of implementing a large-~~
 14 ~~scale project shall be paid via a shared-savings model wherein the contractor shall be~~
 15 ~~compensated by a percentage of the savings captured by the projects.]~~

16 **2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY**

	2016-17	2017-18
17		
18	9,315,500	9,340,700

19 **3. WORKERS' COMPENSATION BENEFITS AND RESERVE**

	2016-17	2017-18
20		
21	25,280,300	26,328,600

22 **4. STATE GROUP HEALTH INSURANCE FUND**

	2016-17	2017-18
23		
24	873,200	873,200

25 **(1) Group Health Insurance:** The above General Fund appropriation is provided
 26 to support a dependent subsidy for full-time employees of quasi-governmental employers,
 27 excluding state agencies, participating in the State Group Health Insurance program. To

1 participate in this fund, each quasi-governmental employer shall certify to the Secretary
 2 of the Personnel Cabinet that no funds received from the pool are being utilized to fund
 3 any benefits for persons other than full-time employees.

4 **TOTAL - PERSONNEL CABINET**

	2016-17	2017-18
5		
6 General Fund	873,200	873,200
7 Restricted Funds	64,181,800	65,990,100
8 TOTAL	65,055,000	66,863,300

9 **K. POSTSECONDARY EDUCATION**

10 **Budget Units**

11 **1. COUNCIL ON POSTSECONDARY EDUCATION**

	2016-17	2017-18
12		
13 General Fund (Tobacco)	4,706,100	5,176,100
14 General Fund	41,226,200	41,268,000
15 Restricted Funds	5,041,000	5,045,100
16 Federal Funds	18,102,500	18,102,500
17 TOTAL	69,075,800	69,591,700

18 **(1) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
 19 KRS 45.229, the General Fund appropriation in fiscal year 2015-2016 and fiscal year
 20 2016-2017 to the Adult Education and Literacy Funding Program shall not lapse and shall
 21 carry forward.

22 Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2015-
 23 2016 and fiscal year 2016-2017 to the Science and Technology Funding Program shall
 24 not lapse and shall carry forward.

25 **(2) Interest Earnings Transfer from the Strategic Investment and Incentive**
 26 **Trust Fund Accounts:** Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917,
 27 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the

1 Strategic Investment and Incentive Trust Fund accounts in excess of appropriated
2 amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

3 **(3) Lung Cancer Research Fund:** Included in the above General Fund
4 (Tobacco) appropriation is \$4,706,100 in fiscal year 2016-2017 and \$5,176,100 in fiscal
5 year 2017-2018 for the Lung Cancer Research Fund.

6 **(4) Ovarian Cancer:** Notwithstanding KRS 164.476(1), General Fund (Tobacco)
7 moneys in the amount of \$800,000 in each fiscal year shall be allotted from the Lung
8 Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the
9 University of Kentucky.

10 **(5) Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in
11 order to lower the cost of borrowing, any university that has issued or caused to be issued
12 debt obligations through a not-for-profit corporation or a municipality or county
13 government for which the rental or use payments of the university substantially meet the
14 debt service requirements of those debt obligations is authorized to refinance those debt
15 obligations if the principal amount of the debt obligations is not increased and the rental
16 payments of the university are not increased. Any funds used by a university to meet debt
17 obligations issued by a university pursuant to this subsection shall be subject to
18 interception of state-appropriated funds pursuant to KRS 164A.608.

19 **(6) Adult Education:** Included in the above General Fund appropriation are
20 funds in each fiscal year for the Kentucky Adult Education Funding Program.

21 **(7) Contract Spaces:** Included in the above General Fund appropriation is
22 \$5,680,100 in each fiscal year for the Contract Spaces Program.

23 ~~[(8) Veterinary Medicine: If General Fund appropriations are not sufficient to fully
24 fund 164 veterinary slots, the Council on Postsecondary Education shall fully fund the
25 164 slots out of the Council's base budget.]~~

26 ~~(9) Optometry Slots: [If General Fund appropriations are not sufficient to fully
27 fund 44 optometry slots, the Council on Postsecondary Education shall fully fund the 44~~

1 ~~slots out of the Council's base budget.]~~ Existing contract spaces awarded to students who
 2 entered a college of optometry in the 2015-2016 academic year or prior academic years
 3 shall be honored and renewed. For the 2016-2017 academic year, students that have been
 4 offered slots at colleges with existing contracts shall be permitted to attend that college.
 5 The Council on Postsecondary Education may contract the remaining slots for the 2016-
 6 2017 school year with the Kentucky College of Optometry for the same supplement
 7 available through the Southern Regional Education Board. By December 1, 2016, the
 8 Council, in conjunction with the Kentucky College of Optometry, shall develop and
 9 submit to the Legislative Research Commission, for distribution to the Interim Joint
 10 Committee on Education and the Interim Joint Committee on Appropriations and
 11 Revenue, a recommendation concerning future funding of optometry slots for Kentucky
 12 students.

13 **(10) Council Presidential Compensation:** Notwithstanding KRS 164.013(6), the
 14 Council on Postsecondary Education shall set the salary of the President at an amount no
 15 greater than the salary he was receiving on January 1, 2012.

16 **2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

	2015-16	2016-17	2017-18
17 General Fund (Tobacco)	-0-	1,100,000	1,100,000
18 General Fund	1,400,000	240,244,000	245,244,000
19 Restricted Funds	754,500	32,328,200	34,151,700
20 Federal Funds	-0-	33,800	33,800
21 TOTAL	2,154,500	273,706,000	280,529,500

22 **(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in
 23 the above General Fund appropriation is \$66,691,700 in fiscal year 2016-2017 and
 24 \$61,888,800 in fiscal year 2017-2018 for the College Access Program.

25 **(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4),
 26 included in the above General Fund appropriation is \$36,283,800 in fiscal year 2016-
 27

1 2017 and \$33,697,600 in fiscal year 2017-2018 for the Kentucky Tuition Grant Program.

2 **(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4),
3 included in the above General Fund appropriation is \$1,732,800 in each fiscal year for the
4 Teacher Scholarship Program.

5 **(4) Kentucky National Guard Tuition Award Program:** Notwithstanding KRS
6 154A.130(4), included in the above General Fund appropriation is \$1,400,000 in fiscal
7 year 2015-2016 and \$7,398,100 in each fiscal year of the 2016-2018 fiscal biennium for
8 the National Guard Tuition Award Program. If the appropriated amounts are not
9 sufficient to fully fund the program based on demand, then any excess costs shall be
10 deemed necessary government expenses and shall be paid from the General Fund Surplus
11 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

12 **(5) Kentucky Educational Excellence Scholarships (KEES):** Notwithstanding
13 KRS 154A.130(4), included in the above General Fund appropriation is \$105,320,100 in
14 fiscal year 2016-2017 and \$106,149,200 in fiscal year 2017-2018 for the Kentucky
15 Educational Excellence Scholarships (KEES). Included in the above Restricted Funds
16 appropriation is \$9,338,200 in fiscal year 2016-2017 and \$11,123,100 in fiscal year 2017-
17 2018 for KEES.

18 **(6) Early Childhood Scholarships:** Included in the above General Fund
19 (Tobacco) appropriation is \$1,100,000 in each fiscal year for Early Childhood
20 Scholarships.

21 **(7) Work Study:** Included in the above General Fund appropriation is \$400,000
22 in each fiscal year for the Work Study Program.

23 **(8) Excess Lottery Revenues:** Lottery revenues transferred to the Kentucky
24 Higher Education Assistance Authority in excess of the sum of the General Fund amounts
25 set forth in subsections (1), (2), (3), (4), (5), (10), (11), and (14) of this section shall be
26 allocated in accordance with KRS 154A.130(4)(b). If the amount allocated to the KEES
27 Program exceeds the amount needed to fully fund KEES at the statutory individual award

1 amounts, all excess funds shall be transferred to the KEES Reserve Trust Fund.

2 **(9) Contingent Appropriation of Excess Lottery Revenues:** Based on the
 3 official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be
 4 \$232,000,000 in fiscal year 2015-2016, \$236,000,000 in fiscal year 2016-2017, and
 5 \$241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth,
 6 excluding any unclaimed lottery prize money received under Part III, Section 22. of this
 7 Act, exceed the official estimate in any fiscal year, ~~the first \$5,000,000 in unanticipated~~
 8 ~~lottery receipts during the 2016-2018 fiscal biennium shall be transferred to the General~~
 9 ~~Fund, and~~ any unanticipated lottery receipts ~~above \$5,000,000~~ during the 2016-2018
 10 fiscal biennium shall be transferred to the Kentucky Higher Education Assistance
 11 Authority and appropriated in accordance with KRS 154A.130(4)(b).

12 **(10) Work Ready Kentucky Scholarship Program:** Notwithstanding KRS
 13 154A.130(4), included in the above General Fund appropriation is ~~\$9,400,000 in fiscal~~
 14 ~~year 2016-2017 and~~ \$15,900,000 in fiscal year 2017-2018 for the Work Ready Kentucky
 15 Scholarship Program.

16 **(11) Kentucky Coal County College Completion Scholarships:** Notwithstanding
 17 KRS 154A.130(4), 42.4582, and 42.4585, included in the above General Fund
 18 appropriation is \$7,000,000 in each fiscal year for the Kentucky Coal County College
 19 Completion Scholarships.

20 **(12) Pharmacy Scholarship Program:** The transfer of moneys from the General
 21 Fund to the Local Government Economic Development Fund shall be made after the
 22 transfer to the Coal County Pharmacy Scholarship Program has been made pursuant to
 23 KRS 164.7890(11) in the amount of \$540,000 in fiscal year 2016-2017 and \$580,000 in
 24 fiscal year 2017-2018 within the Kentucky Higher Education Assistance Authority.

25 **(13) Osteopathic Medicine Scholarship Program:** The transfer of moneys from
 26 the General Fund to the Local Government Economic Development Fund shall be made
 27 after the transfer to the Osteopathic Medicine Scholarship Program has been made

1 pursuant to KRS 164.7891(11) and (12) in the amount of \$306,000 in fiscal year 2016-
 2 2017 and \$326,000 in fiscal year 2017-2018 within the Kentucky Higher Education
 3 Assistance Authority.

4 **(14) Dual Credit Scholarships:** Notwithstanding KRS 154A.130(4), included in
 5 the above General Fund appropriation is \$5,000,000 in fiscal year 2016-2017 and
 6 \$10,000,000 in fiscal year 2017-2018 for dual credit scholarships.

7 **3. EASTERN KENTUCKY UNIVERSITY**

8		2016-17	2017-18
9	General Fund	64,972,300	61,723,700
10	Restricted Funds	201,038,500	207,018,900
11	Federal Funds	104,484,500	105,529,100
12	TOTAL	370,495,300	374,271,700

13 ~~{(1) Community Operations Board: The Community Operations Board was~~
 14 ~~established in 2006 by the Kentucky General Assembly pursuant to House Bill 380 to~~
 15 ~~create a collaboration between Eastern Kentucky University, Madison County, and the~~
 16 ~~cities of Richmond and Berea, and the General Assembly has renewed the funding and~~
 17 ~~authority of the Community Operations Board in each biennial budget thereafter.~~
 18 ~~Included in the above General Fund appropriation is \$200,000 in each fiscal year to~~
 19 ~~provide funds to the Community Operations Board for personnel and programmatic~~
 20 ~~operations of the meeting, community areas, and the performing arts center located in the~~
 21 ~~Business/Technology Center, Phase II facilities. The Business/Technology Center, Phase~~
 22 ~~II facilities shall be governed by the Community Operations Board. Members of the~~
 23 ~~Board shall serve without compensation and shall not be reimbursed for expenses~~
 24 ~~incurred in performance of their duties. The Board shall establish policies and procedures~~
 25 ~~for Board operation and for facility use. The Board shall make all decisions regarding use~~
 26 ~~of the Business/Technology Center, Phase II facilities, including the meeting, community~~
 27 ~~areas, and the performing arts center and shall make all decisions regarding personnel and~~

1 ~~programmatic operations of the meeting, community areas, and the performing arts~~
 2 ~~center. The Board is attached to Eastern Kentucky University for administrative purposes,~~
 3 ~~and the University shall provide all facility maintenance and operations costs.]~~

4 **4. KENTUCKY STATE UNIVERSITY**

	2016-17	2017-18
6 General Fund	26,729,600	26,729,600
7 Restricted Funds	18,220,000	19,220,000
8 Federal Funds	19,000,000	19,000,000
9 TOTAL	63,949,600	64,949,600

10 **(1) Land Grant Match:** Included in the above General Fund appropriation is
 11 \$3,300,000 in each fiscal year to fully fund the state match payments required of land-
 12 grant universities under federal law.

13 **(2) Performance Plan:** Kentucky State University shall be required to prepare a
 14 four-year management and improvement plan with annual goals and measurable metrics
 15 to meet those goals. The management and improvement plan and all goals shall include
 16 performance standards established in consultation with the Council on Postsecondary
 17 Education, and shall be subject to the approval of the Council. Kentucky State University
 18 shall prepare and submit an annual report to the Interim Joint Committee on
 19 Appropriations and Revenue detailing progress and implementation of the plan, to be
 20 submitted by December 1, 2016, and each December 1 thereafter.

21 **5. MOREHEAD STATE UNIVERSITY**

	2016-17	2017-18
23 General Fund	41,969,200	39,899,700
24 Restricted Funds	120,719,600	125,861,500
25 Federal Funds	102,084,900	103,930,500
26 TOTAL	264,773,700	269,691,700

27 **(1) Conveyance of Property:** Notwithstanding KRS 45.777 and 164A.575(7),

1 Morehead State University may convey to the Morgan County Board of Education fee
 2 simple title to certain of its real property and improvements located in Morgan County.
 3 With the transition to online course delivery, the property has become surplus to
 4 Morehead State University. The conveyance shall be completed at a price that is
 5 acceptable to both parties. Morehead State University is specifically authorized to
 6 purchase from the Rowan County Board of Education real property and improvements
 7 located adjacent to the Morehead campus which has become surplus to the Board of
 8 Education. The proceeds from the conveyance of the Morgan County real property may
 9 be retained by Morehead State University and shall be used to purchase the Rowan
 10 County Board of Education property.

11 **(2) Craft Academy:** Included in the above General Fund appropriation is
 12 \$2,880,000 in each fiscal year for the Craft Academy for Excellence in Science and
 13 Mathematics.

14 **6. MURRAY STATE UNIVERSITY**

	2016-17	2017-18
15 General Fund	45,864,000	43,570,800
16 Restricted Funds	129,754,600	135,149,500
17 Federal Funds	18,692,100	18,692,100
18 TOTAL	194,310,700	197,412,400

19
 20 **(1) Breathitt Veterinary Center:** Included in the above General Fund
 21 appropriation is \$366,900 in each fiscal year for the Breathitt Veterinary Center at Murray
 22 State University.

23 **7. NORTHERN KENTUCKY UNIVERSITY**

	2016-17	2017-18
24 General Fund	46,353,400	48,875,200
25 Restricted Funds	177,415,800	180,924,700
26 Federal Funds	16,849,400	16,849,400

1 TOTAL 240,618,600 246,649,300

2 **(1) Conveyance of Property:** Notwithstanding KRS 45.777 and 164A.575(7),
 3 Northern Kentucky University may dispose of real property and improvements~~[located in~~
 4 ~~Covington, Kentucky]~~ that will become surplus to its needs and retain the proceeds from
 5 any sale~~[to be used in Covington, Kentucky].~~

6 **8. UNIVERSITY OF KENTUCKY**

	2016-17	2017-18
7 General Fund	267,028,800	253,677,400
8 Restricted Funds	3,133,535,600	3,439,190,500
9 Federal Funds	241,824,500	255,681,300
10 TOTAL	3,642,388,900	3,948,549,200

11 **(1) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4582
 12 and 42.4585, the quarterly calculation and transfer of the funds shall be made only after
 13 each quarterly installment of the annual appropriation of \$300,000 in each fiscal year to
 14 the University of Kentucky budget unit for the Mining Engineering Scholarship Program.

15 **(2) Robinson Scholars Program:** Notwithstanding KRS 42.4582 and 42.4585,
 16 the quarterly calculation and transfer of the funds shall be made only after each quarterly
 17 installment of the annual appropriation of \$1,000,000 in each fiscal year to the University
 18 of Kentucky budget unit for the Robinson Scholars Program.

19 **(3) University of Kentucky Diagnostic Laboratories:** Included in the above
 20 General Fund appropriation is \$366,900 in each fiscal year for the diagnostic laboratories
 21 at the University of Kentucky.

22 **9. UNIVERSITY OF LOUISVILLE**

	2016-17	2017-18
23 General Fund	132,818,400	126,177,500
24 Restricted Funds	1,002,343,000	1,030,921,100
25 Federal Funds	113,548,100	114,333,600

1 TOTAL 1,248,709,500 1,271,432,200

2 ~~[(1) Evaluation of Indigent Care: The Cabinet for Health and Family Services shall~~
 3 ~~conduct an annual study of the effect of the reduction in contributions to the Quality and~~
 4 ~~Charity Care Trust on the delivery of indigent care in Jefferson County. The Cabinet for~~
 5 ~~Health and Family Services shall submit a report containing the results of this study to the~~
 6 ~~Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal~~
 7 ~~year. The report shall include but not be limited to the number of individuals served,~~
 8 ~~demographic characteristics of the individuals served, the number of individuals served~~
 9 ~~from Jefferson County and the surrounding counties including out-of-state locations, the~~
 10 ~~health insurance status of the individuals served, the cost of the program, and the amount~~
 11 ~~of financial support for the program provided by the Louisville Metro Government.~~

12 ~~(2) Quality and Charity Care Trust Fund: The University of Louisville shall~~
 13 ~~submit written documentation to the Secretary of the Finance and Administration Cabinet~~
 14 ~~demonstrating financial need for reimbursement related to providing hospital care~~
 15 ~~services to indigent and medically needy patients through the Quality and Charity Care~~
 16 ~~Trust. Upon certification of such need by the Secretary of the Finance and Administration~~
 17 ~~Cabinet, reimbursement not to exceed \$2,500,000 in fiscal year 2016-2017 and~~
 18 ~~\$5,000,000 in fiscal year 2017-2018 shall be deemed a necessary government expense~~
 19 ~~and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget~~
 20 ~~Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures in~~
 21 ~~this Act. The Louisville Metro Government shall contribute \$2,500,000 in fiscal year~~
 22 ~~2016-2017 and \$5,000,000 in fiscal year 2017-2018 to the Quality and Charity Care~~
 23 ~~Trust. Funds contributed by Louisville Metro Government shall be expended before~~
 24 ~~drawing down any state funds as a necessary government expense.]~~

25 **(3) Risperdal Settlement Funds:** Included in the above Restricted Funds
 26 appropriation is \$1,000,000 in each fiscal year for genomics research in conjunction with
 27 Medicaid.

1 **10. WESTERN KENTUCKY UNIVERSITY**

	2016-17	2017-18
3 General Fund	72,040,200	70,823,600
4 Restricted Funds	288,960,600	294,816,600
5 Federal Funds	38,811,000	38,811,000
6 TOTAL	399,811,800	404,451,200

7 **(1) Kentucky Mesonet:** Included in the above General Fund appropriation is
8 \$750,000 in each fiscal year for the Kentucky Mesonet.

9 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

	2016-17	2017-18
11 General Fund	181,605,000	172,524,700
12 Restricted Funds	468,816,400	486,161,000
13 Federal Funds	257,392,000	270,270,700
14 TOTAL	907,813,400	928,956,400

15 **(1) Firefighters Foundation Program Fund:** Included in the above Restricted
16 Funds appropriation is \$47,300,300 in fiscal year 2016-2017 and \$46,358,100 in fiscal
17 year 2017-2018 for the Firefighters Foundation Program Fund. Notwithstanding KRS
18 95A.250(1), supplemental payments for each qualified professional firefighter under the
19 Firefighters Foundation Program Fund shall be \$4,000 in each fiscal year.
20 Notwithstanding KRS 95A.262(2), the aid payment for each qualified volunteer fire
21 department shall be \$11,000 in each fiscal year. Notwithstanding KRS 95A.200 to
22 95A.300, \$1,500,000 in fiscal year 2016-2017 shall be transferred to support a project as
23 set forth in Part II, Capital Projects Budget, of this Act.

24 **(2) Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3),
25 \$500,000 in Restricted Funds is provided in each fiscal year for the Firefighters Training
26 Center Fund.

27 **(3) Conveyance of Property for Individual Locations:** Notwithstanding KRS

1 45.777 and 164A.575(7), the sixteen colleges of the Kentucky Community and Technical
2 College System may dispose of real property and improvements that have become surplus
3 to the colleges' needs and retain the proceeds from any sale at that individual college
4 location.

5 **(4) Equity for Legacy Employees:** It is the intent of the 2016 General Assembly
6 that employees of the Kentucky Community and Technical College System (KCTCS)
7 who are in the University of Kentucky personnel system shall be treated the same, with
8 respect to compensation plans and salary increases implemented by KCTCS, as all other
9 employees of KCTCS. Specifically, KCTCS shall not utilize the practice of providing
10 lower salary increases to KCTCS employees who are in the University of Kentucky
11 personnel system in order to offset money paid to the University of Kentucky for the cost
12 of providing health insurance to these employees.

13 KCTCS shall make no distinction in compensation plans or salary increases among
14 its employees based upon the personnel system to which they belong, except that KCTCS
15 may make up the lower salary increases given in the past to those employees of KCTCS
16 in the University of Kentucky personnel system which were based upon reimbursing the
17 University of Kentucky for the cost of providing health insurance.

18 **(5) Guaranteed Energy Savings Performance Contracts:** Notwithstanding
19 KRS 56.770 and 56.774, guaranteed energy savings performance contracts may be
20 executed for buildings operated by the Kentucky Community and Technical College
21 System under agreements governed by KRS 164.593.

22 **(6) BuildSmart:** Notwithstanding KRS 164.020(8), the Kentucky Community
23 and Technical College System (KCTCS) may assess a mandatory student fee not to
24 exceed eight dollars per credit hour to be used exclusively for debt service on amounts
25 not to exceed 75 percent of the total projects cost of KCTCS agency bond projects
26 included in 2014 Ky. Acts ch. 117, Part II, J., 11.. The mandatory student fee shall only
27 be used for debt service on agency bond projects. Any fee established pursuant to this

1 section shall cease to be assessed upon the retirement of the project bonds for which it
 2 serviced debt. Prior to the issuance of any bonds, KCTCS shall certify in writing to the
 3 Secretary of the Finance and Administration Cabinet that sufficient funds have been
 4 raised to meet the local match equivalent to 25 percent of the total project cost.

5 **(7) Housing Allowance for the President:** Beginning January 1, 2015, no
 6 housing allowance shall be provided for the President of the Kentucky Community and
 7 Technical College System.

8 **(8) Conveyance of Property:** (a) Notwithstanding KRS 45.777 and
 9 164A.575(7), the Kentucky Community and Technical College System and its colleges
 10 may dispose of real property and improvements that have become surplus to its needs and
 11 retain the proceeds from any sale.

12 (b) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community
 13 and Technical College System may convey to Northern Kentucky University fee simple
 14 title to certain of its real property and improvements located in Campbell County that
 15 have become surplus to Gateway Community and Technical College with the creation of
 16 the new Boone Campus of Gateway Community and Technical College. The conveyance
 17 shall be completed at a price that is acceptable to both parties. Gateway Community and
 18 Technical College shall use the proceeds from the conveyance of the real property to
 19 support a capital project for Gateway Community and Technical College.

20 (c) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community
 21 and Technical College System may dispose of certain real property and improvements
 22 located in Covington, Kentucky that will become surplus to Gateway Community and
 23 Technical College with the completion of the Urban Campus in downtown Covington.
 24 Gateway Community and Technical College shall use the proceeds from the disposition
 25 of the real property to support a capital project for Gateway Community and Technical
 26 College in the city limits of Covington, Kentucky.

27 (d) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community

1 and Technical College System may dispose of certain real property and improvements
 2 located in Ashland, Kentucky at the Roberts Drive Campus. Ashland Community and
 3 Technical College shall use all the proceeds from the disposition of the real property to
 4 support a capital project for Ashland Community and Technical College.

5 (e) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community
 6 and Technical College System may dispose of certain real property and improvements
 7 located in Ashland, Kentucky at the East Park Industrial Park. Ashland Community and
 8 Technical College shall use all the proceeds from the disposition of the real property to
 9 support a capital project for Ashland Community and Technical College.

10 (f) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community
 11 and Technical College System may dispose of certain real property and improvements
 12 located in Morehead, Kentucky at the Rowan Campus. Maysville Community and
 13 Technical College shall use all the proceeds from the disposition of the real property to
 14 support a capital project for Maysville Community and Technical College.

15 **12. POSTSECONDARY EDUCATION PERFORMANCE FUND**

	2016-17	2017-18
16		
17	-0-	42,944,400

18 **(1) Postsecondary Education Performance Fund:** Included in the above
 19 General Fund appropriation is \$42,944,400 in fiscal year 2017-2018 for the
 20 Postsecondary Education Performance Fund. This amount shall represent five percent of
 21 the fiscal year 2017-2018 General Fund appropriation of the affected postsecondary
 22 institutions, which shall be derived through a reduction to the fourth quarter allotments of
 23 those institutions. Funds shall be distributed to postsecondary institutions, excluding
 24 Kentucky State University, based on achievement of performance goals and metrics
 25 enacted by the General Assembly as recommended by the Postsecondary Education
 26 Working Group.

27 **(2) Postsecondary Education Working Group:** Having determined that there is

1 a need for the development of a comprehensive funding model that aligns the
2 Commonwealth's investments in postsecondary education with the Commonwealth's
3 postsecondary education policy goals and objectives, the Kentucky Council on
4 Postsecondary Education is hereby directed to establish a working group composed of the
5 following:

- 6 (a) The President of the Council;
- 7 (b) The President, or his or her representative, of each public postsecondary
8 institution, including the President of the Kentucky Community and Technical College
9 System;
- 10 (c) The Governor or his representative;
- 11 (d) The Speaker of the House or his representative; and
- 12 (e) The President of the Senate or his representative.

13 The working group shall be established for the purpose of developing a
14 comprehensive funding model for the allocation of state General Fund appropriations for
15 institutional operations.

16 The funding model shall incorporate elements of campus performance, mission, and
17 enrollment, as well as any other components as determined through the process. The
18 model shall include metrics that align with the goals of the Postsecondary Education
19 Improvement Act of 1997 with appropriate differentiation that reflects the missions of the
20 Commonwealth's research universities, comprehensive regional universities, and
21 community and technical colleges.

22 The working group shall complete its work and provide to the Governor and the
23 Interim Joint Committee on Education a report setting forth its recommendations no later
24 than December 1, 2016.

25 **TOTAL - POSTSECONDARY EDUCATION**

26	2015-16	2016-17	2017-18
27 General Fund (Tobacco)	-0-	5,806,100	6,276,100

1	General Fund	1,400,000	1,160,851,100	1,173,458,600
2	Restricted Funds	754,500	5,578,173,300	5,958,460,600
3	Federal Funds	-0-	930,822,800	961,234,000
4	TOTAL	2,154,500	7,675,653,300	8,099,429,300

L. PUBLIC PROTECTION CABINET

6 Budget Units

7 1. SECRETARY

8			2016-17	2017-18
9	General Fund		276,400	279,700
10	Restricted Funds		6,297,700	6,346,000
11	TOTAL		6,574,100	6,625,700

12 2. BOXING AND WRESTLING AUTHORITY

13			2016-17	2017-18
14	Restricted Funds		161,300	161,800

15 3. ALCOHOLIC BEVERAGE CONTROL

16			2016-17	2017-18
17	General Fund		587,100	591,700
18	Restricted Funds		7,146,300	7,154,700
19	TOTAL		7,733,400	7,746,400

20 4. CHARITABLE GAMING

21			2016-17	2017-18
22	Restricted Funds		3,714,300	3,742,200

23 5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

24			2016-17	2017-18
25	General Fund		773,400	785,400
26	Restricted Funds		957,700	967,900
27	Federal Funds		246,400	157,200

1 TOTAL 1,977,500 1,910,500

2 6. FINANCIAL INSTITUTIONS

3 2016-17 2017-18

4 Restricted Funds 12,274,100 12,678,500

5 7. HORSE RACING COMMISSION

6 2016-17 2017-18

7 General Fund 2,623,000 2,647,200

8 Restricted Funds 29,038,800 29,646,200

9 TOTAL 31,661,800 32,293,400

10 8. HOUSING, BUILDINGS AND CONSTRUCTION

11 2016-17 2017-18

12 General Fund 2,392,800 2,414,500

13 Restricted Funds 21,000,000 20,783,000

14 TOTAL 23,392,800 23,197,500

15 (1) Funding Flexibility: Notwithstanding KRS 198B.090(10), 198B.095(2),
16 198B.4037(2), (3), and (4), 198B.6674, 227.620(5), 227A.050(1) and (2), 227.715,
17 236.130(3), and 318.136, the Department of Housing, Buildings and Construction may
18 expend, with the approval of any affected boards, any Restricted Funds for programs
19 administered by the Department. The Department shall return any funds transferred
20 within the fiscal biennium.

21 9. INSURANCE

22 2016-17 2017-18

23 Restricted Funds 18,375,200 18,422,200

24 Federal Funds 1,123,000 1,138,500

25 TOTAL 19,498,200 19,560,700

26 10. TAX APPEALS

27 2016-17 2017-18

1 Convention Marketing Fund established under KRS 142.406.

2 ~~[(2) Statewide Marketing Plan: The Tourism, Arts and Heritage Cabinet shall~~
 3 ~~develop a statewide marketing plan for the Tourism, Meeting, and Convention Marketing~~
 4 ~~Fund. The plan shall detail the projected uses of revenues from the transient room tax and~~
 5 ~~develop strategies for maximizing the effectiveness of statewide marketing efforts~~
 6 ~~supported by this tax. The Cabinet shall present this plan to the Interim Joint Committee~~
 7 ~~on Appropriations and Revenue by October 1, 2016.]~~

8 **2. ARTISANS CENTER**

	2016-17	2017-18
9		
10 General Fund	399,000	404,400
11 Restricted Funds	1,585,400	1,585,400
12 Road Fund	439,800	445,200
13 TOTAL	2,424,200	2,435,000

14 **3. TRAVEL**

	2016-17	2017-18
15		
16 General Fund	3,010,700	3,036,600
17 Restricted Funds	41,100	41,100
18 TOTAL	3,051,800	3,077,700

19 **(1) Bluegrass State Games:** Included in the above General Fund appropriation is
 20 \$47,800 in each fiscal year for the Bluegrass State Games.

21 **4. PARKS**

	2015-16	2016-17	2017-18
22			
23 General Fund	12,380,000	35,202,000	36,044,800
24 Restricted Funds	-0-	49,556,400	49,570,600
25 TOTAL	12,380,000	84,758,400	85,615,400

26 **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS
 27 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

1 **(2) Debt Service:** Included in the above General Fund appropriation is \$376,500
 2 in fiscal year 2016-2017 and \$915,500 in fiscal year 2017-2018 for new debt service to
 3 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

4 **5. HORSE PARK COMMISSION**

	2015-16	2016-17	2017-18
6 General Fund	-0-	2,395,800	2,417,600
7 Restricted Funds	1,200,000	12,026,600	12,062,000
8 TOTAL	1,200,000	14,422,400	14,479,600

9 **6. STATE FAIR BOARD**

	2015-16	2016-17	2017-18
11 General Fund	2,300,000	4,382,200	4,902,200
12 Restricted Funds	-0-	41,864,100	43,232,600
13 TOTAL	2,300,000	46,246,300	48,134,800

14 **(1) Debt Service:** Included in the above General Fund appropriation is \$31,000 in
 15 fiscal year 2016-2017 and \$373,000 in fiscal year 2017-2018 for new debt service to
 16 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

17 **(2) Property Sale Proceeds:** Notwithstanding KRS 45.777, the proceeds from
 18 any sale of real property assigned to the State Fair Board, not to exceed \$8,900,000, shall
 19 be transferred to the Finance and Administration Cabinet to offset debt service paid by
 20 the Cabinet on behalf of the State Fair Board. Any proceeds in excess of \$8,900,000 shall
 21 be deposited in a Restricted Funds account for the benefit of the State Fair Board.

22 **7. FISH AND WILDLIFE RESOURCES**

	2016-17	2017-18
24 Restricted Funds	38,129,600	38,246,700
25 Federal Funds	17,310,200	17,207,500
26 TOTAL	55,439,800	55,454,200

27 **(1) Fish and Wildlife Resources Peace Officers' Stipend:** Included in the above

1 Restricted Funds appropriation is sufficient funding for a \$4,000 annual training incentive
 2 stipend for Fish and Wildlife Resources Conservation officers from the Fish and Game
 3 Fund.

4 **(2) Fees-in-Lieu-of Stream Mitigation Projects:** Fees-in-Lieu-of Stream
 5 Mitigation project resources shall be available statewide, to all 120 counties, subject to
 6 federal and state regulatory requirements.

7 **8. HISTORICAL SOCIETY**

	2016-17	2017-18
8		
9	General Fund	5,557,200
10	Restricted Funds	457,800
11	Federal Funds	207,900
12	TOTAL	6,222,900

13 **(1) Oral History Grants:** Included in the above General Fund appropriation is
 14 \$50,000 in each fiscal year for Oral History grants.

15 **9. ARTS COUNCIL**

	2016-17	2017-18
16		
17	General Fund	2,625,700
18	Restricted Funds	151,600
19	Federal Funds	708,500
20	TOTAL	3,485,800

21 **(1) Open Meetings:** Any entity involved in producing or financing arts on a local
 22 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
 23 \$25,000 or less as a result of appropriations or grants from state or local governmental
 24 units, shall be exempt from the requirements of KRS 61.800 to 61.850.

25 **(2) Open Records:** Any entity involved in producing or financing arts on a local
 26 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
 27 \$25,000 or less as a result of appropriations or grants from state or local governmental

1 units shall be exempt from the requirements of KRS 61.870 to 61.884.

2 **10. HERITAGE COUNCIL**

	2016-17	2017-18
4 General Fund	711,300	717,100
5 Restricted Funds	276,800	278,700
6 Federal Funds	857,700	863,800
7 TOTAL	1,845,800	1,859,600

8 **11. KENTUCKY CENTER FOR THE ARTS**

	2016-17	2017-18
10 General Fund	913,100	915,100

11 **TOTAL - TOURISM, ARTS AND HERITAGE CABINET**

	2015-16	2016-17	2017-18
13 General Fund	14,680,000	57,728,500	59,236,000
14 Restricted Funds	1,200,000	157,389,300	159,929,700
15 Federal Funds	-0-	19,084,300	18,960,200
16 Road Fund	-0-	439,800	445,200
17 TOTAL	15,880,000	234,641,900	238,571,100

18 **PART II**

19 **CAPITAL PROJECTS BUDGET**

20 **(1) Capital Construction Fund Appropriations and Reauthorizations:**

21 Moneys in the Capital Construction Fund are appropriated for the following capital
 22 projects subject to the conditions and procedures in this Act. Items listed without
 23 appropriated amounts are previously authorized for which no additional amount is
 24 required. These items are listed in order to continue their current authorization into the
 25 2016-2018 fiscal biennium. Unless otherwise specified, reauthorized projects shall
 26 conform to the original authorization enacted by the General Assembly.

27 **(2) Expiration of Existing Line-Item Capital Construction Projects: All**

1 appropriations to existing line-item capital construction projects expire on June 30, 2016,
 2 unless reauthorized in this Act with the following exceptions: (a) A construction or
 3 purchase contract for the project shall have been awarded by June 30, 2016; (b)
 4 Permanent financing or a short-term line of credit sufficient to cover the total authorized
 5 project scope shall have been obtained in the case of projects authorized for bonds, if the
 6 authorized project completes an initial draw on the line of credit within the fiscal
 7 biennium immediately subsequent to the original authorization; and (c) Grant or loan
 8 agreements, if applicable, shall have been finalized and properly signed by all necessary
 9 parties by June 30, 2016. Notwithstanding the criteria set forth in this subsection, the
 10 disposition of 2016-2018 fiscal biennium nonstatutory appropriated maintenance pools
 11 funded from Capital Construction Investment Income shall remain subject to the
 12 provisions of KRS 45.770(5)(c).

13 **(3) Bond Proceeds Investment Income:** Investment income earned from bond
 14 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
 15 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
 16 capital project shall be used to pay debt service according to the Internal Revenue Service
 17 Code and accompanying regulations.

18 **(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
 19 identification of specific projects in a variety of areas of the state government cannot be
 20 ascertained with absolute certainty at this time, amounts are appropriated for specific
 21 purposes to projects which are not individually identified in this Act in the following
 22 areas: Kentucky Infrastructure Authority Water and Sewer projects; Repair of State-
 23 Owned Dams; Guaranteed Energy Savings Performance Contract projects; Wetland and
 24 Stream Mitigation projects; Economic Development projects, which shall include
 25 authorization for the High-Tech Construction Pool and the High-Tech Investment Pool;
 26 Workforce Development Construction Pool; Flood Control projects; Bond-funded
 27 maintenance pools; Postsecondary Education pools; and Commonwealth Office of

1 Technology Infrastructure Upgrades. Capital projects as defined by KRS 45.750(1)(f)
 2 shall be reported to the Capital Projects and Bond Oversight Committee.

3 **(5) Capital Construction and Equipment Purchase Contingency Account:** If
 4 funds in the Capital Construction and Equipment Purchase Contingency Account are not
 5 sufficient, then expenditures of the fund are to be paid first from the General Fund
 6 Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund
 7 Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

8 **(6) Emergency Repair, Maintenance, and Replacement Account:** If funds in
 9 the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then
 10 expenditures of the fund are to be paid first from the General Fund Surplus Account
 11 (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS
 12 48.705), subject to the conditions and procedures provided in this Act.

13 **(7) Expiring Debt:** The following amount of previously appropriated bond funds
 14 shall expire upon passage of this Act: Maxey Flats Cap (\$9,000,000) as set forth in 2012
 15 Ky. Acts ch. 144, Part II, E., 2., 001..

16 **(8) Debt Issued on Behalf of State Agencies:** Notwithstanding any statute or
 17 regulation to the contrary, financings, including the issuance of bonds, executed on behalf
 18 of a state agency for capital projects shall be subject to the same statutory review and
 19 approval provisions as debt directly issued by a state agency.

20 **A. GENERAL GOVERNMENT**

21 Budget Units	2015-16	2016-17	2017-18
22 1. DEPARTMENT OF VETERANS' AFFAIRS			
23 001. Maintenance Pool - 2016-2018			
24 Investment Income	-0-	400,000	400,000

25 **2. KENTUCKY INFRASTRUCTURE AUTHORITY**

26 **(1) Closed Kentucky Infrastructure Authority Water and Sewer Grant**
 27 **Projects:** The recipient of a grant for a specified water and sewer project may certify to

1 the Commissioner of the Department for Local Government that the specified project is
 2 no longer an active project and may request reallocation of the project funds to another
 3 project. Notwithstanding any other statute to the contrary, upon authorization by the State
 4 Budget Director and notification to the Interim Joint Committee on Appropriations and
 5 Revenue, the Commissioner of the Department for Local Government may approve the
 6 reallocation of funds. As specified by Part II, (3) of this Act, unexpended fund balances
 7 from inactive and/or closed Kentucky Infrastructure Authority Water and Sewer Grant
 8 Projects as of June 30, 2016, not reallocated in fiscal year 2016-2017 shall be transferred
 9 to the Finance and Administration Cabinet in fiscal year 2017-2018 to pay debt service.

10 **001. KIA Fund A - Federally Assisted Wastewater Program - 2016-2018**

11	Federal Funds	-0-	17,870,000	17,870,000
12	Bond Funds	-0-	3,750,000	3,750,000
13	Agency Bonds	-0-	100,000,000	-0-
14	TOTAL	-0-	121,620,000	21,620,000

15 **(1) Permitted Use of Funds:** The Bond Funds shall be used to meet the state
 16 match requirement for federal funds for the Wastewater State Revolving Loan Fund
 17 program.

18 **002. KIA Fund F - Drinking Water Revolving Loan Program - 2016-2018**

19	Federal Funds	-0-	13,770,000	13,770,000
20	Bond Funds	-0-	3,050,000	3,050,000
21	Agency Bonds	-0-	25,000,000	-0-
22	TOTAL	-0-	41,820,000	16,820,000

23 **(1) Permitted Use of Funds:** The Bond Funds shall be used to meet the state
 24 match requirement for federal funds for the Safe Drinking Water State Revolving Loan
 25 Fund program.

26 **003. KIA Fund A - Federally Assisted Wastewater Program - 2014-2016**

27 Reauthorization (\$100,000,000 Agency Bonds)

1	004.	KIA Fund F - Drinking Water Revolving Loan Program - 2014-2016			
2		Reauthorization (\$25,000,000 Agency Bonds)			
3	3.	MILITARY AFFAIRS			
4	001.	Construct Building 352 - Bluegrass Station			
5		Other Funds	-0-	7,000,000	-0-
6	(1)	Authorization: The above authorization is approved pursuant to KRS 45.763.			
7	002.	Construct Replacement Human Resources Office Building - Frankfort			
8		Restricted Funds	-0-	525,000	-0-
9		Federal Funds	-0-	1,575,000	-0-
10		TOTAL	-0-	2,100,000	-0-
11	003.	Maintenance Pool - 2016-2018			
12		Investment Income	-0-	1,000,000	1,000,000
13	004.	Renovation of Bay A in Building 3 at Bluegrass Station			
14		Restricted Funds	2,000,000	-0-	-0-
15	005.	Construct Structural Repairs Harrodsburg Armory			
16		Restricted Funds	-0-	330,000	-0-
17		Federal Funds	-0-	330,000	-0-
18		TOTAL	-0-	660,000	-0-
19	006.	Construct Structural Repairs Walton Armory			
20		Restricted Funds	-0-	330,000	-0-
21		Federal Funds	-0-	330,000	-0-
22		TOTAL	-0-	660,000	-0-
23	007.	Renovation Butler Building Property Phase 2 - Louisville			
24		Reauthorization (\$2,000,000 Restricted Funds)			
25	4.	DEPARTMENT FOR LOCAL GOVERNMENT			
26	001.	City of Covington - Times Star Commons - Planning Reauthorization			
27		(\$750,000 Bond Funds and \$250,000 General Fund)			

1 Authority Loan Pool interchangeably for economic development projects.

2 Budget Units	2016-17	2017-18
3 1. ECONOMIC DEVELOPMENT		
4 001. Economic Development Bond Program - 2016-2018		
5 Bond Funds	-0-	7,000,000
6 002. High-Tech Construction/Investment Pool - 2016-2018		
7 Bond Funds	-0-	7,000,000
8 003. Kentucky Economic Development Finance Authority Loan Pool -		
9 2016-2018		
10 Bond Funds	-0-	7,000,000

11 **C. DEPARTMENT OF EDUCATION**

12 Budget Units	2016-17	2017-18
13 1. OPERATIONS AND SUPPORT SERVICES		
14 001. Maintenance Pool - 2016-2018		
15 Bond Funds	1,500,000	1,500,000
16 Investment Income	675,000	675,000
17 TOTAL	2,175,000	2,175,000
18 002. KSB Howser Hall Renovation		
19 Bond Funds	5,000,000	-0-
20 003. KSD New Elementary Building		
21 Bond Funds	6,000,000	-0-
22 004. KSB McDaniel/Scoggin Educational Building		
23 Bond Funds	1,000,000	-0-

24 **D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

25 Budget Units	2016-17	2017-18
26 1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
27 001. Workforce Development Construction Pool		

1	Bond Funds	100,000,000	-0-
2	002. Maintenance Pool - 2016-2018		
3	Investment Income	400,000	400,000
4	2. KENTUCKY EDUCATIONAL TELEVISION		
5	001. Maintenance Pool - 2016-2018		
6	Investment Income	300,000	300,000
7	3. EMPLOYMENT AND TRAINING		
8	001. Hardin County - Lease		
9	002. Kenton County - Lease		
10	003. Hopkinsville HVAC Replacement Project		
11	Restricted Funds	1,000,000	-0-
12	4. VOCATIONAL REHABILITATION		
13	001. Fayette County - Lease		
14	E. ENERGY AND ENVIRONMENT CABINET		
15	Budget Units	2016-17	2017-18
16	1. SECRETARY		
17	001. Maintenance Pool - 2016-2018		
18	Investment Income	200,000	200,000
19	2. ENVIRONMENTAL PROTECTION		
20	001. State-Owned Dam Repair - 2016-2018		
21	Bond Funds	4,000,000	-0-
22	F. FINANCE AND ADMINISTRATION CABINET		
23	Budget Units	2016-17	2017-18
24	1. GENERAL ADMINISTRATION		
25	001. Business One-Stop Portal - Phase III		
26	Bond Funds	-0-	12,000,000
27	002. Lexington Convention Center		

1	Bond Funds	60,000,000	-0-
2	2. FACILITIES AND SUPPORT SERVICES		
3	001. Maintenance Pool - 2016-2018		
4	Bond Funds	2,850,000	2,850,000
5	002. HVAC Replacement - CHR Building		
6	Bond Funds	4,500,000	-0-
7	003. Upgrade L&N Building		
8	Bond Funds	4,375,000	-0-
9	004. Guaranteed Energy Savings Performance Contracts		
10	3. COMMONWEALTH OFFICE OF TECHNOLOGY		
11	(1) Transfer of Restricted Funds from Operating Budget: For the major		
12	equipment purchases displayed in this section funded from Restricted Funds, it is		
13	anticipated that these funds shall be transferred from the Operating Budget as funds are		
14	available and needed.		
15	001. Enterprise Infrastructure - 2016-2018		
16	Restricted Funds	3,000,000	3,000,000
17	002. Enterprise Document Management		
18	Restricted Funds	3,000,000	-0-
19	003. Boone County - Lease		
20	004. Franklin County - Lease		
21	4. KENTUCKY LOTTERY CORPORATION		
22	001. Replace Sales Force Management Solution		
23	Other Funds	700,000	-0-
24	002. Enterprise Resource Planning Upgrade		
25	Other Funds	-0-	600,000
26	G. HEALTH AND FAMILY SERVICES CABINET		
27	Budget Units	2016-17	2017-18

1	1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
2	001. Maintenance Pool - 2016-2018		
3	Bond Funds	2,375,000	2,375,000
4	002. Fayette County - Lease		
5	2. HEALTH BENEFIT AND INFORMATION EXCHANGE		
6	001. Franklin County - Lease		
7	3. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE		
8	NEEDS		
9	001. Jefferson County - Lease		
10	4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL		
11	DISABILITIES		
12	001. Western State Hospital - Electrical Upgrade - Phase I		
13	Bond Funds	4,867,500	-0-
14	5. INCOME SUPPORT		
15	001. Franklin County - Lease		
16	002. Jefferson County - Lease		
17	6. COMMUNITY BASED SERVICES		
18	001. Boone County - Lease		
19	002. Boyd County - Lease		
20	003. Campbell County - Lease		
21	004. Daviess County - Lease		
22	005. Fayette County - Lease		
23	006. Fayette County - Lease - Centre Parkway		
24	007. Hardin County - Lease		
25	008. Johnson County - Lease		
26	009. Kenton County - Lease		
27	010. Perry County - Lease		

- 1 **011.** Shelby County - Lease
- 2 **012.** Warren County - Lease
- 3 **013.** Warren County - Lease - Suwannee Trail Court

H. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units	2016-17	2017-18
1. CRIMINAL JUSTICE TRAINING		
001. Bizzack Complex HVAC Repair/Replacement		
Restricted Funds	2,812,000	-0-
002. Funderburk Building HVAC Upgrade		
Restricted Funds	1,200,000	-0-
2. JUVENILE JUSTICE		
001. Maintenance Pool - 2016-2018		
Investment Income	750,000	750,000
3. STATE POLICE		
001. Replace/Upgrade Existing Kentucky AFIS Phase II		
Restricted Funds	2,000,000	600,000
002. Replace Gas Chromatograph/Mass Spectrometers		
Restricted Funds	-0-	1,500,000
003. Maintenance Pool - 2016-2018		
Investment Income	400,000	400,000
004. Ion Trap GC/MSD		
Restricted Funds	-0-	250,000
4. CORRECTIONS		
a. Adult Correctional Institutions		
001. Maintenance Pool - 2016-2018		
Bond Funds	2,612,500	2,612,500
002. Stabilization of Dorm 8 Kentucky State Reformatory		

1	Bond Funds	4,155,000	-0-
2	003. Repair and Stabilize Tower Kentucky State Reformatory		
3	Bond Funds	3,797,000	-0-
4	004. Kentucky Correctional Institution for Women - Sewer Plant/Line		
5	Bond Funds	2,560,000	-0-

6 **5. COMMUNITY SERVICES AND LOCAL FACILITIES**

7 **001. Fayette County - Lease**

8 **6. PUBLIC ADVOCACY**

9 **001. Franklin County - Lease**

10 **I. LABOR CABINET**

11	Budget Units	2016-17	2017-18
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12 **1. SECRETARY**

13 **001. Franklin County - Lease**

14 **2. WORKERS' CLAIMS**

15 **001. Franklin County - Lease**

16 **J. POSTSECONDARY EDUCATION**

17 **(1) Awarding of Construction Contracts for Capital Projects:** Postsecondary
 18 institutions electing to manage their own capital construction and procurement in
 19 accordance with KRS 164A.555 to 164A.630 shall, in addition to all other requirements,
 20 ensure that construction contracts are awarded in compliance with KRS Chapter 45A,
 21 including but not limited to public opening and inspection of bids and application of the
 22 reciprocal resident bidder preference.

23 **(2) Operations and Maintenance Funding:** It is the intent of the 2016 General
 24 Assembly that public postsecondary institutions should not base any decision to proceed
 25 with any capital project authorized in Part II, Capital Projects Budget, of this Act, that is
 26 funded from Agency Bonds, Restricted Funds, or Other Funds on an expectation of
 27 receiving General Fund moneys for the operations and maintenance of that facility in

1	008. Upgrade and Improve Residence Halls Pool			
2	Restricted Funds	-0-	3,000,000	3,000,000
3	009. Renovate HVAC Systems Pool			
4	Restricted Funds	-0-	5,000,000	-0-
5	010. Upgrade Academic Computing			
6	Restricted Funds	-0-	2,500,000	2,500,000
7	011. Construct Pedestrian Improvements			
8	Restricted Funds	-0-	4,500,000	-0-
9	012. Upgrade and Improve Athletics Facilities Pool			
10	Restricted Funds	-0-	1,750,000	-0-
11	Other Funds	-0-	1,750,000	-0-
12	TOTAL	-0-	3,500,000	-0-
13	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
14	013. Construct EKV Early Childhood Center			
15	Restricted Funds	-0-	3,350,000	-0-
16	014. Expand Indoor Tennis Facility			
17	Other Funds	-0-	3,225,000	-0-
18	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
19	015. Upgrade Administrative Computing System			
20	Restricted Funds	-0-	1,650,000	1,500,000
21	016. Renovate Baseball Complex			
22	Other Funds	-0-	3,000,000	-0-
23	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
24	017. Renovate Women's Softball and Soccer Complex			
25	Other Funds	-0-	3,000,000	-0-
26	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
27	018. Construct Student Health Center			

1	Other Funds	-0-	2,705,000	-0-
2	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
3	019. Pedestrian Bridge			
4	Restricted Funds	-0-	2,000,000	-0-
5	020. Renovate Lancaster Center Building			
6	Other Funds	-0-	1,472,000	-0-
7	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
8	021. Renovate Ambulance Building			
9	Restricted Funds	-0-	980,000	-0-
10	022. Alumni Coliseum Sound System Upgrade			
11	Restricted Funds	-0-	750,000	-0-
12	023. Guaranteed Energy Savings Performance Contracts			
13	024. New Housing Space - Lease			
14	025. Madison County - Student Housing - Lease			
15	026. Construct Student Life Facilities			
16	Agency Bonds	-0-	90,000,000	-0-
17	Other Funds	-0-	3,000,000	-0-
18	TOTAL	-0-	93,000,000	-0-
19	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
20	027. Expand/Upgrade Campus Data Network			
21	Restricted Funds	-0-	1,000,000	-0-
22	Other Funds	-0-	11,212,000	-0-
23	TOTAL	-0-	12,212,000	-0-
24	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
25	028. Commonwealth Hall Partial Repurposing and Renovation			
26	Restricted Funds	-0-	6,000,000	-0-
27	029. Construct Parking Deck			

1	Agency Bonds	-0-	15,000,000	-0-
2	030. Construct Public Safety Training Facility - Additional			
3	Other Funds	-0-	9,938,000	-0-
4	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
5	031. Purchase of Adjacent Property			
6	Restricted Funds	-0-	3,000,000	-0-
7	032. Renovate Property			
8	Other Funds	-0-	3,000,000	-0-
9	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
10	033. Honors College			
11	Restricted Funds	-0-	8,000,000	-0-
12	034. Steam Line Upgrades			
13	Other Funds	-0-	10,000,000	-0-
14	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
15	4. KENTUCKY STATE UNIVERSITY			
16	001. Life Safety Upgrade Pool - 2016-2018			
17	Restricted Funds	-0-	5,000,000	-0-
18	002. Expand Emergency Notification System			
19	Restricted Funds	-0-	4,580,000	-0-
20	003. Construct Warehouse			
21	Restricted Funds	-0-	3,642,000	-0-
22	004. Replace Enterprise Resource Planning System			
23	Restricted Funds	1,750,000	-0-	-0-
24	Federal Funds	1,750,000	-0-	-0-
25	TOTAL	3,500,000	-0-	-0-
26	005. Improvements to Instructional Technology			
27	Restricted Funds	-0-	2,500,000	-0-

1	006. Guaranteed Energy Savings Performance Contracts			
2	007. School of Nursing			
3	Federal Funds	-0-	13,014,000	-0-
4	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
5	008. Acquire Land/Campus Master Plan 2016			
6	Restricted Funds	-0-	1,000,000	-0-
7	Federal Funds	-0-	1,000,000	-0-
8	TOTAL	-0-	2,000,000	-0-
9	009. Renovate Atwood Agricultural Research Building Reauthorization			
10	(\$12,368,000 Federal Funds)			
11	5. MOREHEAD STATE UNIVERSITY			
12	001. Capital Renewal and Maintenance Pool			
13	Restricted Funds	-0-	5,000,000	-0-
14	002. ADA Modifications Pool			
15	Restricted Funds	-0-	5,000,000	-0-
16	003. Upgrade Administrative Office Systems			
17	Restricted Funds	-0-	4,864,000	-0-
18	004. Construct New Volleyball Facility - Phase 2			
19	Restricted Funds	-0-	3,300,000	-0-
20	005. Purchase Instructional Technology Initiatives			
21	Restricted Funds	-0-	3,021,000	-0-
22	006. Enhance Network/Infrastructure Resources - Additional			
23	Restricted Funds	-0-	3,000,000	-0-
24	007. Reconstruct Central Campus			
25	Restricted Funds	-0-	3,000,000	-0-
26	008. Upgrade Campus Fire and Security Systems			
27	Restricted Funds	-0-	2,670,000	-0-

1	009. Construct Classroom/Lab Building at Browning Orchard			
2	Restricted Funds	-0-	1,942,000	-0-
3	010. Replace Electrical Switchgear B			
4	Restricted Funds	-0-	1,800,000	-0-
5	011. Upgrade and Expand Distance Learning			
6	Restricted Funds	-0-	1,700,000	-0-
7	012. Enhance Library Automation Resources			
8	Restricted Funds	-0-	1,539,000	-0-
9	013. Water Plant Sediment Basin			
10	Restricted Funds	-0-	1,500,000	-0-
11	014. Renovate Howell-McDowell			
12	Restricted Funds	-0-	1,296,000	-0-
13	015. Purchase Equipment for Biochemistry Lab			
14	Restricted Funds	-0-	548,000	-0-
15	016. Guaranteed Energy Savings Performance Contracts			
16	017. Construct Food Service/Retail & Parking - Additional			
17	Agency Bonds	-0-	6,600,000	-0-
18	018. Renovate Cartmell Residence Hall			
19	Agency Bonds	-0-	15,200,000	-0-
20	019. Purchase of Rowan County Board of Education Building			
21	Restricted Funds	-0-	2,000,000	-0-
22	6. MURRAY STATE UNIVERSITY			
23	001. Construct Residential Suite-Style Housing			
24	Other Funds	-0-	20,000,000	-0-
25	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
26	002. Construct Sorority Suites			
27	Other Funds	-0-	13,500,000	-0-

1	015. Upgrade Campus Phone System			
2	Restricted Funds	-0-	1,781,000	-0-
3	016. Upgrade Applied Science Electrical System			
4	Restricted Funds	-0-	1,626,000	-0-
5	017. Install Sprinkler System - Blackburn Science Building			
6	Restricted Funds	-0-	1,599,000	-0-
7	018. Renovate White Hall Interior			
8	Restricted Funds	-0-	1,558,000	-0-
9	019. Renovate Pogue Library Electric and HVAC			
10	Restricted Funds	-0-	1,555,000	-0-
11	020. ITV Upgrades to Murray State University System			
12	Restricted Funds	-0-	1,547,000	-0-
13	021. Construct Open-Sided Stall Barn at Expo Center			
14	Restricted Funds	-0-	1,521,000	-0-
15	022. Install CFSB Center Generator			
16	Restricted Funds	-0-	1,500,000	-0-
17	023. Replace CFSB Center Seating			
18	Restricted Funds	-0-	1,500,000	-0-
19	024. Renovate Regents Hall Electrical System			
20	Restricted Funds	-0-	1,446,000	-0-
21	025. Renovate Curris Center			
22	Restricted Funds	-0-	1,400,000	-0-
23	026. Renovate White Hall Electrical System			
24	Restricted Funds	-0-	1,336,000	-0-
25	027. Renovate Hart Hall Electrical System			
26	Restricted Funds	-0-	1,286,000	-0-
27	028. Replace E&G Chiller/CFC Compliance			

1	Restricted Funds	-0-	1,221,000	-0-
2	029. Replace Exposition Center Roof			
3	Restricted Funds	-0-	1,201,000	-0-
4	030. Replace CFSB Center Scoreboard			
5	Restricted Funds	-0-	1,200,000	-0-
6	031. Waterproof Stewart Stadium			
7	Restricted Funds	-0-	1,116,000	-0-
8	032. Replace White Hall Domestic Water Piping			
9	Restricted Funds	-0-	1,112,000	-0-
10	033. Renovate General Services			
11	Restricted Funds	-0-	1,000,000	-0-
12	034. Agriculture Instructional Laboratory and Technology Equipment			
13	Restricted Funds	-0-	800,000	-0-
14	035. Information Technology Infrastructure for TSM and IET			
15	Restricted Funds	-0-	791,000	-0-
16	036. Replace Blackburn Science Roof			
17	Restricted Funds	-0-	750,000	-0-
18	037. Broadcasting Education Laboratory Equipment			
19	Restricted Funds	-0-	225,000	-0-
20	038. Guaranteed Energy Savings Performance Contracts			
21	039. Renovate White Hall			
22	Agency Bonds	-0-	16,299,000	-0-
23	040. Acquire Agriculture Research Farm Land			
24	Restricted Funds	-0-	1,200,000	-0-
25	041. Acquire Property			
26	Restricted Funds	-0-	4,000,000	-0-
27	042. Complete ADA Compliance Pool - H&D			

1	Agency Bonds	-0-	1,957,000	-0-
2	043. Renovate Civic Center			
3	Restricted Funds	-0-	1,000,000	-0-
4	Other Funds	-0-	3,600,000	-0-
5	TOTAL	-0-	4,600,000	-0-

6 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

7 **7. NORTHERN KENTUCKY UNIVERSITY**

8 **001. Construct Mixed-Use Facility with Student Housing**

9	Other Funds	-0-	125,000,000	-0-
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10 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

11 **002. Construct Basketball Practice Facility**

12	Other Funds	-0-	15,000,000	-0-
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13 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

14 **003. Renew Electrical Distribution Systems Pool**

15	Restricted Funds	-0-	5,000,000	-0-
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16 **004. Scientific/Technology Equipment Pool**

17	Restricted Funds	-0-	5,000,000	-0-
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18 **005. Renovate Civic Center Building**

19	Restricted Funds	-0-	4,600,000	-0-
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20 **006. Upgrade Instructional Technology Pool**

21	Restricted Funds	-0-	3,500,000	-0-
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22 **007. Repair Norse/Woodcrest Exterior Stairs/Landings**

23	Restricted Funds	-0-	3,000,000	-0-
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24 **008. Replace Underground Gas Mains**

25	Restricted Funds	-0-	2,500,000	-0-
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26 **009. Campus Telecommunications Upgrade**

27	Restricted Funds	-0-	1,500,000	-0-
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1	010. Enhance/Upgrade Cyber Security System			
2	Restricted Funds	-0-	1,500,000	-0-
3	011. Upgrade Infrastructure for Administrative Systems			
4	Restricted Funds	-0-	1,500,000	-0-
5	012. Budget Planning System			
6	Restricted Funds	-0-	1,400,000	-0-
7	013. Capital Equipment Lease Pool			
8	Restricted Funds	-0-	2,000,000	-0-
9	014. Renew Kenton Garage			
10	Restricted Funds	-0-	1,100,000	-0-
11	015. Purchase Large Format Color Press			
12	Restricted Funds	-0-	700,000	-0-
13	016. Purchase Coach Bus			
14	Restricted Funds	-0-	690,000	-0-
15	017. Construct Center for Applied Ecology Building Reauthorization			
16	(\$1,000,000 Restricted, \$1,000,000 Other Funds)			
17	(1) Reauthorization: The above reauthorization is approved pursuant to KRS			
18	45.763.			
19	018. Renovate Brown Building Reauthorization (\$3,000,000 Restricted			
20	Funds, \$1,000,000 Other Funds)			
21	(1) Reauthorization: The above reauthorization is approved pursuant to KRS			
22	45.763.			
23	019. Academic Space - Lease			
24	020. Guaranteed Energy Savings Performance Contracts			
25	021. Expand Herrmann Science Center			
26	Restricted Funds	-0-	3,000,000	-0-
27	022. Repair Structural Heaving Landrum Hall/Fine Arts Center			

1	Restricted Funds	-0-	7,000,000	-0-
2	023. Construct/Acquire New Residence Hall			
3	Agency Bonds	-0-	28,500,000	-0-
4	024. Renovate Gateway/Highland Heights Campus			
5	Other Funds	-0-	6,000,000	-0-
6	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
7	025. E1-Renew E&G Building Systems Projects Pool			
8	Restricted Funds	-0-	10,000,000	-0-
9	026. Renovate Residence Halls 2016-2018			
10	Restricted Funds	-0-	10,000,000	-0-
11	027. Renew HVAC Project Pool			
12	Restricted Funds	-0-	6,500,000	-0-
13	028. Renovate/Expand Baseball Field - Additional Reauthorization			
14	Restricted Funds	-0-	5,300,000	-0-
15	029. Acquire Land/Master Plan 2010-2012 - Additional Reauthorization			
16	Restricted Funds	-0-	4,000,000	-0-
17	Other Funds	-0-	4,000,000	-0-
18	TOTAL	-0-	8,000,000	-0-

19 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

20	030. Construct Satellite Parking Lot			
21	Agency Bonds	-0-	6,000,000	-0-
22	Other Funds	-0-	6,000,000	-0-
23	TOTAL	-0-	12,000,000	-0-

24 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

25 **8. UNIVERSITY OF KENTUCKY**

26	001. Construct Student Housing Pool - Additional Reauthorization			
27	(\$202,000,000 Other Funds)			

1	Restricted Funds	-0-	50,000,000	-0-
2	Other Funds	-0-	100,000,000	-0-
3	TOTAL	-0-	150,000,000	-0-

4 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

5 **002.** Construct New Alumni Center

6	Other Funds	-0-	38,000,000	-0-
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7 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

8 **003.** Renovate/Expand Wildcat Coal Lodge

9	Other Funds	-0-	21,000,000	-0-
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10 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

11 **004.** Upgrade Dining Facilities - Additional Reauthorization (\$50,000,000

12 Other Funds)

13	Other Funds	-0-	20,000,000	-0-
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14 **(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

15 **005.** Clinical Services Pool - UK HealthCare

16	Restricted Funds	-0-	15,000,000	-0-
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17 **006.** Design Library - Knowledge Center

18	Restricted Funds	-0-	13,335,000	-0-
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19 **007.** Disaster Recovery and Business Continuity IT Project

20	Restricted Funds	-0-	12,000,000	-0-
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21 **008.** Fit-up Pool for New Housing and Dining Facilities

22	Restricted Funds	-0-	12,000,000	-0-
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23 **009.** Construct Equine Campus - Phase 2

24	Restricted Funds	-0-	10,500,000	-0-
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25 **010.** Renovate Chemistry/Physics Building

26	Restricted Funds	-0-	10,500,000	-0-
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27 **011.** Renovate Taylor Education Building

1	Restricted Funds	-0-	10,500,000	-0-
2	012. Acquire Telemedicine/Virtual ICU			
3	Restricted Funds	-0-	10,000,000	-0-
4	013. Acquire/Upgrade UK HealthCare IT Systems			
5	Restricted Funds	-0-	10,000,000	-0-
6	014. Clinical Information System Pool			
7	Restricted Funds	-0-	10,000,000	-0-
8	015. Fit-Up Academic/Administrative Space 2			
9	Restricted Funds	-0-	10,000,000	-0-
10	016. Fit-Up Academic/Administrative Space 1			
11	Restricted Funds	-0-	10,000,000	-0-
12	017. Implement Enterprise Security System - UK HealthCare			
13	Restricted Funds	-0-	10,000,000	-0-
14	018. Implement Medication Bar Coding System - UK HealthCare			
15	Restricted Funds	-0-	10,000,000	-0-
16	019. Implement Patient Communication System - UK HealthCare			
17	Restricted Funds	-0-	10,000,000	-0-
18	020. Purchase Digital Medical Record Expansion			
19	Restricted Funds	-0-	10,000,000	-0-
20	021. Purchase Document Scanning System			
21	Restricted Funds	-0-	10,000,000	-0-
22	022. Purchase Document Scanning System - UK HealthCare			
23	Restricted Funds	-0-	10,000,000	-0-
24	023. Renovate/Expand Cooper House			
25	Restricted Funds	-0-	10,000,000	-0-
26	024. Renovate/Expand Patterson Hall			
27	Restricted Funds	-0-	10,000,000	-0-

1	025. Renovate/Upgrade Academic/Administrative Space 1			
2	Restricted Funds	-0-	10,000,000	-0-
3	026. Renovate/Upgrade Academic/Administrative Space 2			
4	Restricted Funds	-0-	10,000,000	-0-
5	027. Expand Boone Tennis Center			
6	Other Funds	-0-	9,500,000	-0-
7	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
8	028. Renovate Dentistry			
9	Restricted Funds	-0-	9,500,000	-0-
10	029. Fit-Up Student Center			
11	Restricted Funds	-0-	9,000,000	-0-
12	030. Improve DLAR Facilities Pool			
13	Restricted Funds	-0-	9,000,000	-0-
14	031. Improve Vivarium Spaces Pool			
15	Restricted Funds	-0-	9,000,000	-0-
16	032. Upgrade and Renovate Dining Facilities Pool			
17	Restricted Funds	-0-	8,000,000	-0-
18	033. Renovate/Expand Terrell Civil Engineering Building			
19	Restricted Funds	-0-	7,500,000	-0-
20	034. Construct and Fit-Up Retail Space Pool			
21	Other Funds	-0-	6,500,000	-0-
22	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
23	035. Renovate Multi-Disciplinary Science Building			
24	Restricted Funds	-0-	6,500,000	-0-
25	036. Renovate Nursing Units - UK HealthCare			
26	Restricted Funds	-0-	6,500,000	-0-
27	037. Renovate/Upgrade Commonwealth Stadium			

1	Other Funds	-0-	6,500,000	-0-
2	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
3	038. Upgrade Clinical Enterprise Network - UK HealthCare			
4	Restricted Funds	-0-	6,500,000	-0-
5	039. Renovate and Upgrade Memorial Hall			
6	Restricted Funds	-0-	6,000,000	-0-
7	040. Renovate Frazee Hall			
8	Restricted Funds	-0-	6,000,000	-0-
9	041. Renovate Mineral Industries Building			
10	Restricted Funds	-0-	6,000,000	-0-
11	042. Upgrade/Expand Campus Security Platform			
12	Restricted Funds	-0-	6,000,000	-0-
13	043. Construct Transit Center			
14	Restricted Funds	-0-	5,500,000	-0-
15	044. Construct University Storage Facility			
16	Restricted Funds	-0-	5,500,000	-0-
17	045. Expand KGS Well Sample and Core Repository			
18	Restricted Funds	-0-	5,500,000	-0-
19	046. Renovate/Upgrade Ecological Research Facility			
20	Restricted Funds	-0-	5,500,000	-0-
21	047. Acquire Enterprise Resource Planning Phase V			
22	Restricted Funds	-0-	5,350,000	-0-
23	048. Acquire Data Repository System			
24	Restricted Funds	-0-	5,000,000	-0-
25	049. Acquire Data Repository System - UK HealthCare			
26	Restricted Funds	-0-	5,000,000	-0-
27	050. Acquire Personal Electronic Health Records			

1	Restricted Funds	-0-	5,000,000	-0-
2	051. ADA Compliance Pool			
3	Restricted Funds	-0-	5,000,000	-0-
4	052. Construct or Renovate/Upgrade Athletic Facility 1			
5	Other Funds	-0-	5,000,000	-0-
6	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
7	053. Improve Athletics Facility 1			
8	Other Funds	-0-	5,000,000	-0-
9	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
10	054. Improve Building Electrical Systems Pool			
11	Restricted Funds	-0-	5,000,000	-0-
12	055. Improve Building Shell Systems Pool			
13	Restricted Funds	-0-	5,000,000	-0-
14	056. Improve Elevator Systems Pool			
15	Restricted Funds	-0-	5,000,000	-0-
16	057. Improve Spindletop Hall Facilities Pool			
17	Restricted Funds	-0-	5,000,000	-0-
18	058. Improve W.T. Young Facility			
19	Restricted Funds	-0-	5,000,000	-0-
20	059. Purchase Oncology Information System - UK HealthCare			
21	Restricted Funds	-0-	5,000,000	-0-
22	060. Purchase/Expand PACS System			
23	Restricted Funds	-0-	5,000,000	-0-
24	061. Renovate Central Computing Facility			
25	Restricted Funds	-0-	5,000,000	-0-
26	062. Renovate Fine Arts			
27	Restricted Funds	-0-	5,000,000	-0-

1	063. Renovate Nutter Facility			
2	Restricted Funds	-0-	5,000,000	-0-
3	064. Renovate/Upgrade Academic/Administrative Space 3			
4	Restricted Funds	-0-	5,000,000	-0-
5	065. Renovate/Upgrade Academic/Administrative Space 4			
6	Restricted Funds	-0-	5,000,000	-0-
7	066. Renovate/Upgrade Academic/Administrative Space 5			
8	Restricted Funds	-0-	5,000,000	-0-
9	067. Surgical Services Pool - UK HealthCare			
10	Restricted Funds	-0-	5,000,000	-0-
11	068. Construct and Fit-Up Retail Space			
12	Other Funds	-0-	4,500,000	-0-
13	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
14	069. Construct Hall of Fame Plaza			
15	Other Funds	-0-	4,500,000	-0-
16	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
17	070. Acquire/Renovate Golf Facility			
18	Other Funds	-0-	4,000,000	-0-
19	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
20	071. Purchase Cardiology Information System - UK HealthCare			
21	Restricted Funds	-0-	4,000,000	-0-
22	072. Renovate Anderson Tower			
23	Restricted Funds	-0-	4,000,000	-0-
24	073. Expand/Renovate Sturgill Development Building			
25	Restricted Funds	-0-	3,500,000	-0-
26	074. Install Artificial Turf on Pieratt Recreational Fields			
27	Restricted Funds	-0-	3,500,000	-0-

1	075. Support Services Projects Pool - UK HealthCare			
2	Restricted Funds	-0-	3,500,000	-0-
3	076. Acquire Mainframe Computer - UK HealthCare			
4	Restricted Funds	-0-	3,000,000	-0-
5	077. Construct or Renovate/Upgrade Athletic Facility 2			
6	Other Funds	-0-	3,000,000	-0-
7	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
8	078. Implement Unified Communication System - UK HealthCare			
9	Restricted Funds	-0-	3,000,000	-0-
10	079. Improve UK Radio Communications System			
11	Restricted Funds	-0-	3,000,000	-0-
12	080. Purchase Telephone System Replacement - UK HealthCare			
13	Restricted Funds	-0-	3,000,000	-0-
14	081. Upgrade Perioperative Information System			
15	Restricted Funds	-0-	3,000,000	-0-
16	082. Improve Parking Garage 1			
17	Restricted Funds	-0-	2,500,000	-0-
18	083. Improve Parking Garage 2			
19	Restricted Funds	-0-	2,500,000	-0-
20	084. Purchase Upgraded Communications Infrastructure 1			
21	Restricted Funds	-0-	2,500,000	-0-
22	085. Purchase Upgraded Communications Infrastructure 2			
23	Restricted Funds	-0-	2,500,000	-0-
24	086. Relocate/Replace Greenhouses			
25	Restricted Funds	-0-	2,500,000	-0-
26	087. Emerging Technologies Academic Support			
27	Restricted Funds	-0-	2,000,000	-0-

1	088. Healthcare Services Pool			
2	Restricted Funds	-0-	2,000,000	-0-
3	089. Improve Athletics Facilities II			
4	Other Funds	-0-	2,000,000	-0-
5	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
6	090. Purchase Transport Buses			
7	Restricted Funds	-0-	2,000,000	-0-
8	091. Remote Site Fiber Infrastructure			
9	Restricted Funds	-0-	2,000,000	-0-
10	092. Renovate Dickey Hall			
11	Restricted Funds	-0-	2,000,000	-0-
12	093. Renovate/Upgrade Athletics Playing Fields 1			
13	Other Funds	-0-	2,000,000	-0-
14	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
15	094. Renovate/Upgrade Athletics Playing Fields 2			
16	Other Funds	-0-	2,000,000	-0-
17	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
18	095. Upgrade Financial Systems			
19	Restricted Funds	-0-	2,000,000	-0-
20	096. Acquire Communications Equipment			
21	Restricted Funds	-0-	1,500,000	-0-
22	097. Renovate and Upgrade Eagle Building			
23	Restricted Funds	-0-	1,500,000	-0-
24	098. Purchase Allergy Information System - UK HealthCare			
25	Restricted Funds	-0-	1,000,000	-0-
26	099. Renovate Nursing Building			
27	Restricted Funds	-0-	1,000,000	-0-

1	100. UK Mobile Communication Center			
2	Restricted Funds	-0-	200,000	-0-
3	Federal Funds	-0-	200,000	-0-
4	TOTAL	-0-	400,000	-0-
5	101. Guaranteed Energy Savings Performance Contracts			
6	102. Fayette County - Lease - Administrative Office			
7	103. Fayette County - Lease - Good Samaritan Hospital			
8	104. Fayette County - Lease - Grant Project 2			
9	105. Fayette County - Lease - Kentucky Utilities Building			
10	106. Lease - Grant Project 1			
11	107. Lease - Grant Project 3			
12	108. Lease - Health Affairs Office			
13	109. Lease - Health Affairs Office 10			
14	110. Lease - Health Affairs Office 11			
15	111. Lease - Health Affairs Office 12			
16	112. Lease - Health Affairs Office 2			
17	113. Lease - Health Affairs Office 3			
18	114. Lease - Health Affairs Office 4			
19	115. Lease - Health Affairs Office 5			
20	116. Lease - Health Affairs Office 6			
21	117. Lease - Health Affairs Office 7			
22	118. Lease - Health Affairs Office 8			
23	119. Lease - Health Affairs Office 9			
24	120. Lease - Off Campus - Athletics			
25	121. Lease - Off Campus 1			
26	122. Lease - Off Campus 2			
27	123. Lease - Off Campus 3			

1	124. Lease - Off Campus 4			
2	125. Lease - Off Campus 5			
3	126. Lease - Off Campus 6			
4	127. Lease - Off Campus 7			
5	128. Lease - Off Campus 8			
6	129. Lease - Off Campus 9			
7	130. Lease - Off Campus Housing 1			
8	131. Lease - Off Campus Housing 2			
9	132. Lease - Off Campus Housing 3			
10	133. Lease - Off Campus Housing 4			
11	134. Lease - Rural Health Expansion - Perry County			
12	135. Lease - UK HealthCare Off Campus Facility 5			
13	136. Lease - UK HealthCare Grant Project 1			
14	137. Lease - UK HealthCare Grant Project 2			
15	138. Lease - UK HealthCare Off Campus Facility 1			
16	139. Lease - UK HealthCare Off Campus Facility 2			
17	140. Lease - UK HealthCare Off Campus Facility 3			
18	141. Lease - UK HealthCare Off Campus Facility 4			
19	142. Facilities Renewal, Modernization, and Deferred Maintenance			
20	Agency Bonds	-0-	60,000,000	-0-
21	143. Renovate/Upgrade Healthcare Facilities			
22	Agency Bonds	-0-	150,000,000	-0-
23	144. Fit-up Academic Science Bldg.			
24	Restricted Funds	-0-	32,000,000	-0-
25	145. Improve Campus Parking and Transportation System			
26	Restricted Funds	-0-	120,000,000	-0-
27	146. Construct Digital Village Building #3			

1	Restricted Funds	-0-	54,000,000	-0-
2	147. Improve Civil/Site Infrastructure			
3	Restricted Funds	-0-	25,000,000	-0-
4	148. Construct Baseball Facility			
5	Restricted Funds	-0-	49,000,000	-0-
6	149. Research Equipment Replacement			
7	Restricted Funds	-0-	30,000,000	-0-
8	150. Upgrade/Renovate/Expand Research Labs			
9	Restricted Funds	-0-	33,500,000	-0-
10	151. Decommission Facilities			
11	Restricted Funds	-0-	25,000,000	-0-
12	152. Upgrade Enterprise Information System			
13	Restricted Funds	-0-	20,000,000	-0-
14	153. Renovate/Upgrade Academic Facility			
15	Restricted Funds	-0-	16,000,000	-0-
16	154. Acquire High Performance Research Computer			
17	Restricted Funds	-0-	6,500,000	-0-
18	155. Improve CAER Facilities			
19	Restricted Funds	-0-	20,000,000	-0-
20	156. Acquire Land			
21	Restricted Funds	-0-	50,000,000	-0-
22	157. Improve Coldstream Research Campus			
23	Restricted Funds	-0-	20,000,000	-0-
24	158. Repair/Upgrade/Expand Central Plants			
25	Restricted Funds	-0-	112,000,000	-0-
26	159. Improve Electrical Infrastructure			
27	Restricted Funds	-0-	28,000,000	-0-

1	160. Improve Mechanical Infrastructure			
2	Restricted Funds	-0-	26,000,000	-0-
3	161. Improve Building Mechanical Systems			
4	Restricted Funds	-0-	25,000,000	-0-
5	162. Repair Emergency Infrastructure/Building Systems			
6	Restricted Funds	-0-	25,000,000	-0-
7	163. Purchase/Upgrade Pollution Controls			
8	Restricted Funds	-0-	22,000,000	-0-
9	164. Improve Life Safety, Project Pool			
10	Restricted Funds	-0-	15,000,000	-0-
11	165. Acquire/Renovate Administrative Facility			
12	Other Funds	-0-	10,000,000	-0-
13	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
14	166. Replace Greek Housing			
15	Restricted Funds	-0-	24,000,000	-0-
16	167. Renovate/Upgrade Existing Housing			
17	Restricted Funds	-0-	30,000,000	-0-
18	168. Improve Housing/Dining Facilities			
19	Restricted Funds	-0-	30,000,000	-0-
20	169. Construct/Improve Dining Facilities-1			
21	Restricted Funds	-0-	40,000,000	-0-
22	170. Construct Parking Structure (Lease-Purchase)			
23	Other Funds	-0-	38,000,000	-0-
24	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
25	171. Renovate/Upgrade Academic/Administrative Space			
26	Restricted Funds	-0-	25,000,000	-0-
27	172. Construct Housing			

1	Restricted Funds	-0-	50,000,000	-0-
2	173. Acquire/Renovate Housing			
3	Restricted Funds	-0-	50,000,000	-0-
4	174. Upgrade/Purchase IT Systems (Clinical and EMR)			
5	Restricted Funds	-0-	200,000,000	-0-
6	175. Renovate/Upgrade HealthCare Facilities			
7	Restricted Funds	-0-	150,000,000	-0-
8	176. Upgrade/Fit-up Hospital Facilities			
9	Restricted Funds	-0-	35,000,000	-0-
10	177. Construct Good Samaritan Medical Office Building - UKHC			
11	Restricted Funds	-0-	26,000,000	-0-
12	178. Construct/Expand/Renovate Ambulatory Care - UKHC			
13	Restricted Funds	-0-	20,000,000	-0-
14	179. Implement Land Use Plan - UKHC			
15	Restricted Funds	-0-	20,000,000	-0-
16	180. Improve Building Systems - UKHC			
17	Restricted Funds	-0-	20,000,000	-0-
18	181. Upgrade Enterprise Information Systems - UKHC			
19	Restricted Funds	-0-	20,000,000	-0-
20	182. Upgrade/Expand Cancer Treatment Facility - UKHC			
21	Restricted Funds	-0-	20,000,000	-0-
22	183. Improve Hospital Facilities - Good Samaritan			
23	Restricted Funds	-0-	20,000,000	-0-
24	184. Construct Office Tower - UKHC			
25	Restricted Funds	-0-	100,000,000	-0-
26	185. Upgrade Administrative Systems			
27	Restricted Funds	-0-	75,000,000	-0-

1	186. Expand/Construct Parking Structure - UKHC			
2	Restricted Funds	-0-	43,000,000	-0-
3	187. Improve UKHC Facilities - UK Chandler Hospital			
4	Restricted Funds	-0-	310,000,000	-0-
5	188. Improve Good Samaritan Hospital Facilities			
6	Restricted Funds	-0-	25,000,000	-0-
7	189. Improve Clinical/Ambulatory Services			
8	Restricted Funds	-0-	50,000,000	-0-
9	190. Improve Markey Cancer Center			
10	Restricted Funds	-0-	20,000,000	-0-
11	191. Construct Tennis Facility			
12	Restricted Funds	-0-	28,000,000	-0-
13	192. Lease/Purchase Campus Infrastructure			
14	Restricted Funds	-0-	3,500,000	-0-
15	9. UNIVERSITY OF LOUISVILLE			
16	001. Construct Institute for Product Realization			
17	Other Funds	-0-	35,980,000	-0-
18	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
19	002. Construct Shelbyhurst Parking Garage			
20	Other Funds	-0-	28,000,000	-0-
21	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
22	003. Construct Shelbyhurst Hotel/Conference Center			
23	Other Funds	-0-	18,720,000	-0-
24	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
25	004. Improve Life Safety Projects Pool			
26	Restricted Funds	-0-	15,000,000	-0-
27	005. Renovate Health Science Center Simulation Center			

1	Restricted Funds	-0-	15,000,000	-0-
2	006. Renovate J. B. Speed Building			
3	Restricted Funds	-0-	13,260,000	-0-
4	007. Improve/Expand Parking			
5	Restricted Funds	-0-	13,000,000	-0-
6	008. Construct Executive MBA/Business Facility			
7	Restricted Funds	-0-	12,000,000	-0-
8	009. Purchase Storage System			
9	Restricted Funds	-0-	12,000,000	-0-
10	010. Expand School of Public Health and Information Sciences			
11	Restricted Funds	-0-	11,610,000	-0-
12	011. Construct Center for Creative Studies			
13	Restricted Funds	-0-	10,193,000	-0-
14	012. Improve Housing Facilities Pool			
15	Restricted Funds	-0-	8,000,000	-0-
16	013. IT Data Center Power Upgrade			
17	Restricted Funds	-0-	8,000,000	-0-
18	014. Purchase Computer Processing System			
19	Restricted Funds	-0-	8,000,000	-0-
20	015. Purchase Networking System			
21	Restricted Funds	-0-	8,000,000	-0-
22	016. Purchase Security and Firewall Infrastructure			
23	Restricted Funds	-0-	8,000,000	-0-
24	017. Purchase Research Computing Infrastructure			
25	Restricted Funds	-0-	7,000,000	-0-
26	018. Purchase Next Generation/ERP Support System			
27	Restricted Funds	-0-	6,000,000	-0-

1	019. Accessibility Improvement Pool			
2	Restricted Funds	-0-	5,000,000	-0-
3	020. Improve Elevator Systems Pool			
4	Restricted Funds	-0-	5,000,000	-0-
5	021. Purchase Content Management System			
6	Restricted Funds	-0-	4,000,000	-0-
7	022. Lease Digital Output System			
8	Restricted Funds	-0-	2,500,000	-0-
9	023. Construct Physical Plant Space in Health Science Center Garage			
10	Restricted Funds	-0-	2,440,000	-0-
11	024. Construct Soccer Stadium Practice Field			
12	Restricted Funds	-0-	2,000,000	-0-
13	025. Construct Visitors Center			
14	Restricted Funds	-0-	2,000,000	-0-
15	026. Purchase Electronic Video Boards			
16	Other Funds	-0-	2,000,000	-0-
17	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
18	027. Construct Athletic Grounds Building			
19	Other Funds	-0-	1,550,000	-0-
20	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
21	028. Resurface Track and Cardio Path			
22	Other Funds	-0-	1,500,000	-0-
23	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
24	029. Purchase Artificial Turf Field I			
25	Other Funds	-0-	1,250,000	-0-
26	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
27	030. Purchase Artificial Turf Field II			

1	Other Funds	-0-	1,250,000	-0-
2	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
3	031. Renovate Football Practice Field Lighting			
4	Other Funds	-0-	780,000	-0-
5	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
6	032. Guaranteed Energy Savings Performance Contracts			
7	033. Jefferson County - Clinic Space 1 - Lease			
8	034. Jefferson County - Clinic Space 2 - Lease			
9	035. Jefferson County - Clinic Space 3 - Lease			
10	036. Jefferson County - Clinic Space -State of Kentucky - Lease			
11	037. Master of Fine Arts - Lease			
12	038. Med Center One - Lease			
13	039. Med Center One - 2 - Lease			
14	040. Nucleus 1 Building - Lease			
15	041. Nucleus 1 Building - 2 - Lease			
16	042. Jefferson County - Office Space 1 - Lease			
17	043. Jefferson County - Office Space 2 - Lease			
18	044. Jefferson County - Office Space 3 - Lease			
19	045. Jefferson County - Office Space 4 - Lease			
20	046. Academic Space 1 - Lease			
21	047. Academic Space 2 - Lease			
22	048. Research Space - State of Kentucky - Lease			
23	049. Purchase Fiber Infrastructure			
24	Restricted Funds	-0-	7,000,000	-0-
25	050. Renovate - Capital Renewal Pool (2016-2018)			
26	Restricted Funds	-0-	35,000,000	-0-
27	051. Construct Residence Hall			

1 Other Funds -0- 44,450,000 -0-

2 (1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

3 **052. Renovate Residence Halls**

4 Agency Bonds -0- 46,320,000 -0-

5 **053. Construct Administrative Office Building**

6 Restricted Funds -0- 52,560,000 -0-

7 **054. Expand - Papa John's Stadium/Football Complex**

8 Agency Bonds -0- 55,000,000 -0-

9 **055. Renovate - Papa John's Stadium Seat Replacement**

10 Other Funds -0- 5,460,000 -0-

11 (1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

12 **10. WESTERN KENTUCKY UNIVERSITY**

13 **001. Renovate Garrett Conference Center**

14 Agency Bonds -0- 12,000,000 -0-

15 **002. Construct Football Pressbox**

16 Other Funds -0- 5,000,000 -0-

17 (1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

18 **003. Renovate Center for Research and Development Phase I**

19 Restricted Funds -0- 6,000,000 -0-

20 **004. Renovate Central Heat Plant**

21 Restricted Funds -0- 5,000,000 -0-

22 **005. Upgrade IT Infrastructure**

23 Restricted Funds -0- 5,000,000 -0-

24 **006. Construct Baseball Grandstand**

25 Other Funds -0- 4,500,000 -0-

26 (1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

27 **007. Renovate Art Lab/Museum**

1	Restricted Funds	-0-	4,200,000	-0-
2	008. Construct Track and Field Facilities Phase I			
3	Other Funds	-0-	4,000,000	-0-
4	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
5	009. Renovate Gordon Wilson Hall			
6	Restricted Funds	-0-	4,000,000	-0-
7	010. Acquire Equipment Diddle Arena			
8	Other Funds	-0-	3,000,000	-0-
9	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
10	011. Renovate Thompson Complex Center Wing			
11	Restricted Funds	-0-	3,000,000	-0-
12	012. Construct Science Gallery			
13	Other Funds	-0-	2,500,000	-0-
14	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
15	013. Construct South Plaza			
16	Other Funds	-0-	2,500,000	-0-
17	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
18	014. Major Items of Equipment Pool - 2016-2018			
19	Restricted Funds	-0-	2,500,000	-0-
20	015. Add Club Seating at Diddle Arena			
21	Other Funds	-0-	2,200,000	-0-
22	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
23	016. Construct Academic/Retail Space			
24	Restricted Funds	-0-	2,000,000	-0-
25	017. Design Environmental Science and Technology Hall Renovation			
26	Restricted Funds	-0-	2,000,000	-0-
27	018. Renovate International Center to Multicultural Center			

1	Restricted Funds	-0-	1,500,000	-0-
2	019. Renovate Foundation Building			
3	Restricted Funds	-0-	1,200,000	-0-
4	020. Renovate Tate Page Hall			
5	Restricted Funds	-0-	1,200,000	-0-
6	021. Design Agriculture Expo Center Renovation			
7	Restricted Funds	-0-	1,000,000	-0-
8	022. Renovate Jones Jagers Interior			
9	Restricted Funds	-0-	1,000,000	-0-
10	023. Renovate Grise Hall Restrooms (ADA)			
11	Restricted Funds	-0-	930,000	-0-
12	024. Remove and Replace Student Housing at Farm			
13	Restricted Funds	-0-	800,000	-0-
14	025. Alumni Center - Lease			
15	026. Guaranteed Energy Savings Performance Contracts			
16	027. Nursing and Physical Therapy - Lease			
17	028. Parking Garage - Lease			
18	029. Construct Parking Structure III			
19	Agency Bonds	-0-	10,000,000	-0-
20	030. Purchase Property/Parking & Street Improvements 2016-18			
21	Restricted Funds	-0-	3,000,000	-0-
22	031. Purchase Property for Campus Expansion 2016-18			
23	Restricted Funds	-0-	3,000,000	-0-
24	032. Construct Parking Structure			
25	Restricted Funds	-0-	10,000,000	-0-
26	033. Renovate State/Normal Street Properties			
27	Restricted Funds	-0-	1,500,000	-0-

1 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

2 **(1) Conveyance of Property:** The Kentucky Community and Technical College
3 System may undertake a capital construction project under the provisions of Part I, K.,
4 11., (3) of this Act.

5	001. Construct 3rd Floor Addition to Learning Resource Center -			
6	Madisonville CC			
7	Restricted Funds	-0-	5,000,000	-0-
8	002. KCTCS Equipment Pool - 2016-2018			
9	Restricted Funds	-0-	5,000,000	-0-
10	003. Renovate Learning Resource Center Building - Hopkinsville CC			
11	Restricted Funds	-0-	4,900,000	-0-
12	004. Renovate Sullivan Technology Center - Henderson CC			
13	Restricted Funds	-0-	4,900,000	-0-
14	005. Expansion of Fine Arts Center - Henderson CC			
15	Restricted Funds	-0-	4,400,000	-0-
16	006. Renovate Student Center Building - Elizabethtown CTC			
17	Restricted Funds	-0-	4,300,000	-0-
18	007. Renovate Administration Building Newtown Campus - Bluegrass CTC			
19	Restricted Funds	-0-	3,800,000	-0-
20	008. Renovate Administration Building - Whitesburg - Southeast Kentucky			
21	CTC			
22	Restricted Funds	-0-	3,800,000	-0-
23	009. Replace HVAC System Phase I - Owensboro CTC			
24	Restricted Funds	-0-	3,500,000	-0-
25	010. Renovate Owensboro Downtown Campus - Owensboro CTC			
26	Restricted Funds	-0-	3,000,000	-0-
27	011. Renovate Southeastern Campus - Owensboro CTC			

1	Restricted Funds	-0-	3,000,000	-0-
2	012. Replace HVAC Units - Somerset CC South			
3	Restricted Funds	-0-	2,200,000	-0-
4	013. KCTCS CEMCS Upgrades Pool			
5	Restricted Funds	-0-	2,000,000	-0-
6	014. Renovations Main Campus - West Kentucky CTC			
7	Restricted Funds	-0-	2,000,000	-0-
8	015. Renovate Building for Skilled Crafts Training Center, Phase III - West			
9	Kentucky CTC			
10	Restricted Funds	-0-	1,800,000	-0-
11	016. Expansion of Welding Facility - Hopkinsville CC			
12	Restricted Funds	-0-	1,600,000	-0-
13	017. Acquire CPAT Center - Fire Commission Reauthorization (\$1,500,000			
14	Restricted Funds)			
15	018. Install Sprinkler Systems - West Kentucky CTC			
16	Restricted Funds	-0-	1,500,000	-0-
17	019. Upgrade Welding Shop - Big Sandy CTC - Mayo Campus			
18	Restricted Funds	-0-	1,500,000	-0-
19	020. Construct Parking Lot and Lighting - Madisonville CC			
20	Restricted Funds	-0-	1,300,000	-0-
21	021. Construct New Entrance - Leestown - Bluegrass CTC			
22	Restricted Funds	-0-	1,000,000	-0-
23	022. Construct Second Entrance - Main - Madisonville CC			
24	Restricted Funds	-0-	1,000,000	-0-
25	023. Renovate Welding Lab - Maysville CTC			
26	Restricted Funds	-0-	1,000,000	-0-
27	024. Renovate Auditorium Building Roof - Hopkinsville CC			

1	Restricted Funds	-0-	1,000,000	-0-
2	025. Replace Fire Alarm and Security System - Maysville CTC			
3	Restricted Funds	-0-	1,000,000	-0-
4	026. Upgrade Safety and Security Systems - Hazard CTC			
5	Restricted Funds	-0-	1,000,000	-0-
6	027. Soil Stabilization Industrial Education Building - Hazard CTC -			
7	Additional Reauthorization (\$1,650,000 Restricted Funds)			
8	Restricted Funds	-0-	250,000	-0-
9	028. Guaranteed Energy Savings Performance Contracts			
10	029. Gateway CTC - Urban Campus - Lease			
11	030. Jefferson CTC - Bullitt County Campus - Lease			
12	031. Jefferson CTC - Jefferson Education Center - Lease			
13	032. KCTCS System Office - Lease			
14	033. Maysville CTC - Rowan Campus - Lease			
15	034. Maysville CTC - Rowan County - Lease			
16	035. Construct State Fire Rescue Training Area 7 Building			
17	Restricted Funds	-0-	1,500,000	-0-
18	036. Renovate Leestown Campus - Bluegrass CTC			
19	Restricted Funds	-0-	6,000,000	-0-
20	037. Upgrade Newtown Campus Buildings and Infrastructure - Bluegrass			
21	CTC			
22	Restricted Funds	-0-	10,000,000	-0-
23	038. Construct and/or Procure Fire Commission System Office Building			
24	Restricted Funds	-0-	5,527,000	-0-
25	039. KCTCS Property Acquisition Pool			
26	Restricted Funds	-0-	10,000,000	-0-
27	040. Acquisition of KCTCS System Office Building			

1	Restricted Funds	-0-	5,500,000	-0-
2	041. Pikeville Technology Center - Big Sandy CTC Reauthorization			
3	(\\$3,278,000 Federal Funds, \$1,222,000 Restricted Funds)			

K. PUBLIC PROTECTION CABINET

5	Budget Units		2016-17	2017-18
6	1. ALCOHOLIC BEVERAGE CONTROL			
7	001. Franklin County - Lease			
8	2. FINANCIAL INSTITUTIONS			
9	001. Franklin County - Lease			
10	3. HOUSING, BUILDINGS AND CONSTRUCTION			
11	001. Franklin County - Lease			
12	4. INSURANCE			
13	001. Franklin County - Lease			

L. TOURISM, ARTS AND HERITAGE CABINET

15	Budget Units		2015-16	2016-17	2017-18
16	1. PARKS				
17	001. Maintenance Pool - 2016-2018				
18	Bond Funds	-0-	3,800,000	3,800,000	
19	002. Life Safety Maintenance Pool				
20	Bond Funds	-0-	5,000,000		-0-
21	(1) Permitted Use of Funds: The Bond Funds appropriation for the above project				
22	shall be used exclusively for electrical, safety, and emergency maintenance upgrades in				
23	state parks.				
24	2. HORSE PARK COMMISSION				
25	001. Maintenance Pool - 2016-2018				
26	Investment Income	-0-	575,000		575,000

3. STATE FAIR BOARD

1	001. Kentucky Exposition Center Roof Repair			
2	Restricted Funds	-0-	4,322,000	-0-
3	Bond Funds	-0-	8,000,000	-0-
4	TOTAL	-0-	12,322,000	-0-

5 **4. FISH AND WILDLIFE RESOURCES**

6	001. Fees-in-Lieu-of Stream Mitigation Projects Pool			
7	Restricted Funds	-0-	20,000,000	20,000,000

8 **002. Camp Currie Dining Hall Construction**

9	Restricted Funds	-0-	1,400,000	-0-
10	Federal Funds	-0-	855,000	-0-
11	Other Funds	-0-	1,245,000	-0-
12	TOTAL	-0-	3,500,000	-0-

13 **003. FILO Office Space**

14	Restricted Funds	1,050,000	-0-	-0-
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15 **5. KENTUCKY CENTER FOR THE ARTS**

16 **001. Maintenance Pool - 2016-2018**

17	Investment Income	-0-	160,000	160,000
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18 **PART III**

19 **GENERAL PROVISIONS**

20 **1. Funds Designations:** Restricted Funds designated in the biennial budget bills
21 are classified in the state financial records and reports as the Agency Revenue Fund, State
22 Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky
23 Horse Park), Internal Services Funds (Fleet Management, Computer Services,
24 Correctional Industries, Central Printing, Risk Management, and Property Management),
25 and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records
26 and reports shall be maintained in a manner consistent with the branch budget bills.

27 The sources of Restricted Funds appropriations in this Act shall include all fees

1 (which includes fees for room and board, athletics, and student activities) and rentals,
 2 admittances, sales, bond proceeds, licenses collected by law, gifts, subventions,
 3 contributions, income from investments, and other miscellaneous receipts produced or
 4 received by a budget unit, except as otherwise specifically provided, for the purposes, use,
 5 and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be
 6 credited and allotted to the respective fund or account out of which a specified
 7 appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in
 8 the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42,
 9 45, and 48.

10 The sources of Federal Funds appropriations in this Act shall include federal
 11 subventions, grants, contracts, or other Federal Funds received, income from investments,
 12 other miscellaneous federal receipts received by a budget unit, and the Unemployment
 13 Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of
 14 the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted
 15 to the respective fund account out of which a specified appropriation is made in this Act.
 16 All Federal Funds receipts shall be deposited in the State Treasury and credited to the
 17 proper account as provided in KRS Chapters 12, 42, 45, and 48.

18 **2. Expenditure of Excess Restricted Funds or Federal Funds Receipts:** If
 19 receipts received or credited to the Restricted Funds accounts or Federal Funds accounts
 20 of a budget unit during fiscal year 2016-2017 or fiscal year 2017-2018, and any balance
 21 forwarded to the credit of these same accounts from the previous fiscal year, exceed the
 22 appropriation made by specific sum for these accounts of the budget unit as provided in
 23 Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the
 24 excess funds in the accounts of the budget unit shall become available for expenditure for
 25 the purpose of the account during the fiscal year only upon compliance with the
 26 conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610,
 27 48.620, 48.630, 48.730, and 48.800, and with the authorization of the State Budget

1 Director and approval of the Secretary of the Finance and Administration Cabinet.

2 Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds
 3 pursuant to this section, the State Budget Director and the Secretary of the Finance and
 4 Administration Cabinet shall review the adequacy of the General Fund Surplus Account
 5 with respect to its availability to support authorized expenditures from the General Fund
 6 Surplus Account, known as Necessary Government Expenses. If General Fund Surplus
 7 Account moneys are determined by this review to be adequate to meet known or
 8 anticipated Necessary Government Expenses during fiscal year 2016-2017 or fiscal year
 9 2017-2018, respectively, then the appropriation increase may be approved. If the review
 10 indicates that there are insufficient funds available or reasonably estimated to become
 11 available to the General Fund Surplus Account to meet known or projected Necessary
 12 Government Expenses for the fiscal years enumerated above, the State Budget Director
 13 and the Secretary of the Finance and Administration Cabinet may disapprove the request
 14 for additional Restricted Funds expenditure authority and may direct the excess Restricted
 15 Funds identified to the General Fund Surplus Account in order to meet Necessary
 16 Government Expense obligations. The results of any review shall be reported to the
 17 Interim Joint Committee on Appropriations and Revenue in accordance with KRS
 18 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800.

19 Any request made by a budget unit pursuant to KRS 48.630 that relates to
 20 Restricted Funds or Federal Funds shall include documentation showing a comparative
 21 statement of revised estimated receipts by fund source and the proposed expenditures by
 22 proposed use, with the appropriated sums specified in the Budget of the Commonwealth,
 23 and statements which explain the cause, source, and use for any variances which may
 24 exist.

25 Each budget unit shall submit its reports in print and electronic format consistent
 26 with the Restricted Funds and Federal Funds records contained in the fiscal biennium
 27 2016-2018 Branch Budget Request Manual and according to the following schedule in

1 each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before
2 October 1; (c) On or before January 1; and (d) On or before April 1.

3 **3. Interim Appropriation Increases:** No appropriation from any fund source
4 shall exceed the sum specified in this Act until the agency has documented the necessity,
5 purpose, use, and source, and the documentation has been submitted to the Interim Joint
6 Committee on Appropriations and Revenue for its review and action in accordance with
7 KRS 48.630. Proposed revisions to an appropriation contained in the enacted Executive
8 Budget or allotment of an unbudgeted appropriation shall conform to the conditions and
9 procedures of KRS 48.630 and this Act.

10 Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended
11 actions to increase appropriations for funds specified in Section 2. of this Part shall be
12 scheduled consistent with the timetable contained in that section in order to provide
13 continuous and timely budget information.

14 **4. Revision of Appropriation Allotments:** Allotments within appropriated
15 sums for the activities and purposes contained in the enacted Executive Budget ~~shall~~
16 ~~conform to KRS 48.610 and~~ may be revised ~~pursuant to KRS 48.605 and this Act~~.

17 **5. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds
18 appropriated in this Act shall not be expended for any purpose not specifically authorized
19 by the General Assembly in this Act nor shall funds appropriated in this Act be
20 transferred to or between any cabinet, department, board, commission, institution, agency,
21 or budget unit of state government unless specifically authorized by the General
22 Assembly in this Act and KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630,
23 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. ~~Compliance with the~~
24 ~~provisions of this section shall be reviewed and determined by the Interim Joint~~
25 ~~Committee on Appropriations and Revenue.~~

26 **6. Permitted Appropriation Obligations:** No state agency, cabinet,
27 department, office, or program shall incur any obligation against the General Fund or

1 Road Fund appropriations contained in this Act unless the obligation may be reasonably
 2 determined to have been contemplated in the enacted budget and is based upon
 3 supporting documentation considered by the General Assembly and legislative and
 4 executive records.

5 **7. Lapse of General Fund or Road Fund Appropriations Supplanted by**
 6 **Federal Funds:** Any General Fund or Road Fund appropriation made in anticipation of a
 7 lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund
 8 Surplus Account, respectively, to the extent the Federal Funds otherwise become
 9 available.

10 **8. Federally Funded Agencies:** A state agency entitled to Federal Funds, which
 11 would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

12 **9. Lapse of Road Fund Excess Debt Service Appropriations:** Pursuant to
 13 KRS 48.720, any excess Road Fund debt service shall lapse to the Road Fund surplus
 14 account unless otherwise directed in this Act.

15 **10. Statutes in Conflict:** All statutes and portions of statutes in conflict with any
 16 of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise
 17 provided by this Act.

18 **11. Construction of Budget Provisions on Statutory Budget Administration**
 19 **Powers and Duties:** Nothing in this Act is to be construed as amending or altering
 20 Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and
 21 powers of the Secretary of the Finance and Administration Cabinet except as otherwise
 22 provided in this Act.

23 **12. Interpretation**~~[of Appropriations]~~: All questions that arise in interpreting~~[~~
 24 ~~any appropriation in]~~ this Act~~[as to the purpose or manner for which the appropriation~~
 25 ~~may be expended]~~ shall be decided by the Secretary of the Finance and Administration
 26 Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and
 27 Administration Cabinet shall be final and conclusive.

1 **13. Publication of the Budget of the Commonwealth:** The State Budget
2 Director shall cause the Governor's Office for Policy and Management, within 60 days of
3 adjournment of the 2016 Regular Session of the General Assembly, to publish a final
4 enacted budget document, styled the Budget of the Commonwealth, based upon the
5 Legislative Budget, Executive Budget, Transportation Cabinet Budget, and Judicial
6 Budget as enacted by the 2016 Regular Session, as well as other Acts which contain
7 appropriation provisions for the 2016-2018 fiscal biennium, and based upon supporting
8 documentation and legislative records as considered by the 2016 Regular Session. This
9 document shall include, for each agency and budget unit, a consolidated budget summary
10 statement of available regular and continuing appropriated revenue by fund source,
11 corresponding appropriation allocations by program or subprogram as appropriate, budget
12 expenditures by principal budget class, and any other fiscal data and commentary
13 considered necessary for budget execution by the Governor's Office for Policy and
14 Management and oversight by the Interim Joint Committee on Appropriations and
15 Revenue. The enacted Executive Budget and Transportation Cabinet Budget shall be
16 revised or adjusted only upon approval by the Governor's Office for Policy and
17 Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600,
18 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and
19 48.810, and upon review and action by the Interim Joint Committee on Appropriations
20 and Revenue.

21 **14. State Financial Condition:** Pursuant to KRS 48.400, the State Budget
22 Director shall monitor and report on the financial condition of the Commonwealth.

23 **15. Prorating Administrative Costs:** The Secretary of the Finance and
24 Administration Cabinet is authorized to establish a system or formula or a combination of
25 both for prorating the administrative costs of the Finance and Administration Cabinet, the
26 Department of the Treasury, and the Office of the Attorney General relative to the
27 administration of programs in which there is joint participation by the state and federal

1 governments for the purpose of receiving the maximum amount of participation permitted
 2 under the appropriate federal laws and regulations governing the programs. The receipts
 3 and allotments under this section shall be reported to the Interim Joint Committee on
 4 Appropriations and Revenue prior to any transfer of funds.

5 **16. Construction of Budget Provisions Regarding Executive Reorganization**

6 **Orders:** Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or
 7 12.028, any executive reorganization order unless the executive order was confirmed or
 8 ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the
 9 2016 Regular Session of the General Assembly.

10 **17. Budget Planning Report:** By August 15, 2017, the State Budget Director, in
 11 conjunction with the Consensus Forecasting Group, shall provide to each branch of
 12 government, pursuant to KRS 48.120, a budget planning report.

13 **18. Tax Expenditure Revenue Loss Estimates:** By November 30, 2017, the
 14 Office of State Budget Director shall provide to each branch of government detailed
 15 estimates for the General Fund and Road Fund for the current and next two fiscal years of
 16 the revenue loss affected by tax expenditures. The Department of Revenue shall provide
 17 assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as
 18 used in this section means an exemption, exclusion, or deduction from the base of a tax, a
 19 credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall
 20 include for each tax expenditure the amount of revenue loss, a citation of the legal
 21 authority for the tax expenditure, the year in which it was enacted, and the tax year in
 22 which it became effective.

23 **19. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X of
 24 this Act and in an appropriation provision in any Act of the 2016 Regular Session which
 25 constitutes a duplicate appropriation shall be governed by KRS 48.312.

26 **20. Priority of Individual Appropriations:** KRS 48.313 shall control when a
 27 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it

1 consists.

2 **21. Severability of Budget Provisions:** Appropriation items and sums in Parts I
3 to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any
4 provision is found by a court of competent jurisdiction in a final, unappealable order to be
5 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
6 remaining sections, subsections, or provisions.

7 **22. Unclaimed Lottery Prize Money:** For fiscal year 2016-2017 and fiscal year
8 2017-2018, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited
9 to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a
10 subsidiary account within the Finance and Administration Cabinet for the purpose of
11 funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education
12 Assistance Authority certifies to the State Budget Director that the appropriations in this
13 Act for the KEES Program under the existing award schedule are insufficient to meet
14 funds required for eligible applicants, then the State Budget Director shall provide the
15 necessary allotment of funds in the balance of the KEES Reserve Account to fund the
16 KEES Program. Actions taken under this section shall be reported to the Interim Joint
17 Committee on Appropriations and Revenue on a timely basis.

18 **23. Workers' Compensation:** Notwithstanding KRS 342.340(1) or any other
19 provision of law, public sector self-insured employers are not required to deposit funds as
20 security, indemnity, or bond to secure the payment of compensation liabilities, provided
21 that each public sector employer has the authority to impose taxes or raise tuition in an
22 amount sufficient to recoup payments of compensation liabilities as they are incurred.
23 Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet
24 shall be exempt from procuring excess risk insurance in fiscal year 2016-2017 and fiscal
25 year 2017-2018 for the Workers' Compensation Benefits and Reserve program
26 administered by the Cabinet.

27 **24. Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-021(4)(d),

1 premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes
2 collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

3 **25. Carry Forward and Undesignated General Fund and Road Fund Carry**
4 **Forward:** Notwithstanding KRS 48.700, 48.705, and other Parts of this Act, the
5 Secretary of the Finance and Administration Cabinet shall determine and certify, within
6 30 days of the close of fiscal year 2015-2016 and fiscal year 2016-2017, the actual
7 amount of undesignated balance of the General Fund and the Road Fund for the year just
8 ended. The amounts from the undesignated fiscal year 2015-2016 and fiscal year 2016-
9 2017 General Fund and Road Fund balances that are designated and carried forward for
10 budgeted purposes in the 2016-2018 fiscal biennium shall be determined by the State
11 Budget Director during the close of the respective fiscal year and shall be reported to the
12 Interim Joint Committee on Appropriations and Revenue within 30 days of the close of
13 the fiscal year. Any General Fund undesignated balance in excess of the amount
14 designated for budgeted purposes under this section shall be made available for the
15 General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise
16 provided in this Act. The Road Fund undesignated balance in excess of the amount
17 designated for budgeted purposes under this section shall be made available for the Road
18 Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided
19 in this Act.

20 **26. Reallocation of Appropriations Among Budget Units:** The Executive
21 Branch shall operate within the appropriations authorized in this Act for each budget unit
22 as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in
23 this section or other Parts of this Act.

24 The Secretary of a Cabinet, the Commissioner of the Department of Education, and
25 other agency heads may request a reallocation among budget units under his or her
26 administrative authority of ~~up to ten percent of~~ General Fund appropriations contained
27 in Part I, Operating Budget, of this Act for fiscal years 2016-2017 and 2017-2018 for

1 approval by the State Budget Director. A request shall explain the need and use for the
2 transfer authority under this section.

3 The amount of transfer of General Fund appropriations shall be separately recorded
4 and reported in the system of financial accounts and reports provided in KRS Chapter 45.

5 The State Budget Director shall report a transfer made under this section, in writing,
6 to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to
7 the proposed transfer. The Committee shall review the transfer in the same manner and
8 procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

9 **27. Kentucky Permanent Pension Fund:** Notwithstanding KRS 18A.2254(3),
10 \$125,000,000 in fiscal year 2017-2018 shall be transferred to the Kentucky Permanent
11 Pension Fund from the Public Employee Health Insurance Trust Fund. These funds
12 represent a portion of excess prior health insurance plan years and are not needed to fulfill
13 health insurance claims payments for any prior plan year. These funds shall not be
14 expended or appropriated without the express authority within an enacted biennial
15 budget. Expenditures, up to \$3,000,000, for a performance audit of state-administered
16 retirement systems during the 2016-2018 fiscal biennium shall be paid from the Kentucky
17 Permanent Pension Fund.

18 **28. Budget Implementation:** The General Assembly directs that the Executive
19 Branch shall carry out all ~~appropriations and~~ budgetary language provisions as
20 contained in the State/Executive Budget. ~~The Legislative Research Commission shall~~
21 ~~review quarterly expenditure data to determine if an agency is out of compliance with this~~
22 ~~directive. If the Legislative Research Commission suspects that any entity has acted in~~
23 ~~non-conformity with this section, the Legislative Research Commission may order an~~
24 ~~audit or review at the agency's expense. Such audit findings, reviews, and reports shall be~~
25 ~~subject to the Kentucky Open Records Law.~~

26 **29. Information Technology:** All authorized computer information technology
27 projects shall submit a semiannual progress report to the Capital Projects and Bond

1 Oversight Committee. The reporting process shall begin six months after the project is
2 authorized and shall continue through completion of the project. The initial report shall
3 establish a timeline for completion and cash disbursement schedule. Each subsequent
4 report shall update the timeline and budgetary status of the project and explain in detail
5 any issues with completion date and funding.

6 **30. Equipment Service Contracts and Energy Efficiency Measures:** The
7 General Assembly mandates that the Finance and Administration Cabinet review all
8 equipment service contracts to maximize savings to the Commonwealth to strictly adhere
9 to the provisions of KRS 56.722, 56.782, and 56.784 in maximizing the use of energy
10 efficiency measures.

11 **31. Debt Restructuring:** Notwithstanding any other provision of the Kentucky
12 Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be
13 undertaken during the 2016-2018 fiscal biennium.

14 **32. Unexpended Debt Service:** Notwithstanding KRS 48.720, any General Fund
15 moneys appropriated for debt service in fiscal years 2016-2017 and 2017-2018 that are
16 not expended specifically for debt service shall be transferred to the Budget Reserve Trust
17 Fund Account (KRS 48.705).

18 **33. Effects of Subsequent Legislation:** If any measure enacted during the 2016
19 Regular Session of the General Assembly subsequent to this Act contains an
20 appropriation or is projected to increase or decrease General Fund revenues, the amount
21 in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or
22 the reduction or increase in projected revenues. Notwithstanding any provision of KRS
23 48.120(4) and (5) to the contrary, the official enacted revenue estimates of the
24 Commonwealth described in KRS 48.120(5) shall be adjusted at the conclusion of the
25 2016 Regular Session of the General Assembly to incorporate any projected revenue
26 increases or decreases that will occur as a result of actions taken by the General Assembly
27 subsequent to the passage of this Act by both chambers.

1 **34. Permitted Use of Water and Sewer Bond Funds:** Notwithstanding Part II,
 2 (3) of this Act and any statute to the contrary, any balances remaining for either closed or
 3 open project grant agreements authorized pursuant to bond pools set forth in 2003 Ky.
 4 Acts ch. 156, Part II, A., 3., d. Water and Sewer Resources Development Fund for
 5 Tobacco Counties and e. Water and Sewer Resources Development Fund For Coal
 6 Producing Counties, 2005 Ky. Acts ch. 173, Part II, A., 3., 003. Infrastructure for
 7 Economic Development Fund for Coal-Producing Counties and 004. Infrastructure for
 8 Economic Development Fund for Tobacco Counties, 2006 Ky. Acts ch. 252, Part II, A.,
 9 2., 003. Infrastructure for Economic Development Fund for Non-Coal Producing
 10 Counties and 004. Infrastructure for Economic Development Fund for Coal-Producing
 11 Counties, 2008 Ky. Acts ch. 123, Section 3., 004. Infrastructure for Economic
 12 Development Fund for Coal-Producing Counties and 005. Infrastructure for Economic
 13 Development Fund for Non-Coal Producing Counties, and 2008 Ky. Acts ch. 174,
 14 Section 2. and 2009 Ky. Acts ch. 87, Section 2. shall not lapse and shall remain to the
 15 credit of projects previously authorized by the General Assembly unless expressly
 16 reauthorized and reallocated by action of the General Assembly.

17 **35. Contingent Appropriation of Excess Lottery Revenues:** Based on the
 18 official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be
 19 \$232,000,000 in fiscal year 2015-2016, \$236,000,000 in fiscal year 2016-2017, and
 20 \$241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth,
 21 excluding any unclaimed lottery prize money received under Section 22. of this Part,
 22 exceed the official estimate in any fiscal year, the first \$5,000,000 in unanticipated lottery
 23 receipts during the 2016-2018 fiscal biennium shall be transferred to the General Fund,
 24 and any unanticipated lottery receipts above \$5,000,000 during the 2016-2018 fiscal
 25 biennium shall be transferred to the Kentucky Higher Education Assistance Authority and
 26 appropriated in accordance with KRS 154A.130(4)(b).

27 **36. Funds Recovered Through Litigation:** Pursuant to KRS 48.005, funds

1 recovered by the Attorney General through litigation on behalf of the Commonwealth
 2 shall be transferred to the General Fund Surplus Account (KRS 48.700). The Attorney
 3 General may only retain funds for reasonable litigation costs and required consumer
 4 restitution.

5 **PART IV**

6 **STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY**

7 **1. Authorized Personnel Complement:** On July 1, 2016, the Personnel Cabinet
 8 and the Office of State Budget Director shall establish a record for each budget unit of
 9 authorized permanent full-time and other positions based upon the enacted Executive
 10 Budget of the Commonwealth and any adjustments authorized by provisions in this Act.
 11 The total number of filled permanent full-time and all other positions shall not exceed the
 12 authorized complements pursuant to this section. An agency head may request an increase
 13 in the number of authorized positions to the State Budget Director. Upon approval, the
 14 Secretary of the Personnel Cabinet may authorize the employment of individuals in
 15 addition to the authorized complement. A report of the actions authorized in this section
 16 shall be provided to the Interim Joint Committee on Appropriations and Revenue on a
 17 monthly basis.

18 **2. Salary Adjustments:** Notwithstanding KRS 18A.355 and 156.808(6)(e) and
 19 (12), no increment is provided in either fiscal year on the base salary or wages of each
 20 eligible state employee on their anniversary date.

21 **3. Monthly Per Employee Health Insurance Benefits Assessment:** The
 22 Personnel Cabinet shall collect a benefits assessment per month per employee eligible for
 23 health insurance coverage in the state group for duly authorized use by the Personnel
 24 Cabinet in administering its statutory and administrative responsibilities, including but
 25 not limited to administration of the Commonwealth's health insurance program.

26 **4. Employee Cross-Reference:** The Personnel Cabinet may permit married
 27 couples who are both eligible to participate in the state health insurance plan to be

1 covered under one family health benefit plan.

2 **5. Full-Time Positions:** Notwithstanding KRS 18A.005(18)(a), full-time
3 positions in the state parks, where the work assigned is dependent upon fluctuation in
4 tourism, may be assigned work hours from 25 hours per week and remain in full-time
5 positions.

6 **6. Employer Retirement Contribution Rates:** Notwithstanding KRS 61.565
7 and 61.702, the employer contribution rates for Kentucky Employees Retirement Systems
8 from July 1, 2016, through June 30, 2017, shall be 48.59 percent, consisting of 40.24
9 percent for pension and 8.35 percent for insurance for nonhazardous duty employees and
10 23.82 percent, consisting of 21.08 percent for pension and 2.74 percent for insurance for
11 hazardous duty employees; for the same period the employer contribution for employees
12 of the State Police Retirement System shall be 89.21 percent, consisting of 70.34 percent
13 for pension and 18.87 percent for insurance. Notwithstanding KRS 61.565 and 61.702,
14 the employer contribution rates for Kentucky Employees Retirement Systems from July 1,
15 2017, through June 30, 2018, shall be 49.47 percent, consisting of 41.06 percent for
16 pension and 8.41 percent for insurance for nonhazardous duty employees and 23.70
17 percent, consisting of 21.44 percent for pension and 2.26 percent for insurance for
18 hazardous duty employees; for the same period the employer contribution for employees
19 of the State Police Retirement System shall be 91.24 percent, consisting of 72.47 percent
20 for pension and 18.77 percent for insurance. The rates above apply to wages and salaries
21 earned for work performed during the described period regardless of when the employee
22 is paid for the time worked.

23 **7. Issuance of Paychecks to State Employees:** Notwithstanding 101 KAR
24 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June
25 30, 2017, and June 30, 2018, shall not be issued prior to July 1, 2017, and July 1, 2018.

26 **8. Health Care Spending Account:** Notwithstanding KRS 18A.2254(2)(a) and
27 (b), if a public employee waives coverage provided by his or her employer under the

1 Public Employee Health Insurance Program, the employer shall forward a monthly
 2 amount to be determined by the Secretary of the Personnel Cabinet for that employee as
 3 an employer contribution to a health reimbursement account or a health flexible spending
 4 account, but not less than \$175 per month, subject to any conditions or limitations
 5 imposed by the Secretary of the Personnel Cabinet to comply with applicable federal law.
 6 The administrative fees associated with a health reimbursement account or health flexible
 7 spending account shall be an authorized expense to be charged to the Public Employee
 8 Health Insurance Trust Fund.

9 **PART V**

10 **FUNDS TRANSFER**

11 The General Assembly finds that the financial condition of state government
 12 requires the following action.

13 Notwithstanding the statutes or requirements of the Restricted Funds enumerated
 14 below, there is transferred to the General Fund the following amounts in fiscal year 2016-
 15 2017 and fiscal year 2017-2018:

	2015-16	2016-17	2017-18
A. GENERAL GOVERNMENT			
1. Secretary of State			
Agency Revenue Fund	-0-	1,000,000	1,000,000
2. Agriculture			
Agency Revenue Fund	-0-	1,500,000	-0-
(KRS 217.570)			
3. School Facilities Construction Commission			
Agency Revenue Fund	-0-	2,396,400	-0-
(KRS 157.618)			

26 **B. ECONOMIC DEVELOPMENT CABINET**

27 **1. Economic Development**

1 Other Special Revenue Fund -0- 200,000 200,000

2 **C. ENERGY AND ENVIRONMENT CABINET**

3 **1. Secretary**

4 Kentucky Heritage Land

5 Conservation Fund -0- 2,500,000 2,500,000

6 (KRS 146.570)

7 These funds transfers to the General Fund shall not include any receipts derived
8 from the sale of the Nature License Plate.

9 **2. Secretary**

10 Kentucky Pride Trust Fund -0- 2,006,300 2,006,300

11 Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund
12 support the General Fund debt service on the bonds sold as appropriated by 2003 Ky.
13 Acts ch. 156, Part II, A., 3., c.

14 **3. Environmental Protection**

15 Insurance Administration Fund -0- 8,900,000 8,000,000

16 (KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150)

17 **D. FINANCE AND ADMINISTRATION CABINET**

18 **1. General Administration**

19 Agency Revenue Fund -0- 1,000,000 -0-

20 **2. General Administration**

21 Fleet Management Fund -0- 6,000,000 6,000,000

22 **3. Facilities and Support Services**

23 Agency Revenue Fund -0- 300,000 -0-

24 **4. Facilities and Support Services**

25 Property Management Fund -0- 208,100 208,100

26 **5. Commonwealth Office of Technology**

27 Computer Services Fund 1,960,000 8,000,000 8,000,000

1 **E. HEALTH AND FAMILY SERVICES CABINET**

2 **1. General Administration and Program Support**

3 Malt Beverage Education Fund -0- 500,000 500,000

4 **2. Commission for Children with Special Health**

5 **Care Needs**

6 Agency Revenue Fund -0- 1,000,000 -0-

7 **F. JUSTICE AND PUBLIC SAFETY CABINET**

8 **1. Juvenile Justice**

9 Program Operations Fund -0- 1,500,000 1,500,000

10 **G. PERSONNEL CABINET**

11 **1. General Operations**

12 Agency Revenue Fund -0- 2,692,600 2,692,600

13 These fund transfers to the General Fund support General Fund debt service on
14 bonds sold for the new Personnel/Payroll system.

15 **2. General Operations**

16 Enterprise Fund -0- 187,500,000 187,500,000

17 KRS 18A.2254(3)

18 The funds transfers of \$187,500,000 in fiscal year 2016-2017 and \$187,500,000 in
19 fiscal year 2017-2018 partially support employer retirement contributions.

20 ~~[3. Workers' Compensation Benefits and Reserve~~

21 ~~Workers' Compensation Benefits~~

22 ~~and Reserve 0 0 1,250,000~~

23 ~~KRS 18A.375(3)~~

24 ~~Agency Revenue Fund]~~

25 **H. PUBLIC PROTECTION CABINET**

26 **1. Alcoholic Beverage Control**

27 Agency Revenue Fund -0- 300,000 300,000

1 (KRS 243.025(3))

2 **2. Financial Institutions**

3 Agency Revenue Fund	-0-	5,500,000	5,500,000
4 (KRS 286.1-485)			

5 **3. Insurance**

6 Agency Revenue Fund	-0-	25,050,000	25,050,000
7 (KRS 304.2-300 and 304.2-400)			

8 TOTAL - FUNDS TRANSFER	1,960,000	258,053,400	252,207,000
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9 **PART VI**

10 **GENERAL FUND BUDGET REDUCTION PLAN**

11 Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is
 12 enacted for state government in the event of an actual or projected revenue shortfall in
 13 General Fund revenue receipts, excluding Tobacco Settlement – Phase I receipts, of
 14 \$10,616,375,000 in fiscal year 2016-2017 and \$10,874,400,000 in fiscal year 2017-2018,
 15 as determined by KRS 48.120 and modified by related Acts and actions of the General
 16 Assembly in an extraordinary or regular session. Notwithstanding KRS 48.130, direct
 17 services, obligations essential to the minimum level of constitutional functions, and other
 18 items that may be specified in this Act, are exempt from the requirements of this Plan.
 19 Each branch head shall prepare a specific plan to address the proportionate share of the
 20 General Fund revenue shortfall applicable to the respective branch. ~~[No budget revision
 21 action shall be taken by a branch head in excess of the actual or projected revenue
 22 shortfall.]~~

23 The Governor, the Chief Justice, and the Legislative Research Commission shall
 24 direct and implement reductions in allotments and appropriations only for their respective
 25 branch budget units as may be necessary, as well as take other measures which shall be
 26 consistent with the provisions of this Part and biennial branch budget bills.

27 Notwithstanding KRS 48.130(4)(a) and (b), in the event of a revenue shortfall of

1 five percent or less, General Fund budget reduction actions shall be implemented in the
2 following sequence:

3 (1) The Local Government Economic Assistance and the Local Government
4 Economic Development Funds shall be adjusted by the Secretary of the Finance and
5 Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as
6 modified by the provisions of this Act;

7 (2) Transfers of excess unappropriated Restricted Funds, notwithstanding any
8 statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied as
9 determined by the head of each branch for its respective budget units. ~~[[No transfers to the
10 General Fund shall be made from the following:~~

11 ~~(a) Local Government Economic Assistance and Local Government Economic
12 Development Funds;~~

13 ~~(b) Unexpended debt service from the Tobacco Settlement Phase I Funds,
14 including but not limited to unexpended debt service and the Tobacco Unbudgeted
15 Interest Income Rural Development Trust Fund, in either fiscal year;~~

16 ~~(c) Tobacco Unbudgeted Interest Income Rural Development Trust Fund; and~~

17 ~~(d) Multi-County Coal Severance Fund;~~

18 ~~(3) Any unanticipated Phase I Master Settlement Agreement revenues in both
19 fiscal years shall be appropriated according to KRS 248.654;]~~

20 (4) Use of the unappropriated balance of the General Fund surplus shall be
21 applied;

22 ~~[(5) Any language provision that expresses legislative intent regarding a specific
23 appropriation shall not be reduced by a greater percentage than the reduction to the
24 General Fund appropriation for that budget unit;]~~

25 (6) Reduce General Fund appropriations in Executive Branch agencies' operating
26 budget units by a sufficient amount to balance either fiscal year. No reductions of General
27 Fund appropriations shall be made from the Local Government Economic Assistance

1 Fund or the Local Government Economic Development Fund;

2 ~~[(7) Notwithstanding subsection (10) of this Part, no reductions shall be made to~~
 3 ~~the Constitutional Officers or their offices, Commonwealth's Attorneys or their offices, or~~
 4 ~~County Attorneys or their offices. The Governor may request their participation in a~~
 5 ~~budget reduction; however, the level of participation shall be at the discretion of the~~
 6 ~~Constitutional Officer, or the Prosecutors Advisory Council;]~~

7 (8) Excess General Fund appropriations which accrue as a result of personnel
 8 vacancies and turnover, and reduced requirements for operating expenses, grants, and
 9 capital outlay shall be determined and applied by the heads of the executive, judicial, and
 10 legislative departments of state government for their respective branches. The branch
 11 heads shall certify the available amounts which shall be applied to budget units within the
 12 respective branches and shall promptly transmit the certification to the Secretary of the
 13 Finance and Administration Cabinet and the Legislative Research Commission. The
 14 Secretary of the Finance and Administration Cabinet shall execute the certified actions as
 15 transmitted by the branch heads.

16 Branch heads shall take care, by their respective actions, to protect, preserve, and
 17 advance the fundamental health, safety, legal and social welfare, and educational well-
 18 being of the citizens of the Commonwealth;

19 (9) Funds available in the Budget Reserve Trust Fund shall be applied in an
 20 amount not to exceed 25 percent of the Trust Fund balance in fiscal year 2016-2017 and
 21 50 percent in fiscal year 2017-2018; and

22 (10) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections
 23 (1) to (6) of this Part are insufficient to eliminate an actual or projected General Fund
 24 revenue shortfall, then the Governor is empowered and directed to take necessary actions
 25 with respect to the Executive Branch budget units to balance the budget by such actions
 26 conforming with the criteria expressed in this Part.

27

PART VII

1 **GENERAL FUND SURPLUS EXPENDITURE PLAN**

2 (1) Notwithstanding KRS 48.130(7), 48.140(3), 48.700, and 48.705, there is
3 established a plan for the expenditure of General Fund surplus moneys pursuant to a
4 General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2016-2017
5 and 2017-2018. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund
6 moneys made available for the General Fund Surplus Expenditure Plan pursuant to Part
7 III, General Provisions, Section 24, of this Act are appropriated to the following:

8 (a) Authorized expenditures without a sum-specific appropriation amount, known
9 as Necessary Government Expenses, including but not limited to Emergency Orders
10 formally declared by the Governor in an Executive Order;

11 (b) For fiscal year 2016-2017:

12 1. Half of the remaining amount to the Budget Reserve Trust Fund; and

13 2. Half of the remaining amount to the Kentucky Permanent Pension Fund; and

14 (c) For fiscal year 2017-2018:

15 1. Half of the remaining amount to the Budget Reserve Trust Fund;

16 2. 25 percent of the remaining amount to the Kentucky Teachers' Retirement
17 System's unfunded pension liability; and

18 3. 25 percent of the remaining amount to the Kentucky Employees Retirement
19 System nonhazardous pension fund.

20 (2) The Secretary of the Finance and Administration Cabinet shall determine,
21 within 30 days after the close of fiscal year 2015-2016, and the close of fiscal year 2016-
22 2017, based on the official financial records of the Commonwealth, the amount of actual
23 General Fund undesignated fund balance for the General Fund Surplus Account that may
24 be available for expenditure pursuant to the Plan respectively in fiscal year 2016-2017
25 and fiscal year 2017-2018. The Secretary of the Finance and Administration Cabinet shall
26 certify to the Legislative Research Commission the amount of actual General Fund
27 undesignated fund balance available for expenditure.

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PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2016-2017 and fiscal year 2017-2018. Notwithstanding KRS 48.130(1) and (3) relating to statutory appropriation adjustments related to the revenue sharing of motor fuels taxes, in the event of an actual or projected revenue shortfall in Road Fund revenue receipts of \$1,456,900,000 in fiscal year 2016-2017 and \$1,478,200,000 in fiscal year 2017-2018 as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session, the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be appropriated in the State Construction Account within the Highways budget unit and utilized to support projects in the fiscal biennium 2016-2018 Biennial Highway Construction Program.

PART X

PHASE I TOBACCO SETTLEMENT

(1) General Purpose: This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) State's MSA Share: The Commonwealth's share of the MSA is equal to

1 1.7611586 percent of the total settlement amount. Payments under the MSA are made to
2 the states annually in April of each year.

3 **(3) MSA Payment Amount Variables:** The total settlement amount to be
4 distributed each payment date is subject to change pursuant to several variables provided
5 in the MSA, including inflation adjustments, volume adjustments, previously settled
6 states adjustments, and the nonparticipating manufacturers adjustment.

7 **(4) Distinct Identity of MSA Payment Deposits:** The General Assembly has
8 determined that it shall be the policy of the Commonwealth that all Phase I Tobacco
9 Settlement payments shall be deposited to the credit of the General Fund and shall
10 maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to
11 the credit of the General Fund surplus but shall continue forward from each fiscal year to
12 the next fiscal year to the extent that any balance is unexpended.

13 **(5) MSA Payment Estimates and Adjustments:** Based on the official estimates
14 of the Consensus Forecasting Group, the amount of MSA payments expected to be
15 received in fiscal year 2015-2016 is \$88,100,000 and in fiscal year 2016-2017 is
16 \$87,000,000 and in fiscal year 2017-2018 is \$92,800,000. It is recognized that MSA
17 payments to be received by the Commonwealth are estimated and are subject to change. If
18 MSA payments received are less than the official estimates, appropriation reductions
19 shall be applied as follows: after exempting appropriations for debt service and the
20 Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to
21 the Early Childhood Development Fund, and 14 percent to the Health Care Improvement
22 Fund. If MSA payments received exceed the official estimates, appropriation increases
23 shall be applied as follows: after exempting appropriations for debt service and the
24 Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to
25 the Early Childhood Development Fund, and 14 percent to the Health Care Improvement
26 Fund.

27 **a. State Enforcement:** Notwithstanding KRS 248.654, a total of \$250,000 in

1 MSA payments received in each fiscal year is appropriated to the Finance and
 2 Administration Cabinet, Department of Revenue for the state's enforcement of
 3 noncompliant nonparticipating manufacturers.

4 **b. Debt Service:** Notwithstanding KRS 248.654 and 248.703(4), \$26,985,300 in
 5 MSA payments in fiscal year 2016-2017 and \$26,667,700 in MSA payments in fiscal year
 6 2017-2018 are appropriated to the Finance and Administration Cabinet, Debt Service
 7 budget unit.

8 **c. Agricultural Development Initiatives:** Notwithstanding KRS 248.654 and
 9 248.703(4), \$30,958,000 in MSA payments in fiscal year 2016-2017 and \$34,050,200 in
 10 MSA payments in fiscal year 2017-2018 are appropriated to the Kentucky Agricultural
 11 Development Fund to be used for agricultural development initiatives as specified in this
 12 Part.

13 **d. Early Childhood Development Initiatives:** Notwithstanding KRS 248.654,
 14 \$22,289,800 in MSA payments in fiscal year 2016-2017 and \$24,516,100 in MSA
 15 payments in fiscal year 2017-2018 are appropriated to the Early Childhood Development
 16 Initiatives as specified in this Part.

17 **e. Health Care Initiatives:** Notwithstanding KRS 248.654 and 304.17B-003(5),
 18 \$8,668,300 in MSA payments in fiscal year 2016-2017 and \$9,534,000 in MSA payments
 19 in fiscal year 2017-2018 are appropriated to the Health Care Improvement Fund for health
 20 care initiatives as specified in this Part.

21 **(6) MSA Appropriation Adjustments – Fiscal Year 2015-2016:** The
 22 Consensus Forecasting Group increased the fiscal year 2015-2016 Phase I Master
 23 Settlement Agreement revenues by \$15,700,000 to \$88,100,000. There is \$7,446,100 in
 24 actual receipts from fiscal year 2013-2014 that remain unappropriated. The total of
 25 \$23,146,100 is appropriated in fiscal year 2015-2016.

26 A. STATE ENFORCEMENT

27 GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1 Notwithstanding KRS 248.654, appropriations for state enforcement shall be as
 2 follows:

3 **1. FINANCE AND ADMINISTRATION CABINET**

4 Budget Unit	2016-17	2017-18
5 a. Revenue	250,000	250,000

6 **B. DEBT SERVICE**

7 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

8 Notwithstanding KRS 248.654 and 248.703(4), appropriations for debt service shall
 9 be as follows:

10 **1. FINANCE AND ADMINISTRATION CABINET**

11 Budget Unit	2016-17	2017-18
12 a. Debt Service	26,985,300	26,667,700

13 **(1) Debt Service:** To the extent that revenues sufficient to support the required
 14 debt service appropriations are received from the Tobacco Settlement Program, those
 15 revenues shall be made available from those accounts to the appropriate account of the
 16 General Fund. All necessary debt service amounts shall be appropriated from the General
 17 Fund and shall be fully paid regardless of whether there is a sufficient amount available to
 18 be transferred from tobacco-supported funding program accounts to other accounts of the
 19 General Fund.

20 **(2) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4)
 21 of this Act, \$2,151,400 in fiscal year 2016-2017 and \$2,218,000 in fiscal year 2017-2018
 22 shall lapse.

23 **(3) Appropriation of Unexpended Tobacco Debt Service:** Any unexpended
 24 balance from the fiscal year 2016-2017 or the fiscal year 2017-2018 General Fund
 25 (Tobacco) debt service appropriation in the Finance and Administration Cabinet, Debt
 26 Service budget unit, shall continue and be appropriated to the Governor's Office of
 27 Agricultural Policy.

1 **C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS**

2 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

3 Notwithstanding KRS 248.654 and 248.703(4), appropriations for Agricultural
 4 Development shall be as follows:

5 **1. GENERAL GOVERNMENT**

6 Budget Unit	7 2015-16	8 2016-17	9 2017-18
10 a. Governor's Office of	21,099,500	25,358,000	28,450,200
11 Agricultural Policy			

12 **(1) Administrative Costs:** Notwithstanding KRS 248.711(2), and from the
 13 allocation provided therein, counties that are allocated in excess of \$20,000 annually may
 14 provide up to four percent of the individual county allocation, not to exceed \$15,000
 15 annually, to the county council in that county for administrative costs.

16 **(2) Counties Account:** Notwithstanding KRS 248.703(1), included in the above
 17 General Fund (Tobacco) appropriation is \$10,835,300 in fiscal year 2016-2017 and
 18 \$11,917,600 in fiscal year 2017-2018, for the counties account as specified in KRS
 19 248.703(1)(a).

20 **(3) Directive for Fiscal Year 2015-2016 General Fund (Tobacco)**
Appropriations: Notwithstanding KRS 248.703, 248.711, and 248.727, the General
 21 Fund (Tobacco) appropriation of \$21,099,500 to the Governor's Office of Agricultural
 22 Policy in fiscal year 2015-2016 shall be used solely for ~~special~~ agricultural development
 23 initiatives. ~~These special initiatives shall be limited to those which support regional~~
 24 ~~centers of excellence associated with a state university, to regional initiatives that support~~
 25 ~~local food aggregators, processors, or distributors, to statewide initiatives that foster the~~
 26 ~~maintenance, preservation, or enhancement of a natural resource which is important to the~~
 27 ~~future development of the agricultural economy in the Commonwealth, or to regional~~
 28 ~~initiatives that provide a public service which can be used to evaluate the marketability of~~
 29 ~~livestock.~~ The grant process for each ~~special~~ agricultural development initiative shall

1 be subject to the application process and approval of the Agricultural Development Board
 2 created under KRS 248.707. ~~[The Board shall not approve an individual grant for an~~
 3 ~~amount that exceeds \$12,800,000.]~~

4 **2. DEPARTMENT OF AGRICULTURE**

5 Budget Unit	2016-17	2017-18
6 a. Agriculture	600,000	600,000

7 **(1) Farms to Food Banks:** Included in the above General Fund (Tobacco)
 8 appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks Program
 9 to benefit both Kentucky farmers and the needy by providing fresh, locally grown
 10 produce to food pantries. The appropriations to the Farm to Food Banks Program may be
 11 used to purchase USDA-inspected meat to be distributed to local food pantries in
 12 Kentucky.

13 **3. ENERGY AND ENVIRONMENT CABINET**

14 Budget Unit	2016-17	2017-18
15 a. Natural Resources	5,000,000	5,000,000

16 **(1) Environmental Stewardship Program:** Included in the above General Fund
 17 (Tobacco) appropriation is \$5,000,000 in fiscal year 2016-2017 and \$5,000,000 in fiscal
 18 year 2017-2018 for the Environmental Stewardship Program.

19 TOTAL - AGRICULTURAL	21,099,500	30,958,000	34,050,200
20 APPROPRIATIONS			

21 **D. EARLY CHILDHOOD DEVELOPMENT**

22 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

23 Notwithstanding KRS 248.654, appropriations for Early Childhood Development
 24 shall be as follows:

25 **1. GENERAL GOVERNMENT**

26 Budget Unit	2016-17	2017-18
27 a. Office of the Governor	2,050,000	2,050,000

1 **(1) Governor’s Office for Early Childhood Development:** Included in the
 2 above General Fund (Tobacco) appropriation is \$2,050,000 in each fiscal year of the
 3 biennium for the Early Childhood Advisory Council.

4 **2. CABINET FOR HEALTH AND FAMILY SERVICES**

5 Budget Units	2015-16	2016-17	2017-18
6 a. Community Based Services	2,046,600	6,668,400	8,894,700

7 **(1) Early Childhood Development Program:** Included in the above General
 8 Fund (Tobacco) appropriation is \$2,046,600 in fiscal year 2015-2016 for the Early
 9 Childhood Development Program. The \$2,046,600 shall not be expended in fiscal year
 10 2015-2016 and shall continue into fiscal year 2016-2017. Included in the above General
 11 Fund (Tobacco) appropriation is \$6,668,400 in fiscal year 2016-2017 and \$8,894,700 in
 12 fiscal year 2017-2018 for the Early Childhood Development Program.

13 b. Public Health	11,580,000	11,580,000
---------------------------------	------------	------------

14 **(1) HANDS Program, Healthy Start, Folic Acid Program, Early Childhood**
 15 **Mental Health, and Early Childhood Oral Health:** Included in the above General Fund
 16 (Tobacco) appropriation is \$9,000,000 in each fiscal year for the Health Access Nurturing
 17 Development Services (HANDS) Program, \$1,000,000 in each fiscal year for Healthy
 18 Start initiatives, \$80,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in
 19 each fiscal year for Early Childhood Mental Health, and \$500,000 in each fiscal year for
 20 Early Childhood Oral Health.

21 c. Behavioral Health, Developmental and Intellectual Disabilities		
22 Services	891,400	891,400

23 **(1) Substance Abuse Prevention and Treatment:** Included in the above General
 24 Fund (Tobacco) appropriation is \$891,400 in each fiscal year for substance abuse
 25 prevention and treatment for substance abuse prevention and treatment for pregnant
 26 women with a history of substance abuse problems.

27 **3. POSTSECONDARY EDUCATION**

1	Budget Unit		2016-17	2017-18
2	a. Kentucky Higher Education Assistance			
3	Authority		1,100,000	1,100,000
4	(1) Early Childhood Scholarships: Included in the above General Fund			
5	(Tobacco) appropriation is \$1,100,000 in each fiscal year for Early Childhood			
6	Scholarships.			
7	TOTAL - EARLY CHILDHOOD	2,046,600	22,289,800	24,516,100
8	APPROPRIATIONS			

E. HEALTH CARE IMPROVEMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

11 Notwithstanding KRS 248.654 and 304.17B-003(5), appropriations for health care
 12 improvement shall be as follows:

1. CABINET FOR HEALTH AND FAMILY SERVICES

14	Budget Unit		2016-17	2017-18
15	a. Public Health		2,353,100	2,588,100
16	(1) Smoking Cessation Program: Included in the above General Fund (Tobacco)			
17	appropriation is \$2,353,100 in fiscal year 2016-2017 and \$2,588,100 in fiscal year 2017-			
18	2018 for the Smoking Cessation Program.			

2. JUSTICE AND PUBLIC SAFETY CABINET

20	Budget Unit		2016-17	2017-18
21	a. Justice Administration		1,609,100	1,769,800
22	(1) Office of Drug Control Policy: Included in the above General Fund			
23	(Tobacco) appropriation is \$1,609,100 in fiscal year 2016-2017 and \$1,769,800 in fiscal			
24	year 2017-2018 for the Office of Drug Control Policy.			

3. POSTSECONDARY EDUCATION

26	Budget Unit		2016-17	2017-18
27	a. Council on Postsecondary Education		4,706,100	5,176,100

1	Investment Income	-0-	4,975,600	4,860,000
2	Other Funds	-0-	820,287,000	600,000
3	SUBTOTAL	6,550,000	5,568,434,600	135,778,500
4	TOTAL - STATE/EXECUTIVE BUDGET			
5		2015-16	2016-17	2017-18
6	General Fund (Tobacco)	23,146,100	89,151,400	95,018,000
7	General Fund	32,257,500	10,638,532,100	10,881,431,400
8	Restricted Funds	134,205,400	11,509,008,700	8,494,600,200
9	Federal Funds	3,604,700	12,296,748,600	12,576,664,100
10	Road Fund	-0-	92,479,700	93,429,100
11	Bond Funds	-0-	530,049,000	52,937,500
12	Agency Bonds	-0-	672,365,000	4,891,000
13	Investment Income	-0-	4,975,600	4,860,000
14	Other Funds	-0-	820,287,000	600,000
15	TOTAL FUNDS	193,213,700	36,653,597,100	32,204,431,300

16 ➔Section 2. It is the intent of the 2016 General Assembly to provide the Judicial
17 Branch a supplemental General Fund appropriation of \$15,337,400 in fiscal year 2016-
18 2017 and \$18,913,700 in fiscal year 2017-2018. This appropriation is not to be deemed
19 an expression of intent by the General Assembly as to the ability of the courts to
20 implement salary increases.

21 ➔Section 3. On page 1 of 2016 Regular Session HB 306/GA, on line 21, delete
22 "219,548,200" and insert in lieu thereof "234,885,600"; adjust subsequent subtotals and
23 totals accordingly.

24 ➔Section 4. On page 1 of 2016 Regular Session HB 306/GA, on line 21, delete
25 "217,113,500" and insert in lieu thereof "236,027,200"; adjust subsequent subtotals and
26 totals accordingly.

27 ➔Section 5. (1) Notwithstanding KRS 68.197 or any other statute to the

1 contrary, the provisions of this section shall apply to the levy of license fees by a county
 2 that levied a license fee that was in effect on the effective date of this Act, and a city
 3 within that county that has levied but not collected a license fee as of the effective date of
 4 this Act.

5 (2) From July 1, 2016, through June 30, 2017, the credit established by KRS
 6 68.197(7) shall only apply to the first one-tenth of one percent (0.1%) of the tax rate
 7 imposed by the county within the corporate limits of the city.

8 (3) From July 1, 2017, through June 30, 2018, the credit established by KRS
 9 68.197(7) shall only apply to the first two-tenths of one percent (0.2%) of the tax rate
 10 imposed by the county within the corporate limits of the city.

11 (4) Any city and county subject to this section may enter into an interlocal
 12 agreement to establish a revenue-sharing arrangement that differs from the requirements
 13 of this section.

14 ➔Section 6. Notwithstanding KRS 68.197 or any other statute to the contrary, the
 15 provisions of this section shall apply as follows from the effective date of this Act
 16 through June 30, 2018:

17 (1) Any set-off or credit of city license fees against county license fees that exists
 18 between a city and county as of the effective date of this Act, shall remain in effect as it is
 19 on the effective date of this Act;

20 (2) The provisions of subsection (7) of KRS 68.197 shall not apply to a city and
 21 county unless both the city and the county have levied and are collecting license fees on
 22 the effective date of this Act;

23 (3) Any agreement between a city and county related to the sharing of revenues
 24 from a license fee that is in effect on the effective date of this Act shall remain in effect,
 25 regardless of whether the agreement, by its terms, was set to expire prior to June 30,
 26 2018; and

27 (4) Any city and county subject to the provisions of subsections (1) to (3) of this

1 section may enter into an interlocal agreement to establish a revenue-sharing arrangement
2 that differs from the requirements of this section.

3 →Section 7. Notwithstanding the provisions of KRS 68.197, KRS 68.199, or any
4 other statute to the contrary, any county that:

5 (1) Enacted an occupational license fee under the authority of KRS 67.083 at a
6 rate of greater than one percent (1%) prior to reaching a population of 30,000; and

7 (2) Has an agreement with the largest city in the county to share revenues from
8 the occupational license fee levied by the county;

9 may increase the occupational license fee rate above the rate that was imposed at the
10 time the population of the county grew to beyond 30,000 if the county and the largest city
11 within the county enter into an agreement approving the rate increase, and providing an
12 agreed distribution of revenues from the levy to the city and the county. Other cities
13 within the county may also be parties to the agreement if agreed to by all the parties.



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

700 CAPITOL AVENUE
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FRANKFORT, KY 40601
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VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 304 OF THE
2016 REGULAR SESSION

PART 1
OPERATING BUDGET
TRANSPORTATION CABINET
GENERAL ADMINISTRATION AND SUPPORT

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following:

- Page 1, line 27, after “that”, delete the rest of the line.
- Page 2, line 1, delete in its entirety.
- Page 2, line 2, delete “Section 1”.
- Page 2, line 3, after “Program” delete the rest of the line.
- Page 2, lines 4 through 9, delete in its entirety.

The Kentucky Transportation Cabinet produces a document that combines the sections for ease of finding projects over the six-year plan. This language bifurcates the projects making it more difficult to fully envision how the projects come together in the plan.

PART 1
OPERATING BUDGET
TRANSPORTATION CABINET
HIGHWAYS

- Page 5, line 6, after “Account.”, delete the rest of the line.
- Page 5, line 7, delete in its entirety.
- Page 5, line 8, delete “support the Kentucky Pride Fund created in KRS 224.43-505.”

This language is too restrictive and directs more than double the historical amount given to the Kentucky Pride Fund despite difficult financial times.

- Page 5, line 9, delete “Shortline”.

The Kentucky Transportation Cabinet needs greater latitude to use the funds for all railroads. The Government should not be influencing the market by playing favorites.

Page 5, line 10, after "safety" delete the rest of the line.
Page 5, lines 11 through 12, delete in its entirety.

The Kentucky Transportation Cabinet has no criteria to accurately measure service improvements and needs the flexibility to require a higher percentage of private matching funds.

Page 6, line 19, after "July 1, 2016.", delete the rest of the line.
Page 6, line 20, delete in its entirety.

The Kentucky Transportation Cabinet already submits a report that forecasts into the next two to three years. Forecasting monthly into year 2022 is not useful because it would be based on too many assumptions and unidentifiable variables.

Page 7, lines 7 through 9, delete in its entirety.

The State Resurfacing Program is included in the Highways Road Fund and should be based on needs and priorities rather than on an arbitrary figure.

Page 8, lines 4 through 6, delete in its entirety.

KRS 176.430 already requires the Kentucky Transportation Cabinet to provide this information in a monthly road plan status report. These provisions are over-burdensome and redundant.

Page 8, line 8, after "study", delete the rest of the line.
Page 8, line 9, delete "classifications".

A study for certain job classifications is warranted, however, conducting a study on all merit employees would be time consuming, costly and inefficient.

Page 8, line 13, after "Revenue", delete the rest of the line.

The Personnel Cabinet suggests that the study could take up to two years for completion. Removing this provision permits the Kentucky Transportation Cabinet more flexibility to conduct a thorough study.

Page 8, line 14, delete "Mountain Parkway Extension and" and "Notwithstanding"
Page 8, lines 15 through 27, delete in its entirety.
Page 9, line 1 through 2, delete in its entirety.
Page 9, line 3, after "shall", delete the rest of the line.
Page 9, line 5, delete "full" and "Mountain Parkway expansion and".

A planning study for the extension of the Mountain Parkway is already included in the 2016-2022 Highway Road Plan. The Kentucky Transportation Cabinet already has cost estimates for the projects and currently works with the Secretary of the West Virginia Department of Transportation on the common goals of the two states with regard to transportation.

Page 9, line 6, delete "before".

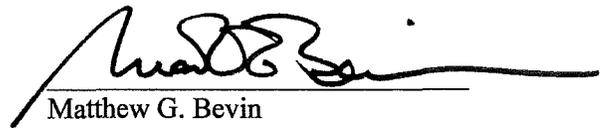
Page 9, line 7, delete in its entirety.

Removing this provision permits the Kentucky Transportation Cabinet more flexibility to conduct a thorough study.

Page 9, lines 8 through 11, delete in its entirety.

Economic development should be considered with great weight in determining the prioritization of projects but with recent reports of the Commonwealth's crumbling infrastructure, safety should be our most pressing concern. Further, this language leaves uncertainty as to whom or what determines which projects improve economic development.

This the 27th day of April, 2016

A handwritten signature in black ink, appearing to read "Matthew G. Bevin", written over a horizontal line.

Matthew G. Bevin
Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 304

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

1 AN ACT relating to appropriations providing financing and conditions for the
 2 operations, maintenance, support, and functioning of the Transportation Cabinet of the
 3 Commonwealth of Kentucky.

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

5 ➔Section 1. The Transportation Cabinet Budget is as follows:

6 **PART I**

7 **OPERATING BUDGET**

8 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
 9 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the
 10 fiscal year beginning July 1, 2015, and ending June 30, 2016, for the fiscal year beginning
 11 July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017,
 12 and ending June 30, 2018, the following discrete sums, or so much thereof as may be
 13 necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each
 14 appropriation is made by source of respective fund or funds accounts. Appropriations for
 15 the budget units of the Transportation Cabinet are subject to the provisions of Chapters
 16 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions
 17 and procedures set forth in this Act.

18 **A. TRANSPORTATION CABINET**

19 **Budget Units**

20 **1. GENERAL ADMINISTRATION AND SUPPORT**

	2016-17	2017-18
21		
22 General Fund	500,000	500,000
23 Restricted Funds	2,127,300	2,141,800
24 Road Fund	74,340,100	74,651,200
25 TOTAL	76,967,400	77,293,000

26 **(1) Biennial Highway Construction Plan:** The Secretary of the Transportation
 27 Cabinet shall produce a single document that ~~contains two separately identified sections,~~

1 as follows:

2 ~~Section 1}~~ shall detail the enacted fiscal biennium 2016-2018 Biennial Highway
 3 Construction Program ~~and Section 2 shall detail the 2016-2018 Highway Preconstruction~~
 4 ~~Program Plan for fiscal year 2016-2017 through fiscal year 2021-2022 as identified by the~~
 5 ~~2016 General Assembly. This document shall mirror in data type and format the fiscal~~
 6 ~~year 2016-2022 Recommended Six Year Road Plan as submitted to the 2016 General~~
 7 ~~Assembly. The document shall be published and distributed to members of the General~~
 8 ~~Assembly and the public within 60 days of adjournment of the 2016 Regular Session of~~
 9 ~~the General Assembly}.~~

10 **(2) Debt Service:** Included in the above Road Fund appropriation is \$7,113,600
 11 in fiscal year 2016-2017 and \$7,107,400 in fiscal year 2017-2018 for debt service on
 12 previously authorized bonds for the Transportation Cabinet office building and parking
 13 structure and the C-1 Garage.

14 **(3) Adopt-A-Highway Litter Program:** The Transportation Cabinet and the
 15 Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of
 16 money, property, labor, or other things of value from any governmental agency,
 17 individual, nonprofit organization, or private business to be used for the Adopt-a-
 18 Highway Litter Program or other statewide litter programs. Any contribution of this
 19 nature shall be deemed to be a contribution to a state agency for a public purpose and
 20 shall be treated as Restricted Funds under KRS Chapter 45 and reported according to
 21 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter
 22 11A.

23 **(4) SAFE Patrol Program:** The Transportation Cabinet shall continue the SAFE
 24 Patrol Program at the current service level. The primary mission of the Cabinet's SAFE
 25 Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only
 26 assistance services on interstates, parkways, and other limited-access highways.

27 **(5) Riverport Improvements:** Included in the above General Fund appropriation

1 is \$500,000 in each fiscal year to improve public riverports within Kentucky.
 2 Improvements shall be limited to dredging and maintenance of access. The Secretary of
 3 the Transportation Cabinet, in conjunction with the Kentucky Water Transportation
 4 Advisory Board, shall determine how the funds are distributed.

5 **(6) Lapse of Road Fund Excess Debt Service Appropriations:** Pursuant to
 6 KRS 48.720, any excess Road Fund debt service shall lapse to the Road Fund surplus
 7 account unless otherwise directed in this Act.

8 **2. AVIATION**

	2016-17	2017-18
9		
10 Restricted Funds	11,630,400	10,537,200
11 Federal Funds	663,500	213,700
12 Road Fund	2,670,900	2,676,100
13 TOTAL	14,964,800	13,427,000

14 **(1) Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted
 15 Funds appropriation includes operational costs of the program in each fiscal year.

16 **(2) Debt Service:** Included in the above Road Fund appropriation is \$1,832,200
 17 in fiscal year 2016-2017 and \$1,830,700 in fiscal year 2017-2018 for debt service on
 18 previously authorized bonds. Notwithstanding KRS 183.525, \$1,832,200 in fiscal year
 19 2016-2017 and \$1,830,700 in fiscal year 2017-2018 is transferred to the Road Fund from
 20 the Kentucky Aviation Economic Development Fund to support debt service on those
 21 bonds.

22 **(3) Bowling Green-Warren County Regional Airport:** Included in the above
 23 Restricted Funds appropriation is \$750,000 in fiscal year 2016-2017 for the Bowling
 24 Green-Warren County Regional Airport project.

25 **3. DEBT SERVICE**

	2016-17	2017-18
26		
27 Road Fund	160,382,900	165,825,600

1 **(1) Economic Development Road Lease-Rental Payments:** Included in the
 2 above Road Fund appropriation is \$160,332,900 in fiscal year 2016-2017 and
 3 \$165,775,600 in fiscal year 2017-2018 for Economic Development Road lease-rental
 4 payments relating to projects financed by Economic Development Road Revenue Bonds
 5 previously authorized by the General Assembly and issued by the Kentucky Turnpike
 6 Authority.

7 **(2) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505,
 8 no portion of the revenues to the state Road Fund provided by the adjustments in KRS
 9 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment
 10 Acceleration Fund account during the 2016-2018 fiscal biennium.

11 **(3) Excess Lease-Rental Payments:** Any moneys not required to meet lease-
 12 rental payments or to meet the administrative costs of the Kentucky Turnpike Authority
 13 shall be transferred to the State Construction Account.

14 **4. HIGHWAYS**

	2016-17	2017-18
15 Restricted Funds	103,088,400	103,232,300
16 Federal Funds	709,785,100	725,106,300
17 Road Fund	767,032,800	777,426,900
18 TOTAL	1,579,906,300	1,605,765,500

19 **(1) Debt Service:** Included in the above Federal Funds appropriation is
 20 \$76,000,000 in fiscal year 2016-2017 and \$97,500,000 in fiscal year 2017-2018 for debt
 21 service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously
 22 appropriated by the General Assembly.
 23

24 **(2) State Supported Construction Program:** Included in the above Road Fund
 25 appropriation is \$345,149,400 in fiscal year 2016-2017 and \$353,539,400 in fiscal year
 26 2017-2018 for the State Supported Construction Program.

27 **(3) Biennial Highway Construction Program:** Included in the State Supported

1 Construction Program is \$189,149,400 in fiscal year 2016-2017 and \$197,539,400 in
 2 fiscal year 2017-2018 from the Road Fund for state construction projects in the fiscal
 3 biennium 2016-2018 Biennial Highway Construction Program.

4 **(4) Highway Construction Contingency Account:** Included in the State
 5 Supported Construction Program is \$31,000,000 in each fiscal year for the Highway
 6 Construction Contingency Account. ~~[Notwithstanding KRS 224.43-505(2)(d), included in~~
 7 ~~the Highway Construction Contingency Account is \$5,000,000 in each fiscal year to~~
 8 ~~support the Kentucky Pride Fund created in KRS 224.43-505.]~~ Also included in the
 9 Highway Construction Contingency Account for ~~[Shortline]~~ Railroads is \$1,600,000 in
 10 each fiscal year for public safety ~~[and service improvements which shall not be expended~~
 11 ~~unless matched with private funds equaling 20 percent of the total amount for any~~
 12 ~~individual project].~~

13 **(5) 2014-2016 Biennial Highway Construction Plan:** Projects in the enacted
 14 2014-2016 Biennial Highway Construction Plan are authorized to continue their current
 15 authorization into the 2016-2018 fiscal biennium. If projects in previously enacted
 16 highway construction plans conflict with the 2016-2018 Biennial Highway Construction
 17 Plan, the projects in the 2016-2018 Biennial Highway Construction Plan shall control.
 18 The Secretary shall make every effort to maintain highway program delivery by adhering
 19 to the timeframes included in the 2016-2018 Biennial Highway Construction Plan for
 20 those projects.

21 **(6) Kentucky Transportation Center:** Notwithstanding KRS 177.320(4),
 22 included in the above Road Fund appropriation is \$290,000 in each fiscal year for the
 23 Kentucky Transportation Center.

24 **(7) State Match Provisions:** The Transportation Cabinet is authorized to utilize
 25 state construction moneys or Toll Credits to match federal highway moneys.

26 **(8) Federal Aid Highway Funds:** If additional federal highway moneys are made
 27 available to Kentucky by the United States Congress, the funds shall be used according to

1 the following priority: (a) Any demonstration-specific or project-specific moneys shall be
 2 used on the project identified; and (b) All other funds shall be used to ensure that projects
 3 in the fiscal biennium 2016-2018 Biennial Highway Construction Plan are funded. If
 4 additional federal moneys remain after these priorities are met, the Transportation
 5 Cabinet may select projects from the Highway Preconstruction Program.

6 **(9) Road Fund Cash Management:** The Secretary of the Transportation Cabinet
 7 may continue the Cash Management Plan to address the policy of the General Assembly
 8 to expeditiously initiate and complete projects in the fiscal biennium 2016-2018 Biennial
 9 Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including
 10 KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial
 11 Highway Construction Plan by employing management techniques that maximize the
 12 Cabinet's ability to contract for and effectively administer the project work. Under the
 13 approved Cash Management Plan, the Secretary shall continuously ensure that the
 14 unspent project and Road Fund balances available to the Transportation Cabinet are
 15 sufficient to meet expenditures consistent with appropriations provided. The
 16 Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on
 17 Appropriations and Revenue when the General Assembly is not in session and the
 18 Standing Committees on Appropriations and Revenue when the General Assembly is in
 19 session beginning July 1, 2016. ~~[The report shall include a monthly forecast by fiscal year~~
 20 ~~for fiscal year 2016-2017 through fiscal year 2021-2022.]~~

21 **(10) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,
 22 unexpended Road Fund appropriations in the Highways budget unit for the Construction
 23 Program, the Maintenance Program, and the Research Program in fiscal year 2015-2016
 24 and in fiscal year 2016-2017 shall not lapse but shall carry forward. Unexpended Federal
 25 Funds and Restricted Funds appropriations in the Highways budget unit for the
 26 Construction Program, the Maintenance Program, the Equipment Services Program, and
 27 the Research Program in fiscal year 2015-2016 and in fiscal year 2016-2017, up to the

1 amount of ending cash balances and unissued Highway and GARVEE Bond Funds, to
 2 include any interest income earned on those bond funds, and grant balances shall not
 3 lapse but shall carry forward.

4 **(11) Federally Supported Construction Program:** Included in the above Federal
 5 Funds appropriation is \$687,884,300 in fiscal year 2016-2017 and \$702,750,400 in fiscal
 6 year 2017-2018 for federal construction projects.

7 ~~{(12) State Resurfacing Program: Included in the State Supported Construction
 8 Program is \$125,000,000 in each fiscal year from the Road Fund for the State
 9 Resurfacing Program.}~~

10 **(13) Highways Maintenance:** Included in the above Highways Road Fund
 11 appropriation is \$347,457,900 in fiscal year 2016-2017 and \$349,072,600 in fiscal year
 12 2017-2018 for Highways Maintenance. Highways Maintenance positions may be filled to
 13 the extent the above funding level and the Highways Maintenance continuing
 14 appropriation are sufficient to support those positions.

15 **(14) Delayed Projects Status Report:** The Secretary of the Transportation
 16 Cabinet shall report by September 30 of each fiscal year to the Interim Joint Committee
 17 on Transportation any project included in the enacted Biennial Highway Construction
 18 Plan which has been delayed beyond the fiscal year for which the project was authorized.
 19 The report shall include:

- 20 (a) The county name;
- 21 (b) The Transportation Cabinet project identification number;
- 22 (c) The route where the project is located;
- 23 (d) The length of the project;
- 24 (e) A description of the project and the scope of improvement;
- 25 (f) The type of local, state, or federal funds to be used on the project;
- 26 (g) The stage of development for the design, right-of-way, utility, and
 27 construction phases;

1 (h) The fiscal year in which each phase of the project was scheduled to
2 commence;

3 (i) The estimated cost for each phase of the project;

4 ~~[(j) A detailed description of the circumstances leading to the delay; and~~

5 ~~(k) The same information required in paragraphs (a) to (i) of this subsection for~~
6 ~~the project or projects advanced with funds initially scheduled for the delayed project.]~~

7 **(15) Transportation Employees Salary Study:** The Transportation Cabinet, with
8 the assistance of the Personnel Cabinet, shall conduct a study~~[on all merit employee~~
9 ~~classifications]~~ within the Transportation Cabinet to develop a plan to ensure salary and
10 benefit parity among Transportation Cabinet employees statewide. The Transportation
11 Cabinet shall submit a report detailing the results of the study to the Interim Joint
12 Committee on Transportation and the Interim Joint Committee on Appropriations and
13 Revenue~~[no later than October 31, 2016].~~

14 **(16) ~~{Mountain Parkway Extension and }Hal Rogers Parkway:~~** ~~[Notwithstanding~~
15 ~~the provisions of KRS 175B.005(1) and 175B.030(1) and (2)(a) and (c), the Secretary of~~
16 ~~the Kentucky Transportation Cabinet shall work with the Secretary of the West Virginia~~
17 ~~Department of Transportation to study and develop a highway plan to extend the~~
18 ~~Mountain Parkway from Prestonsburg, Kentucky to Beckley, West Virginia. The~~
19 ~~Secretary of the Kentucky Transportation Cabinet shall make quarterly reports to the~~
20 ~~Interim Joint Committee on Transportation regarding the status and progress of the~~
21 ~~planning, design, and funding options to ensure that both states are working towards the~~
22 ~~common goal of improving regional mobility by developing a plan to construct an~~
23 ~~interstate quality highway eastward.~~

24 ~~The Commonwealth of Kentucky and the state of West Virginia shall work~~
25 ~~collectively to ensure the Mountain Parkway extension project utilizes a common~~
26 ~~crossing point from either Martin or Pike County in Kentucky and either Mingo or Wayne~~
27 ~~County in West Virginia. The respective membership shall be established and authorized~~

1 ~~in accordance with KRS Chapter 175B, and the members shall meet to develop plans,~~
 2 ~~cost estimates, and potential funding scenarios.]~~

3 The Secretary of the Kentucky Transportation Cabinet shall ~~also develop plans~~
 4 ~~and] provide cost estimates to upgrade the Hal Rogers Parkway to interstate standards and~~
 5 ~~shall submit a [full] report on the [Mountain Parkway expansion and] upgrade of the Hal~~
 6 ~~Rogers Parkway to the Interim Joint Committee on Appropriations and Revenue [before~~
 7 ~~December 1, 2016, on the potential project plans, designs, costs, and funding sources].~~

8 ~~[(17) Economic Development Priorities: Projects identified by the General~~
 9 ~~Assembly for improving economic development opportunities for the benefit of the~~
 10 ~~citizens of the Commonwealth in the areas to be served shall be given priority by the~~
 11 ~~Transportation Cabinet to facilitate construction as soon as possible.]~~

12 **5. JUDGMENTS**

13 **(1) Payment of Judgments:** Road Fund resources required to pay judgments
 14 shall be transferred from the State Construction Account at the time when actual
 15 payments must be disbursed from the State Treasury.

16 **6. PUBLIC TRANSPORTATION**

	2016-17	2017-18
18 General Fund	5,728,200	5,728,200
19 Restricted Funds	692,600	698,700
20 Federal Funds	25,730,500	25,788,900
21 TOTAL	32,151,300	32,215,800

22 **(1) Toll Credits:** The Transportation Cabinet is authorized to maximize, to the
 23 extent necessary, the use of Toll Credits to match Federal Funds for transit systems
 24 capital grants.

25 **(2) Nonpublic School Transportation:** Included in the above General Fund
 26 appropriation is \$3,500,000 in each fiscal year for nonpublic school transportation.

27 **7. REVENUE SHARING**

1		2016-17	2017-18
2	Road Fund	330,812,900	332,030,200

3 **(1) County Road Aid Program:** Included in the above Road Fund appropriation
4 is \$125,097,400 in fiscal year 2016-2017 and \$125,554,900 in fiscal year 2017-2018 for
5 the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and
6 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by
7 \$38,000 in each fiscal year, which has been appropriated to the Highways budget unit for
8 the support of the Kentucky Transportation Center.

9 **(2) Rural Secondary Program:** Included in the above Road Fund appropriation
10 is \$151,757,600 in fiscal year 2016-2017 and \$152,312,600 in fiscal year 2017-2018 for
11 the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340,
12 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been
13 reduced by \$46,000 in each fiscal year, which has been appropriated to the Highways
14 budget unit for the support of the Kentucky Transportation Center.

15 **(3) Municipal Road Aid Program:** Included in the above Road Fund
16 appropriation is \$52,636,600 in fiscal year 2016-2017 and \$52,829,100 in fiscal year
17 2017-2018 for the Municipal Road Aid Program in accordance with KRS 177.365,
18 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been
19 reduced by \$16,000 in each fiscal year, which has been appropriated to the Highways
20 budget unit for the support of the Kentucky Transportation Center.

21 **(4) Energy Recovery Road Fund:** Included in the above Road Fund
22 appropriation is \$458,000 in fiscal year 2016-2017 and \$460,000 in fiscal year 2017-2018
23 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771,
24 177.9772, 177.978, 177.979, and 177.981.

25 **(5) Continuation of the Flex Funds and the 80/20 Bridge Replacement**
26 **Programs:** The Transportation Cabinet shall continue the Flex Funds and the 80/20
27 Bridge Replacement Programs within the Rural Secondary Program.

1 **8. VEHICLE REGULATION**

	2016-17	2017-18
2		
3 Restricted Funds	15,193,500	15,120,500
4 Federal Funds	4,600,000	4,600,000
5 Road Fund	26,126,900	27,902,200
6 TOTAL	45,920,400	47,622,700

7 **(1) Debt Service:** Included in the above Road Fund appropriation is \$3,143,000
 8 in fiscal year 2016-2017 and \$4,781,300 in fiscal year 2017-2018 for debt service on
 9 previously authorized bonds.

10 **TOTAL - TRANSPORTATION CABINET**

	2016-17	2017-18
11		
12 General Fund	6,228,200	6,228,200
13 Restricted Funds	132,732,200	131,730,500
14 Federal Funds	740,779,100	755,708,900
15 Road Fund	1,361,366,500	1,380,512,200
16 TOTAL	2,241,106,000	2,274,179,800

17 **PART II**

18 **CAPITAL PROJECTS BUDGET**

19 **(1) Capital Construction Fund Appropriations and Reauthorizations:**
 20 Moneys in the Capital Construction Fund are appropriated for the following capital
 21 projects subject to the conditions and procedures in this Act. Items listed without
 22 appropriated amounts are previously authorized for which no additional amount is
 23 required. These items are listed in order to continue their current authorization into the
 24 2016-2018 fiscal biennium. Unless otherwise specified, reauthorized projects shall
 25 conform to the original authorization enacted by the General Assembly.

26 **(2) Expiration of Existing Line-Item Capital Construction Projects:** All
 27 appropriations to existing line-item capital construction projects expire on June 30, 2016,

1 unless reauthorized in this Act with the following exceptions: (a) A construction contract
 2 for the project shall have been awarded by June 30, 2016; (b) Permanent financing or a
 3 short-term line of credit sufficient to cover the total authorized project scope shall have
 4 been obtained in the case of projects authorized for bonds, if the authorized project
 5 completes an initial draw on the line of credit within the biennium immediately
 6 subsequent to the original authorization; and (c) Grant or loan agreements, if applicable,
 7 shall have been finalized and properly signed by all necessary parties. Notwithstanding
 8 the criteria set forth in this subsection, the disposition of 2014-2016 fiscal biennium
 9 nonstatutory appropriated maintenance pools funded from Capital Construction
 10 Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

11 **(3) Bond Proceeds Investment Income:** Investment income earned from bond
 12 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
 13 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
 14 capital project shall be used to pay debt service according to the Internal Revenue Service
 15 Code and accompanying regulations.

16 **A. TRANSPORTATION CABINET**

17 Budget Units	2016-17	2017-18
18 1. GENERAL ADMINISTRATION AND SUPPORT		
19 001. Maintenance Pool - 2016-2018		
20 Road Fund	2,750,000	2,750,000
21 002. Transportation Enterprise Database II		
22 Road Fund	1,500,000	1,500,000
23 003. Construct Manchester (D-11) District Office - Additional		
24 Reauthorization (\$6,600,000 Road Fund)		
25 Road Fund	-0-	845,000
26 004. Construct Jackson (D-10) District Office - Additional Reauthorization		
27 (\$6,600,000 Road Fund)		

1	Road Fund	426,000	-0-
2	005. Construct Muhlenberg County Maintenance Facility and Salt Storage		
3	Structure - Additional Reauthorization (\$1,440,000 Road Fund)		
4	Road Fund	151,000	-0-
5	006. Construct Ballard County Maintenance Facility and Salt Storage		
6	Structure - Additional Reauthorization (\$1,440,000 Road Fund)		
7	Road Fund	144,000	-0-
8	007. Construct Henderson County Maintenance Facility and Salt Storage		
9	Structure - Additional Reauthorization (\$1,440,000 Road Fund)		
10	Road Fund	83,000	-0-
11	008. Construct Harrison County Maintenance Facility and Salt Storage		
12	Structure - Additional Reauthorization (\$1,440,000 Road Fund)		
13	Road Fund	45,000	-0-
14	009. Construct Knott County Maintenance Facility and Salt Storage		
15	Structure - Reauthorization (\$1,440,000 Road Fund)		
16	010. Construct Nicholas County Maintenance Facility and Salt Storage		
17	Structure - Reauthorization (\$1,440,000 Road Fund)		
18	011. Upgrade AASHTOWare Reauthorization (\$2,600,000 Road Fund)		
19	2. AVIATION		
20	001. Aircraft Maintenance Pool - 2016-2018		
21	Investment Income	600,000	600,000
22	3. HIGHWAYS		
23	001. Repair Loadometer and Rest Areas - 2016-2018		
24	Road Fund	1,500,000	1,500,000
25	002. Road Maintenance Parks - 2016-2018		
26	Road Fund	1,250,000	1,250,000
27	003. Various Environmental Compliance - 2016-2018		

1	Road Fund	600,000	600,000
2	004. Jefferson County - Lease		
3	4. VEHICLE REGULATION		
4	001. International Registration Plan System Upgrade		
5	Road Fund	1,250,000	1,250,000

PART III

FUNDS TRANSFER

8 The General Assembly finds that the financial condition of state government
9 requires the following action.

10 Notwithstanding the statutes or requirements of the Restricted Funds enumerated
11 below, there is transferred to the General Fund the following amounts in fiscal year 2016-
12 2017 and fiscal year 2017-2018.

13		2016-17	2017-18
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A. TRANSPORTATION CABINET

1. Aviation

16	Agency Revenue Fund	383,900	388,200
17	(KRS 183.525(4) and (5))		

2. Vehicle Regulation

19	Agency Revenue Fund	4,200,000	4,200,000
20	(KRS 186.040(6)(a))		

21	TOTAL - FUNDS TRANSFER	4,583,900	4,588,200
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PART IV

TRANSPORTATION CABINET BUDGET SUMMARY

OPERATING BUDGET

25		2016-17	2017-18
26	General Fund	6,228,200	6,228,200
27	Restricted Funds	132,732,200	131,730,500

1	Federal Funds	740,779,100	755,708,900
2	Road Fund	1,361,366,500	1,380,512,200
3	SUBTOTAL	2,241,106,000	2,274,179,800
4	CAPITAL PROJECTS BUDGET		
5		2016-17	2017-18
6	Road Fund	9,699,000	9,695,000
7	Investment Income	600,000	600,000
8	SUBTOTAL	10,299,000	10,295,000
9	TOTAL - TRANSPORTATION CABINET BUDGET		
10		2016-17	2017-18
11	General Fund	6,228,200	6,228,200
12	Restricted Funds	132,732,200	131,730,500
13	Federal Funds	740,779,100	755,708,900
14	Road Fund	1,371,065,500	1,390,207,200
15	Investment Income	600,000	600,000
16	TOTAL FUNDS	2,251,405,000	2,284,474,800



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

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VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 10 OF THE
2016 REGULAR SESSION

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 1, line 6, "fiscal year 2015-";
Page 1, line 9, "fiscal year 2015-".

This veto is necessary to provide the Cabinet additional flexibility and time to ensure certain critical needs of our state parks are addressed. The limited timeframe would have made it difficult under the state's procurement code to fully address all of the needs of the parks. This targeted veto will allow the Cabinet an additional six months to address the highest priority needs of our state parks.

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 1, lines 15 through 27 in their entirety;
Page 2, lines 1 through 6 in their entirety.

Funding dual credit and Work Ready scholarships are an appropriate use of lottery funds, which always were intended to support education. Sufficient funds are available to support the needs of these educational initiatives.

This the 27th day of April, 2016


Matthew G. Bevin
Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 10

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

1 AN ACT making appropriations for the Executive Branch of the government of the
2 Commonwealth of Kentucky and declaring an emergency.

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

4 →Section 1. There is hereby appropriated to the Tourism, Arts and Heritage
5 Cabinet, Department of Parks, General Fund moneys in the amount of \$12,000,000 in
6 fiscal year {2015-}2016 for Parks renovations and repairs.

7 →Section 2. There is hereby appropriated to the Tourism, Arts and Heritage
8 Cabinet, Department of Parks, General Fund moneys in the amount of \$1,000,000 in
9 fiscal year {2015-}2016 for the Rough River Marina.

10 →Section 3. There is hereby appropriated to the Transportation Cabinet,
11 Department of Aviation, General Fund moneys in the amount of \$10,000,000 in fiscal
12 year 2016-2017 and \$10,000,000 in fiscal year 2017-2018 for aviation economic
13 development to support the development, rehabilitation, and maintenance of publicly
14 owned or operated aviation facilities.

15 ~~{→Section 4. There is hereby appropriated to the Kentucky Higher Education~~
16 ~~Assistance Authority General Fund moneys in the amount of \$3,250,000 in fiscal year~~
17 ~~2016-2017 and \$6,500,000 in fiscal year 2017-2018 for the College Access Program.~~
18 ~~These funds are to replace the lottery revenues used to fund dual credit scholarships.~~

19 ~~→Section 5. There is hereby appropriated to the Kentucky Higher Education~~
20 ~~Assistance Authority General Fund moneys in the amount of \$1,750,000 in fiscal year~~
21 ~~2016-2017 and \$3,500,000 in fiscal year 2017-2018 for the Kentucky Tuition Grant~~
22 ~~Program. These funds are to replace the lottery revenues used to fund dual credit~~
23 ~~scholarships.~~

24 ~~→Section 6. There is hereby appropriated to the Kentucky Higher Education~~
25 ~~Assistance Authority General Fund moneys in the amount of \$6,110,000 in fiscal year~~
26 ~~2016-2017 and \$10,335,000 in fiscal year 2017-2018 for the College Access Program.~~
27 ~~These funds are to replace the lottery revenues used to fund the Work Ready Kentucky~~

1 ~~Scholarship Program.~~

2 ➔~~Section 7. There is hereby appropriated to the Kentucky Higher Education~~
3 ~~Assistance Authority General Fund moneys in the amount of \$3,290,000 in fiscal year~~
4 ~~2016-2017 and \$5,565,000 in fiscal year 2017-2018 for the Kentucky Tuition Grant~~
5 ~~Program. These funds are to replace the lottery revenues used to fund the Work Ready~~
6 ~~Kentucky Scholarship Program.]~~

7 ➔Section 8. Whereas it is imperative that these appropriations and authorizations
8 are available for the operations, maintenance, support, and functioning of the government
9 of the Commonwealth, an emergency is declared to exist, and this Act takes effect upon
10 its passage and approval by the Governor or upon its otherwise becoming law.



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 80

AS ENACTED

FRIDAY, APRIL 15, 2016

1 AN ACT relating to government operations.

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

3 →Section 1. KRS 7A.010 is amended to read as follows:

4 As used in this chapter, unless the context otherwise requires:

5 (1) "Capital project" means:

6 (a) Any undertaking which is to be financed or funded through an appropriation
7 by the General Assembly of general fund, road fund, bond fund, trust and
8 agency fund, or federal fund moneys, where the expenditure is a capital
9 expenditure pursuant to statute or under standards prescribed by the
10 Legislative Research Commission under the authority of KRS Chapter 48;

11 (b) Any undertaking which is to be financed by a capital expenditure for use by
12 the state government or one of its departments or agencies, as defined in KRS
13 12.010 or enumerated in KRS 12.020, including projects related to the
14 construction or maintenance of roads, and including projects of institutions of
15 higher education as defined in KRS 164A.550(2);

16 (c) Any capital construction item, or any combination of capital construction
17 items necessary to make a building or utility installation complete, estimated
18 to cost;

19 1. a. In the case of institutions of higher education, one million
20 dollars (\$1,000,000) or more, regardless of the source of funds;

21 and

22 b. In the case of all other entities, six hundred thousand dollars
23 (\$600,000) or more regardless of the source of funds;[;] or

24 2. Any item of movable equipment, estimated to cost two hundred
25 thousand dollars (\$200,000) or more, regardless of the source of funds;

26 (d) Any lease of real property whose value is two hundred thousand dollars
27 (\$200,000) or more;

- 1 (e) Any lease of an item of movable equipment if the total cost of the lease, lease-
 2 purchase, or lease with an option to purchase is two hundred thousand dollars
 3 (\$200,000) or more; or
- 4 (f) Any new acquisition, upgrade, or replacement of an information technology
 5 system estimated to cost:
- 6 1. In the case of institutions of higher education, one million dollars
 7 (\$1,000,000) or more; and
- 8 2. In the case of all other entities, six hundred thousand dollars
 9 (\$600,000) or more.
- 10 (2) "Board" means the Capital Planning Advisory Board of the Kentucky General
 11 Assembly created by KRS 7A.110.
- 12 (3) "Plan" means the state capital improvement plan provided for by KRS 7A.120.
- 13 (4) "State agency" means any department, commission, council, board, bureau,
 14 committee, institution, legislative body, agency, government corporation, or other
 15 entity of the executive, judicial, or legislative branch of the state government.
- 16 (5) "Information technology system" means any related computer or
 17 telecommunications components that provide a functional system for a specific
 18 business purpose and contain one (1) or more of the following:
- 19 (a) Hardware;
- 20 (b) Software, including application software, systems management software,
 21 utility software, or communications software;
- 22 (c) Professional services for requirements analysis, system integration,
 23 installation, implementation, or data conversion services; or
- 24 (d) Digital data products, including acquisition and quality control.
- 25 ➔Section 2. KRS 45.750 is amended to read as follows:
- 26 (1) As used in KRS 45.760 to 45.810:
- 27 (a) "Committee" means the Capital Projects and Bond Oversight Committee;[.]

- 1 (b) "Capital construction item" means:
- 2 1. The construction, reconstruction, acquisition, and structural maintenance
- 3 of buildings;
- 4 2. The installation of utility services, including roads and sewers;
- 5 3. The acquisition or improvement of real property;
- 6 4. The purchase and installation initially or during major renovation of
- 7 equipment, facilities, and furnishings of a permanent nature for
- 8 buildings;
- 9 5. The acquisition of any building to be occupied by any:
- 10 a. Subdivision of state government as defined in KRS 12.010 or
- 11 enumerated in KRS 12.020;
- 12 b. Municipal corporation which exercises its authority on a statewide
- 13 basis including, but not limited to, the Kentucky Employees
- 14 Retirement System, Teachers' Retirement System of the State of
- 15 Kentucky, Kentucky Higher Education Student Loan Corporation,
- 16 Kentucky Lottery Corporation, Kentucky Housing Corporation, or
- 17 any entity with a governing body whose membership is
- 18 substantially similar to the membership of the governing body of a
- 19 municipal corporation which exercises its authority on a statewide
- 20 basis; and
- 21 c. Institution of higher education;[.]
- 22 (c) "Lease" means any lease, lease-purchase, or lease with an option to purchase
- 23 of any real property space occupied by:
- 24 1. Any entity listed in paragraph (b)5. of this subsection;
- 25 2. The legislative branch; or
- 26 3. The judicial branch when leased from a private sector landlord;[.]
- 27 (d) "Equipment" means:

- 1 1. Any major item of equipment, including aircraft;
- 2 2. Any movable furnishing, appurtenance, or other equipment, necessary to
- 3 make a building operable; and
- 4 3. Equipment purchased or otherwise acquired, or equipment to be
- 5 purchased or otherwise to be acquired, under a lease or lease-purchase
- 6 contract or agreement or an arrangement equivalent to a lease or lease-
- 7 purchase contract or agreement; ~~[-]~~
- 8 (e) "Information technology system" means any related computer or
- 9 telecommunications components that provide a functional system for a
- 10 specific business purpose and contain one (1) or more of the following:
- 11 1. Hardware;
- 12 2. Software, including application software, systems management software,
- 13 utility software, or communications software;
- 14 3. Professional services for requirements analysis, system integration,
- 15 installation, implementation, or data conversion services; or
- 16 4. Digital data products, including acquisition and quality control; ~~[-]~~
- 17 (f) "Capital projects" means, regardless of the source of cash or other
- 18 consideration:
- 19 1. Any capital construction item, or any combination of capital
- 20 construction items necessary to make a building or utility installation
- 21 complete, estimated to cost:
- 22 *a. In the case of institutions of higher education, one million*
- 23 *dollars (\$1,000,000) or more in cash or other consideration; and*
- 24 *b. In the case of all other entities,* six hundred thousand dollars
- 25 (\$600,000) or more in cash or other consideration;
- 26 2. Any lease of real property space with an annual rental cost exceeding
- 27 two hundred thousand dollars (\$200,000);

- 1 3. The use allowance paid by the judicial branch for a real property space
2 pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for
3 the space exceeds two hundred thousand dollars (\$200,000) on an
4 annual basis;
- 5 4. Any item of equipment estimated to cost two hundred thousand dollars
6 (\$200,000) or more in cash or other consideration;
- 7 5. Any lease of an item of movable equipment if the annual cost of the
8 lease is two hundred thousand dollars (\$200,000) or more or if the total
9 cost of the lease-purchase or lease with an option to purchase is two
10 hundred thousand dollars (\$200,000) or more; and
- 11 6. Any new acquisition, upgrade, or replacement of an information
12 technology system estimated to cost:
- 13 a. In the case of institutions of higher education, one million
14 dollars (\$1,000,000) or more in cash or other consideration; and
- 15 b. In the case of all other entities, six hundred thousand dollars
16 (\$600,000) or more in cash or other consideration;[+]
- 17 (g) "Emergency repair, maintenance, or replacement project" means the
18 maintenance, repair, or reconstruction of a capital construction project or the
19 maintenance, repair, or replacement of a major item of equipment that is:
- 20 1. Necessitated by injury or damage resulting from a disaster;
- 21 2. Necessary to maintain government operations or to prevent or minimize
22 injury or damage that could reasonably be expected to result from an
23 impending disaster; or
- 24 3. Necessitated by an unforeseen mechanical breakdown, electrical
25 breakdown, or structural defect that must be corrected to make a facility
26 or item of equipment usable;[+]
- 27 (h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy

1 attack, sabotage, explosion, power failure, energy shortage, transportation
2 emergency, or other man-caused disaster;~~[-]~~

3 (i) "Capital construction funds" means any funds used for capital construction,
4 including, but not limited to, appropriated capital construction funds, agency
5 funds, federal funds, private funds, or funds from any source held by an
6 agency for management or investment purposes; and~~[-]~~

7 (j) "Entity head" means the Chief Justice of the Supreme Court, the President of
8 the Senate and the Speaker of the House of Representatives, the secretary of
9 the Finance and Administration Cabinet, the president of any university which
10 complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees
11 of the Kentucky Employees Retirement System, the board of trustees of the
12 Teachers' Retirement System of the State of Kentucky, the board of directors
13 of the Kentucky Higher Education Student Loan Corporation, the board of
14 directors of the Kentucky Lottery Corporation, or the board of directors of the
15 Kentucky Housing Corporation.

16 (2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall
17 apply to capital projects and bonds for use by:

18 (a) The state government;

19 (b) One of its departments or agencies, as defined in KRS 12.010 or enumerated
20 in KRS 12.020;

21 (c) A municipal corporation which exercises its authority on a statewide basis,
22 including but not limited to the Kentucky Employees Retirement System,
23 Teachers' Retirement System of the State of Kentucky, Kentucky Higher
24 Education Student Loan Corporation, Kentucky Lottery Corporation, and
25 Kentucky Housing Corporation; and

26 (d) Institutions of higher education.

27 (3) KRS 45.760 to 45.810 shall not apply to:

- 1 (a) Capital projects or bonds used directly in or for the construction or
 2 maintenance of roads, including but not limited to bulldozers, graders, earth
 3 movers, and real estate purchased for rights-of-way; and
- 4 (b) Political subdivisions, except for those defined in KRS 12.010, enumerated in
 5 KRS 12.020, or created as a municipal corporation which exercises its
 6 authority on a statewide basis including, but not limited to, the Kentucky
 7 Employees Retirement System, Teachers' Retirement System of the State of
 8 Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky
 9 Lottery Corporation, Kentucky Housing Corporation, or any entity with a
 10 governing body whose membership is substantially similar to the membership
 11 of the governing body of a municipal corporation which exercises its authority
 12 on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall
 13 not apply to acquisition or maintenance of any building or land which is
 14 purchased as a legal investment by any of the state retirement systems, which
 15 is not to be occupied by the retirement system, and which is financed solely
 16 with those assets of the retirement system used for investment purposes.

17 →Section 3. KRS 141.010 is amended to read as follows:

18 As used in this chapter, unless the context requires otherwise:

- 19 (1) "Commissioner" means the commissioner of the Department of Revenue;
- 20 (2) "Department" means the Department of Revenue;
- 21 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
 22 31, 2015[2013], exclusive of any amendments made subsequent to that date, other
 23 than amendments that extend provisions in effect on December 31, 2015[2013], that
 24 would otherwise terminate, and as modified by KRS 141.0101;
- 25 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
 26 Code;
- 27 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal

- 1 Revenue Code;
- 2 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
3 Revenue Code;
- 4 (7) "Individual" means a natural person;
- 5 (8) "Modified gross income" means the greater of:
- 6 (a) Adjusted gross income as defined in Section 62 of the Internal Revenue Code
7 of 1986, including any subsequent amendments in effect on December 31 of
8 the taxable year, and adjusted as follows:
- 9 1. Include interest income derived from obligations of sister states and
10 political subdivisions thereof; and
- 11 2. Include lump-sum pension distributions taxed under the special
12 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or
- 13 (b) Adjusted gross income as defined in subsection (10) of this section and
14 adjusted to include lump-sum pension distributions taxed under the special
15 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 16 (9) "Gross income," in the case of taxpayers other than corporations, means "gross
17 income" as defined in Section 61 of the Internal Revenue Code;
- 18 (10) "Adjusted gross income," in the case of taxpayers other than corporations, means
19 gross income as defined in subsection (9) of this section minus the deductions
20 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
21 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
22 amounts allocable to income subject to taxation under the provisions of this chapter,
23 and except that nothing in this chapter shall be construed to permit the same item to
24 be deducted more than once:
- 25 (a) Exclude income that is exempt from state taxation by the Kentucky
26 Constitution and the Constitution and statutory laws of the United States and
27 Kentucky;

- 1 (b) Exclude income from supplemental annuities provided by the Railroad
2 Retirement Act of 1937 as amended and which are subject to federal income
3 tax by Public Law 89-699;
- 4 (c) Include interest income derived from obligations of sister states and political
5 subdivisions thereof;
- 6 (d) Exclude employee pension contributions picked up as provided for in KRS
7 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and
8 161.540 upon a ruling by the Internal Revenue Service or the federal courts
9 that these contributions shall not be included as gross income until such time
10 as the contributions are distributed or made available to the employee;
- 11 (e) Exclude Social Security and railroad retirement benefits subject to federal
12 income tax;
- 13 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
14 federal income tax refunded or credited for taxable years;
- 15 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
16 paid for taxable years ending before January 1, 1990;
- 17 (h) Exclude any money received because of a settlement or judgment in a lawsuit
18 brought against a manufacturer or distributor of "Agent Orange" for damages
19 resulting from exposure to Agent Orange by a member or veteran of the
20 Armed Forces of the United States or any dependent of such person who
21 served in Vietnam;
- 22 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
23 applicable amount of total distributions from pension plans, annuity
24 contracts, profit-sharing plans, retirement plans, or employee savings
25 plans.
26 The "applicable amount" shall be:
27 a. Twenty-five percent (25%), but not more than six thousand two

- 1 hundred fifty dollars (\$6,250), for taxable years beginning after
2 December 31, 1994, and before January 1, 1996;
- 3 b. Fifty percent (50%), but not more than twelve thousand five
4 hundred dollars (\$12,500), for taxable years beginning after
5 December 31, 1995, and before January 1, 1997;
- 6 c. Seventy-five percent (75%), but not more than eighteen thousand
7 seven hundred fifty dollars (\$18,750), for taxable years beginning
8 after December 31, 1996, and before January 1, 1998; and
- 9 d. One hundred percent (100%), but not more than thirty-five
10 thousand dollars (\$35,000), for taxable years beginning after
11 December 31, 1997.
- 12 2. For taxable years beginning after December 31, 2005, exclude up to
13 forty-one thousand one hundred ten dollars (\$41,110) of total
14 distributions from pension plans, annuity contracts, profit-sharing plans,
15 retirement plans, or employee savings plans.
- 16 3. As used in this paragraph:
- 17 a. "Distributions" includes but is not limited to any lump-sum
18 distribution from pension or profit-sharing plans qualifying for the
19 income tax averaging provisions of Section 402 of the Internal
20 Revenue Code; any distribution from an individual retirement
21 account as defined in Section 408 of the Internal Revenue Code;
22 and any disability pension distribution;
- 23 b. "Annuity contract" has the same meaning as set forth in Section
24 1035 of the Internal Revenue Code; and
- 25 c. "Pension plans, profit-sharing plans, retirement plans, or employee
26 savings plans" means any trust or other entity created or organized
27 under a written retirement plan and forming part of a stock bonus,

- 1 pension, or profit-sharing plan of a public or private employer for
2 the exclusive benefit of employees or their beneficiaries and
3 includes plans qualified or unqualified under Section 401 of the
4 Internal Revenue Code and individual retirement accounts as
5 defined in Section 408 of the Internal Revenue Code;
- 6 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
7 income from an S corporation subject to the franchise tax imposed
8 under KRS 136.505 or the capital stock tax imposed under KRS
9 136.300; and
- 10 b. Exclude the portion of the distributive share of a shareholder's net
11 income from an S corporation related to a qualified subchapter S
12 subsidiary subject to the franchise tax imposed under KRS
13 136.505 or the capital stock tax imposed under KRS 136.300.
- 14 2. The shareholder's basis of stock held in a S corporation where the S
15 corporation or its qualified subchapter S subsidiary is subject to the
16 franchise tax imposed under KRS 136.505 or the capital stock tax
17 imposed under KRS 136.300 shall be the same as the basis for federal
18 income tax purposes;
- 19 (k) Exclude, to the extent not already excluded from gross income, any amounts
20 paid for health insurance, or the value of any voucher or similar instrument
21 used to provide health insurance, which constitutes medical care coverage for
22 the taxpayer, the taxpayer's spouse, and dependents, or for any person
23 authorized to be provided excludable coverage by the taxpayer pursuant to the
24 federal Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-
25 148, or the Health Care and Education Reconciliation Act of 2010 Pub. L. No.
26 111-152, during the taxable year. Any amounts paid by the taxpayer for health
27 insurance that are excluded pursuant to this paragraph shall not be allowed as

- 1 a deduction in computing the taxpayer's net income under subsection (11) of
2 this section;
- 3 (l) Exclude income received for services performed as a precinct worker for
4 election training or for working at election booths in state, county, and local
5 primary, regular, or special elections;
- 6 (m) Exclude any amount paid during the taxable year for insurance for long-term
7 care as defined in KRS 304.14-600;
- 8 (n) Exclude any capital gains income attributable to property taken by eminent
9 domain;
- 10 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
11 owner from the multistate settlement with the tobacco industry, known as the
12 Master Settlement Agreement, signed on November 22, 1998;
- 13 (p) Exclude any amount received from the secondary settlement fund, referred to
14 as "Phase II," established by tobacco companies to compensate tobacco
15 farmers and quota owners for anticipated financial losses caused by the
16 national tobacco settlement;
- 17 (q) Exclude any amount received from funds of the Commodity Credit
18 Corporation for the Tobacco Loss Assistance Program as a result of a
19 reduction in the quantity of tobacco quota allotted;
- 20 (r) Exclude any amount received as a result of a tobacco quota buydown program
21 that all quota owners and growers are eligible to participate in;
- 22 (s) Exclude state Phase II payments received by a producer of tobacco or a
23 tobacco quota owner;
- 24 (t) Exclude all income from all sources for active duty and reserve members and
25 officers of the Armed Forces of the United States or National Guard who are
26 killed in the line of duty, for the year during which the death occurred and the
27 year prior to the year during which the death occurred. For the purposes of this

1 paragraph, "all income from all sources" shall include all federal and state
2 death benefits payable to the estate or any beneficiaries; and

3 (u) For taxable years beginning on or after January 1, 2010, exclude all military
4 pay received by active duty members of the Armed Forces of the United
5 States, members of reserve components of the Armed Forces of the United
6 States, and members of the National Guard, including compensation for state
7 active duty as described in KRS 38.205;

8 (11) "Net income," in the case of taxpayers other than corporations, means adjusted
9 gross income as defined in subsection (10) of this section, minus:

10 (a) The deduction allowed by KRS 141.0202;

11 (b) Any amount paid for vouchers or similar instruments that provide health
12 insurance coverage to employees or their families;

13 (c) For taxable years beginning on or after January 1, 2010, the amount of
14 domestic production activities deduction calculated at six percent (6%) as
15 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
16 beginning before 2010; and

17 (d) 1. All the deductions allowed individuals by Chapter 1 of the Internal
18 Revenue Code as modified by KRS 141.0101 except:

19 a. Any deduction allowed by the Internal Revenue Code for state or
20 foreign taxes measured by gross or net income, including state and
21 local general sales taxes allowed in lieu of state and local income
22 taxes under the provisions of Section 164(b)(5) of the Internal
23 Revenue Code;

24 b. Any deduction allowed by the Internal Revenue Code for amounts
25 allowable under KRS 140.090(1)(h) in calculating the value of the
26 distributive shares of the estate of a decedent, unless there is filed
27 with the income return a statement that such deduction has not

- 1 been claimed under KRS 140.090(1)(h);
- 2 c. The deduction for personal exemptions allowed under Section 151
- 3 of the Internal Revenue Code and any other deductions in lieu
- 4 thereof;
- 5 d. For taxable years beginning on or after January 1, 2010, the
- 6 domestic production activities deduction allowed under Section
- 7 199 of the Internal Revenue Code;
- 8 e. Any deduction for amounts paid to any club, organization, or
- 9 establishment which has been determined by the courts or an
- 10 agency established by the General Assembly and charged with
- 11 enforcing the civil rights laws of the Commonwealth, not to afford
- 12 full and equal membership and full and equal enjoyment of its
- 13 goods, services, facilities, privileges, advantages, or
- 14 accommodations to any person because of race, color, religion,
- 15 national origin, or sex, except nothing shall be construed to deny a
- 16 deduction for amounts paid to any religious or denominational
- 17 club, group, or establishment or any organization operated solely
- 18 for charitable or educational purposes which restricts membership
- 19 to persons of the same religion or denomination in order to
- 20 promote the religious principles for which it is established and
- 21 maintained;
- 22 f. Any deduction directly or indirectly allocable to income which is
- 23 either exempt from taxation or otherwise not taxed under this
- 24 chapter;
- 25 g. The itemized deduction limitation established in 26 U.S.C. sec. 68
- 26 shall be determined using the applicable amount from 26 U.S.C.
- 27 sec. 68 as it existed on December 31, 2006; and

- 1 h. A taxpayer may elect to claim the standard deduction allowed by
2 KRS 141.081 instead of itemized deductions allowed pursuant to
3 26 U.S.C. sec. 63 and as modified by this section; and
- 4 2. Nothing in this chapter shall be construed to permit the same item to be
5 deducted more than once;
- 6 (12) "Gross income," in the case of corporations, means "gross income" as defined in
7 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and
8 adjusted as follows:
- 9 (a) Exclude income that is exempt from state taxation by the Kentucky
10 Constitution and the Constitution and statutory laws of the United States;
- 11 (b) Exclude all dividend income received after December 31, 1969;
- 12 (c) Include interest income derived from obligations of sister states and political
13 subdivisions thereof;
- 14 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
15 covered by Section 631(c) of the Internal Revenue Code if the corporation
16 does not claim any deduction for percentage depletion, or for expenditures
17 attributable to the making and administering of the contract under which such
18 disposition occurs or to the preservation of the economic interests retained
19 under such contract;
- 20 (e) Include in the gross income of lessors income tax payments made by lessees
21 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
22 and exclude such payments from the gross income of lessees;
- 23 (f) Include the amount calculated under KRS 141.205;
- 24 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
25 computing gross income;
- 26 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
27 Revenue Code);

- 1 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
2 owner from the multistate settlement with the tobacco industry, known as the
3 Master Settlement Agreement, signed on November 22, 1998;
- 4 (j) Exclude any amount received from the secondary settlement fund, referred to
5 as "Phase II," established by tobacco companies to compensate tobacco
6 farmers and quota owners for anticipated financial losses caused by the
7 national tobacco settlement;
- 8 (k) Exclude any amount received from funds of the Commodity Credit
9 Corporation for the Tobacco Loss Assistance Program as a result of a
10 reduction in the quantity of tobacco quota allotted;
- 11 (l) Exclude any amount received as a result of a tobacco quota buydown program
12 that all quota owners and growers are eligible to participate in;
- 13 (m) For taxable years beginning after December 31, 2004, and before January 1,
14 2007, exclude the distributive share income or loss received from a
15 corporation defined in subsection (24)(b) of this section whose income has
16 been subject to the tax imposed by KRS 141.040. The exclusion provided in
17 this paragraph shall also apply to a taxable year that begins prior to January 1,
18 2005, if the tax imposed by KRS 141.040 is paid on the distributive share
19 income by a corporation defined in subparagraphs 2. to 8. of subsection
20 (24)(b) of this section with a return filed for a period of less than twelve (12)
21 months that begins on or after January 1, 2005, and ends on or before
22 December 31, 2005. This paragraph shall not be used to delay payment of the
23 tax imposed by KRS 141.040; and
- 24 (n) Exclude state Phase II payments received by a producer of tobacco or a
25 tobacco quota owner;
- 26 (13) "Net income," in the case of corporations, means "gross income" as defined in
27 subsection (12) of this section minus:

- 1 (a) The deduction allowed by KRS 141.0202;
- 2 (b) Any amount paid for vouchers or similar instruments that provide health
3 insurance coverage to employees or their families;
- 4 (c) For taxable years beginning on or after January 1, 2010, the amount of
5 domestic production activities deduction calculated at six percent (6%) as
6 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
7 beginning before 2010; and
- 8 (d) All the deductions from gross income allowed corporations by Chapter 1 of
9 the Internal Revenue Code and as modified by KRS 141.0101, except:
- 10 1. Any deduction for a state tax which is computed, in whole or in part, by
11 reference to gross or net income and which is paid or accrued to any
12 state of the United States, the District of Columbia, the Commonwealth
13 of Puerto Rico, any territory or possession of the United States, or to any
14 foreign country or political subdivision thereof;
- 15 2. The deductions contained in Sections 243, 244, 245, and 247 of the
16 Internal Revenue Code;
- 17 3. The provisions of Section 281 of the Internal Revenue Code shall be
18 ignored in computing net income;
- 19 4. Any deduction directly or indirectly allocable to income which is either
20 exempt from taxation or otherwise not taxed under the provisions of this
21 chapter, and nothing in this chapter shall be construed to permit the
22 same item to be deducted more than once;
- 23 5. Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of
24 the Internal Revenue Code);
- 25 6. Any deduction for amounts paid to any club, organization, or
26 establishment which has been determined by the courts or an agency
27 established by the General Assembly and charged with enforcing the

1 civil rights laws of the Commonwealth, not to afford full and equal
 2 membership and full and equal enjoyment of its goods, services,
 3 facilities, privileges, advantages, or accommodations to any person
 4 because of race, color, religion, national origin, or sex, except nothing
 5 shall be construed to deny a deduction for amounts paid to any religious
 6 or denominational club, group, or establishment or any organization
 7 operated solely for charitable or educational purposes which restricts
 8 membership to persons of the same religion or denomination in order to
 9 promote the religious principles for which it is established and
 10 maintained;

- 11 7. Any deduction prohibited by KRS 141.205;
- 12 8. Any dividends-paid deduction of any captive real estate investment trust;
- 13 and
- 14 9. For taxable years beginning on or after January 1, 2010, the domestic
 15 production activities deduction allowed under Section 199 of the
 16 Internal Revenue Code;

17 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
 18 means "net income" as defined in subsection (13) of this section;

19 (b) "Taxable net income," in the case of corporations that are taxable in this state
 20 and taxable in another state, means "net income" as defined in subsection (13)
 21 of this section and as allocated and apportioned under KRS 141.120. A
 22 corporation is taxable in another state if, in any state other than Kentucky, the
 23 corporation is required to file a return for or pay a net income tax, franchise
 24 tax measured by net income, franchise tax for the privilege of doing business,
 25 or corporate stock tax;

26 (c) "Taxable net income," in the case of homeowners' associations as defined in
 27 Section 528(c) of the Internal Revenue Code, means "taxable income" as

1 defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the
2 provisions of subsection (3) of this section, the Internal Revenue Code
3 sections referred to in this paragraph shall be those code sections in effect for
4 the applicable tax year; and

5 (d) "Taxable net income," in the case of a corporation that meets the requirements
6 established under Section 856 of the Internal Revenue Code to be a real estate
7 investment trust, means "real estate investment trust taxable income" as
8 defined in Section 857(b)(2) of the Internal Revenue Code, except that a
9 captive real estate investment trust shall not be allowed any deduction for
10 dividends paid;

11 (15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue
12 Code;

13 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar
14 year, upon the basis of which net income is computed, and in the case of a return
15 made for a fractional part of a year under the provisions of this chapter or under
16 regulations prescribed by the commissioner, "taxable year" means the period for
17 which the return is made;

18 (17) "Resident" means an individual domiciled within this state or an individual who is
19 not domiciled in this state, but maintains a place of abode in this state and spends in
20 the aggregate more than one hundred eighty-three (183) days of the taxable year in
21 this state;

22 (18) "Nonresident" means any individual not a resident of this state;

23 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
24 Revenue Code;

25 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
26 Revenue Code;

27 (21) "Number of withholding exemptions claimed" means the number of withholding

1 exemptions claimed in a withholding exemption certificate in effect under KRS
2 141.325, except that if no such certificate is in effect, the number of withholding
3 exemptions claimed shall be considered to be zero;

4 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
5 Code and includes other income subject to withholding as provided in Section
6 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;

7 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
8 Internal Revenue Code;

9 (24) (a) For taxable years beginning before January 1, 2005, and after December 31,
10 2006, "corporation" means "corporation" as defined in Section 7701(a)(3) of
11 the Internal Revenue Code; and

12 (b) For taxable years beginning after December 31, 2004, and before January 1,
13 2007, "corporations" means:

14 1. "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue
15 Code;

16 2. S corporations as defined in Section 1361(a) of the Internal Revenue
17 Code;

18 3. A foreign limited liability company as defined in KRS 275.015;

19 4. A limited liability company as defined in KRS 275.015;

20 5. A professional limited liability company as defined in KRS 275.015;

21 6. A foreign limited partnership as defined in KRS 362.2-102(9);

22 7. A limited partnership as defined in KRS 362.2-102(14);

23 8. A limited liability partnership as defined in KRS 362.155(7) or in 362.1-
24 101(7) or (8);

25 9. A real estate investment trust as defined in Section 856 of the Internal
26 Revenue Code;

27 10. A regulated investment company as defined in Section 851 of the

1 Internal Revenue Code;

2 11. A real estate mortgage investment conduit as defined in Section 860D of
3 the Internal Revenue Code;

4 12. A financial asset securitization investment trust as defined in Section
5 860L of the Internal Revenue Code; and

6 13. Other similar entities created with limited liability for their partners,
7 members, or shareholders.

8 For purposes of this paragraph, "corporation" shall not include any publicly
9 traded partnership as defined by Section 7704(b) of the Internal Revenue Code
10 that is treated as a partnership for federal tax purposes under Section 7704(c)
11 of the Internal Revenue Code or its publicly traded partnership affiliates. As
12 used in this paragraph, "publicly traded partnership affiliates" shall include
13 any limited liability company or limited partnership for which at least eighty
14 percent (80%) of the limited liability company member interests or limited
15 partner interests are owned directly or indirectly by the publicly traded
16 partnership;

17 (25) "Doing business in this state" includes but is not limited to:

18 (a) Being organized under the laws of this state;

19 (b) Having a commercial domicile in this state;

20 (c) Owning or leasing property in this state;

21 (d) Having one (1) or more individuals performing services in this state;

22 (e) Maintaining an interest in a pass-through entity doing business in this state;

23 (f) Deriving income from or attributable to sources within this state, including
24 deriving income directly or indirectly from a trust doing business in this state,
25 or deriving income directly or indirectly from a single-member limited
26 liability company that is doing business in this state and is disregarded as an
27 entity separate from its single member for federal income tax purposes; or

1 (g) Directing activities at Kentucky customers for the purpose of selling them
2 goods or services.

3 Nothing in this subsection shall be interpreted in a manner that goes beyond the
4 limitations imposed and protections provided by the United States Constitution or
5 Pub. L. No. 86-272;

6 (26) "Pass-through entity" means any partnership, S corporation, limited liability
7 company, limited liability partnership, limited partnership, or similar entity
8 recognized by the laws of this state that is not taxed for federal purposes at the
9 entity level, but instead passes to each partner, member, shareholder, or owner their
10 proportionate share of income, deductions, gains, losses, credits, and any other
11 similar attributes;

12 (27) "S corporation" means "S corporation" as defined in Section 1361(a) of the Internal
13 Revenue Code;

14 (28) "Limited liability pass-through entity" means any pass-through entity that affords
15 any of its partners, members, shareholders, or owners, through function of the laws
16 of this state or laws recognized by this state, protection from general liability for
17 actions of the entity; and

18 (29) "Captive real estate investment trust" means a real estate investment trust as defined
19 in Section 856 of the Internal Revenue Code that meets the following requirements:

20 (a) 1. The shares or other ownership interests of the real estate investment trust
21 are not regularly traded on an established securities market; or

22 2. The real estate investment trust does not have enough shareholders or
23 owners to be required to register with the Securities and Exchange
24 Commission; and

25 (b) 1. The maximum amount of stock or other ownership interest that is owned
26 or constructively owned by a corporation equals or exceeds:

27 a. Twenty-five percent (25%), if the corporation does not occupy

1 property owned, constructively owned, or controlled by the real
2 estate investment trust; or

3 b. Ten percent (10%), if the corporation occupies property owned,
4 constructively owned, or controlled by the real estate investment
5 trust.

6 The total ownership interest of a corporation shall be determined by
7 aggregating all interests owned or constructively owned by a
8 corporation;

9 2. For the purposes of this paragraph:

10 a. "Corporation" means a corporation taxable under KRS 141.040,
11 and includes an affiliated group as defined in KRS 141.200, that is
12 required to file a consolidated return pursuant to the provisions of
13 KRS 141.200; and

14 b. "Owned or constructively owned" means owning shares or having
15 an ownership interest in the real estate investment trust, or owning
16 an interest in an entity that owns shares or has an ownership
17 interest in the real estate investment trust. Constructive ownership
18 shall be determined by looking across multiple layers of a
19 multilayer pass-through structure; and

20 (c) The real estate investment trust is not owned by another real estate investment
21 trust.

22 ➔Section 4. KRS 157.618 is amended to read as follows:

23 (1) The emergency and targeted investment fund is hereby created as a restricted fund
24 in the State Treasury, to be administered by the School Facilities Construction
25 Commission.

26 (2) (a) Notwithstanding KRS 45.229 or any other provision of the Kentucky Revised
27 Statutes, any appropriations to the School Facilities Construction Commission

1 that have not been expended at the end of a fiscal year shall not lapse but shall
 2 be transferred to the emergency and targeted investment fund. The fund may
 3 also receive other appropriations from the General Assembly and
 4 reimbursements from local school districts.

5 (b) Notwithstanding KRS 45.229, amounts remaining in the emergency and
 6 targeted investment fund at the end of a fiscal year shall not lapse but shall be
 7 carried forward to the next fiscal year, to be used for the purposes set forth in
 8 this section.

9 (3) Notwithstanding KRS 157.620 and 157.622, the commission may use moneys in the
 10 fund to:

11 **(a)** Offer grants for the purposes of financing the construction and equipping of
 12 new facilities, or the major renovation of current facilities, if a local school
 13 district's facilities are:

14 ~~1. (a)~~ Destroyed or severely damaged by an emergency. For the purposes
 15 of this paragraph, "emergency" means a condition that arises from an
 16 accident, catastrophe, or other unforeseen occurrence such as a fire,
 17 storm, flood, or other event that involves unusual danger to the lives or
 18 property of area residents; or

19 ~~2. (b)~~ Destroyed or severely damaged through a criminal or negligent
 20 act; or

21 **(b) Award a cash grant to a school district to assist in bringing the school up to**
 22 **code if:**

23 **1. A school building is to be closed by a state or federal official or**
 24 **agency, including the state fire marshal or the Department for**
 25 **Environmental Protection; and**

26 **2. The Kentucky Department of Education has declared the situation to**
 27 **be an emergency**;

1 ~~(c) Rendered structurally unsound, hazardous, or uninhabitable as determined by~~
 2 ~~local authorities or the commissioner of education; or~~

3 ~~(d) Reasonably expected to be rendered uninhabitable within the course of two (2)~~
 4 ~~years as determined by local authorities or the commissioner of education}.~~

5 (4) If a school district receives assistance from the commission under this section and
 6 subsequently, as a result of litigation or insurance, receives funds for the original
 7 facility, the school district shall reimburse the fund an amount equal to the amount
 8 received pursuant to this section. If the litigation or insurance receipts are less than
 9 the amount received under this section, the district shall reimburse the fund an
 10 amount equal to the amount received as a result of litigation or insurance, less the
 11 district's costs and legal fees in securing the judgment or payment.

12 (5) The commission, in cooperation with the department, shall promulgate
 13 administrative regulations under KRS Chapter 13A establishing the process to apply
 14 for and receive funds from the emergency and targeted investment fund.

15 (6) By October 1 of each year, the commission shall provide a report on the fund's
 16 activities to the Legislative Research Commission.

17 ➔Section 5. KRS 157.621 is amended to read as follows:

18 (1) In addition to the levy required by KRS 157.440(1)(b) to participate in the Facilities
 19 Support Program of Kentucky, local school districts that have made the levy
 20 required by KRS 157.440(1)(b) are authorized to levy the following additional
 21 equivalent rates to support debt service, new facilities, or major renovations of
 22 existing school facilities, which levies shall not be subject to recall under any
 23 provision of the Kentucky Revised Statutes, or to voter approval under the
 24 provisions of KRS 157.440(2):

25 (a) 1. Prior to April 24, 2008, local school districts that have experienced
 26 student population growth during a five (5) year period may levy an
 27 additional five cents (\$0.05) equivalent rate for debt service and new

1 facilities. The tax rate levied by the district under this provision shall not
 2 be equalized by state funding, except as provided in paragraph (b) of this
 3 subsection. Any levy imposed under this paragraph prior to April 24,
 4 2008, by a local school district shall continue until removed by the local
 5 school district.

6 2. A local school district shall meet the following criteria in order to levy
 7 the tax provided in subparagraph 1. of this paragraph:

8 a. Growth of at least one hundred fifty (150) students in average daily
 9 attendance and three percent (3%) overall growth for the five (5)
 10 preceding years;

11 b. Bonded debt to the maximum capability of at least eighty percent
 12 (80%) of capital outlay from the Support Education Excellence in
 13 Kentucky funding program, all revenue from the local facility tax,
 14 and all receipts from state equalization on the local facility tax;

15 c. Current student enrollment in excess of available classroom space;
 16 and

17 d. A local school facility plan that has been approved by the
 18 Kentucky Board of Education and certified to the School Facilities
 19 Construction Commission.

20 (b) 1. In addition to the levy authorized by paragraph (a) of this subsection, a
 21 local school district may levy an additional five cents (\$0.05) equivalent
 22 rate under the same terms and conditions established by paragraph (a) of
 23 this subsection beginning in fiscal year 2003-2004 if the levy was made
 24 prior to April 24, 2008, and if the local school district:

25 a. Levied the five cents (\$0.05) equivalent rate authorized by
 26 paragraph (a) of this subsection; and

27 b. Still meets the requirements established by paragraph (a)2. of this

1 subsection.

2 2. Any school district that imposes both the levy authorized by paragraph
3 (a) of this subsection and the additional levy authorized by subparagraph
4 1. of this paragraph shall receive equalization funding from the state for
5 the levy imposed by paragraph (a) of this subsection beginning in fiscal
6 year 2003-2004. Equalization shall be provided at one hundred fifty
7 percent (150%) of the statewide average per pupil assessment, subject to
8 the provision of funding by the General Assembly. Equalization funds
9 shall be used as provided in KRS 157.440(1)(b).

10 3. Any levy imposed under this paragraph prior to April 24, 2008, by a
11 local school district shall continue until removed by the local school
12 district.

13 (c) 1. A local school district that meets the following conditions may levy an
14 additional five cents (\$0.05) equivalent rate on and after April 24, 2008:

15 a. The local school district is located in a county that will have more
16 students as a direct result of the new mission established for Fort
17 Knox by the Base Realignment and Closure (BRAC) 2005 issued
18 by the United States Department of Defense pursuant to the
19 Defense Base Closure and Realignment Act of 1990, Pub. L. No.
20 100-526, Part A of Title XXIX of 104 Stat. 1808, 10 U.S.C. sec.
21 2687 note; and

22 b. The commissioner of education has determined, based upon the
23 presentation of credible data, that the projected increased number
24 of students is sufficient to require new facilities or the major
25 renovation of existing facilities to accommodate the new students,
26 and has approved the imposition of the additional levy.

27 2. Any local school district that imposes both the levy authorized by

1 paragraph (a) of this subsection and the additional levy authorized by
 2 subparagraph 1. of this paragraph, and that has not received equalization
 3 funding under subsection (2) or (3) of this section, shall receive
 4 equalization funding from the state for the levy imposed by paragraph
 5 (a) of this subsection beginning in the fiscal year following the fiscal
 6 year in which the levy authorized by subparagraph 1. of this paragraph is
 7 imposed. Equalization shall be provided at one hundred fifty percent
 8 (150%) of the statewide average per pupil assessment, subject to the
 9 provision of funding by the General Assembly. Equalization funds shall
 10 be used as provided in KRS 157.440(1)(b).

11 3. Any levy imposed under this paragraph by a local school district shall
 12 continue until removed by the local school district.

13 (2) **(a)** Any local school district that, prior to **the effective date of this Act** ~~[April 24,~~
 14 ~~2008]~~, levied an equivalent rate that:

15 ~~1. (a)~~ Was subject to recall at the time it was levied; and

16 ~~2. (b)~~ Included a rate of at least five cents (\$0.05) equivalent rate for the
 17 purpose of debt service for school construction or major renovation of
 18 existing school facilities;

19 shall be eligible for retroactive equalization from the state for that levy at one
 20 hundred fifty percent (150%) of the statewide average per pupil assessment
 21 beginning in fiscal year 2003-2004, subject to the **fiscal condition of the**
 22 **Commonwealth and the** provision of funding by the General Assembly.
 23 Equalization funds shall be used as provided in KRS 157.440(1)(b).

24 **(b) It is the intent of the General Assembly that for levies described in this**
 25 **subsection that are imposed on or after the effective date of this Act,**
 26 **equalization funds, if provided by the General Assembly, shall terminate**
 27 **upon the earlier of June 30, 2038, or the date the bonds for the local school**

1 district supported by this equalization funding are retired. Equalization
 2 shall be subject to the fiscal condition of the Commonwealth and the
 3 provision of funding by the General Assembly.

4 (3) Any local school district that:

5 (a) Levied an equivalent tax rate as of April 24, 2008, that included at least ten
 6 cents (\$0.10) that was devoted to building purposes, or that had debt service
 7 corresponding to a ten cents (\$0.10) equivalent rate;

8 (b) Did not receive equalized growth funding pursuant to subsection (1)(b)2. of
 9 this section; and

10 (c) Has been approved by the commissioner of education;

11 shall be eligible for equalization from the state for that levy at one hundred fifty
 12 percent (150%) of the statewide average per pupil assessment beginning in fiscal
 13 year 2005-2006, subject to the provision of funding by the General Assembly.
 14 Equalization funds shall be used as provided in KRS 157.440(1)(b). Equalization
 15 funds shall be available to a local school district pursuant to this subsection until the
 16 earlier of June 30, 2025, or the date the bonds for the local school district supported
 17 by this equalization funding are retired.

18 (4) (a) Notwithstanding any other provision of this section, any local school district
 19 receiving equalization funding prior to the effective date of this Act~~on April~~
 20 ~~24, 2008~~, related to an equivalent rate levy described in subsection (1), (2),
 21 ~~or~~ (3), or (5) of this section shall continue to receive the equalization funding
 22 related to the applicable equivalent rate levy, subject to the limitations
 23 established by subsections (1), (2),~~and~~ (3), and (5) of this section, and
 24 subject to the fiscal condition of the Commonwealth and the provision of
 25 funding by the General Assembly, until amended by subsequent action of the
 26 General Assembly. A local school district described in this paragraph shall not
 27 be eligible to receive equalization for any additional equivalent rate levies

1 made by it on or after the effective date of this Act~~[April 24, 2008]~~.

2 (b) Notwithstanding any other provision of this section, any local school district
3 that has imposed an equivalent rate levy described in subsection (1)(a) or (b)
4 or (2) of this section prior to the effective date of this Act~~[as of April 24,~~
5 ~~2008]~~, that qualifies for equalization but that has not yet received equalization
6 funding shall be eligible for equalization funding as provided in subsection
7 (1)(a) or (b) or (2) of this section, subject to the provision of funding by the
8 General Assembly.

9 (c) On and after April 24, 2008, a local school district not included in paragraph
10 (a) or (b) of this subsection shall be prohibited from imposing an equivalent
11 rate levy under the provisions of subsection (1)(a) or (b) of this section, and
12 shall not be eligible for equalization funding under the provisions of this
13 section.

14 (d) On and after April 24, 2008, a local school district meeting the requirements
15 of subsection (1)(c) of this section may impose the levy authorized by
16 subsection (1)(c) of this section, and shall qualify for equalization as provided
17 in subsection (1)(c) of this section, subject to the provision of funding by the
18 General Assembly.

19 **(5) (a) Any local school district that:**

20 **1. Had school facilities classified as Category 5 on May 18, 2010, by the**
21 **Kentucky Department of Education; and**

22 **2. Levied an additional five cents (\$0.05) equivalent tax rate prior to the**
23 **effective date of this Act for debt service, new construction, and major**
24 **renovation beyond the five cents (\$0.05) equivalent tax rate required**
25 **by KRS 157.440(1)(b), except as provided in paragraph (b) of this**
26 **subsection;**

27 **shall be eligible for equalization from the state for that levy at one hundred**

1 fifty percent (150%) of the statewide average per pupil assessment
 2 beginning in the fiscal year following the fiscal year in which the levy was
 3 imposed. This levy shall be subject to the recall provisions of KRS 132.017.

4 (b) School districts that levied a five cents (\$0.05) equivalent tax rate for debt
 5 service, new construction, and major renovation, beyond the rate required
 6 by KRS 157.440(1)(b) prior to May 18, 2010, shall not be required to levy an
 7 additional tax to receive the equalization funds provided in paragraph (a) of
 8 this subsection.

9 (c) If the school district utilizes the equalization funds to support a bond issue
 10 for construction purposes, equalization funds shall be provided until the
 11 earlier of twenty (20) years or date the bonds are retired.

12 (d) In the event that a school district receives funding pursuant to this
 13 subsection to support construction of a new school facility and
 14 subsequently, as a result of litigation, receives funding for the same facility
 15 for which state funds were provided, that school district shall reimburse the
 16 Commonwealth an amount equal to the amount provided under paragraph
 17 (a) of this subsection. Any funds received in this manner shall be deposited
 18 in the Budget Reserve Trust Fund Account established in KRS 48.705.

19 → Section 6. KRS 158.070 is amended to read as follows:

20 (1) As used in this section:

21 (a) "Election" has the same meaning as in KRS 121.015;

22 (b) "Minimum school term" or "school term" means not less than one hundred
 23 eighty-five (185) days composed of the student attendance days, teacher
 24 professional days, and holidays;

25 ~~(c)~~(b) "School calendar" means the document adopted by a local board of
 26 education that establishes the minimum school term, student instructional
 27 year, and days that school will not be in session;

1 ~~(d)~~~~(e)~~ "Student attendance day" means any day that students are scheduled to
 2 be at school to receive instruction, and encompasses the designated start and
 3 dismissal time;

4 ~~(e)~~~~(d)~~ "Student instructional year" means at least one thousand sixty-two
 5 (1,062) hours of instructional time for students delivered on not less than one
 6 hundred seventy (170) student attendance days; and

7 ~~(d)~~~~(e)~~ "Teacher professional day" means any day teachers are required to report
 8 to work as determined by a local board of education, with or without the
 9 presence of students.

10 (2) The local board of education, upon recommendation of the local school district
 11 superintendent, shall annually adopt a school calendar for the upcoming school year
 12 that establishes the opening and closing dates of the school term, beginning and
 13 ending dates of each school month, student attendance days, and days on which
 14 schools shall be dismissed. The local board may schedule days for breaks in the
 15 school calendar that shall not be counted as a part of the minimum school term.

16 (3) (a) Each local board of education shall use four (4) days of the minimum school
 17 term for professional development and collegial planning activities for the
 18 professional staff without the presence of students pursuant to the
 19 requirements of KRS 156.095. At the discretion of the superintendent, one (1)
 20 day of professional development may be used for district-wide activities and
 21 for training that is mandated by federal or state law. The use of three (3) days
 22 shall be planned by each school council, except that the district is encouraged
 23 to provide technical assistance and leadership to school councils to maximize
 24 existing resources and to encourage shared planning.

25 (b) In addition to the four (4) days required under paragraph (a) of this subsection,
 26 a minimum of two (2) hours of self-study review of suicide prevention
 27 materials shall be required for all high school and middle school principals,

1 guidance counselors, and teachers each school year.

2 (c) A local board may approve a school's flexible professional development plan
3 that permits teachers or other certified personnel within a school to participate
4 in professional development activities outside the days scheduled in the school
5 calendar or the regularly scheduled hours in the school work day and receive
6 credit towards the four (4) day professional development requirement within
7 the minimum one hundred eighty-five (185) days that a teacher shall be
8 employed.

9 1. A flexible schedule option shall be reflected in the school's professional
10 development component within the school improvement plan or
11 consolidated plan and approved by the local board. Credit for approved
12 professional development activities may be accumulated in periods of
13 time other than full day segments.

14 2. No teacher or administrator shall be permitted to count participation in a
15 professional development activity under the flexible schedule option
16 unless the activity is related to the teacher's classroom assignment and
17 content area, or the administrator's job requirements, or is required by
18 the school improvement or consolidated plan, or is tied to the teacher's
19 or the administrator's individual growth plan. The supervisor shall give
20 prior approval and shall monitor compliance with the requirements of
21 this paragraph. In the case of teachers, a professional development
22 committee or the school council by council policy may be responsible
23 for reviewing requests for approval.

24 (d) The local board of each school district may use up to a maximum of four (4)
25 days of the minimum school term for holidays; provided, however, any
26 holiday which occurs on Saturday may be observed on the preceding Friday.

27 (e) Each local board may use two (2) days for planning activities without the

1 presence of students.

2 (f) Each local board may close schools for the number of days deemed necessary
3 for:

- 4 1. National or state emergency or mourning when proclaimed by the
5 President of the United States or the Governor of the Commonwealth of
6 Kentucky;
- 7 2. Local emergency which would endanger the health or safety of children;
8 and
- 9 3. Mourning when so designated by the local board of education and
10 approved by the Kentucky Board of Education upon recommendation of
11 the commissioner of education.

12 (4) (a) The Kentucky Board of Education, upon recommendation of the
13 commissioner of education, shall adopt administrative regulations governing
14 the use of student attendance days as a result of a local emergency, as
15 described in subsection (3)(f)2. of this section, and regulations setting forth
16 the guidelines and procedures to be observed for the approval of waivers from
17 the requirements of a student instructional year in subsection (1)(d) of this
18 section for districts that wish to adopt innovative instructional calendars, or
19 for circumstances that would create extreme hardship.

20 (b) If a local board of education amends its school calendar after its adoption due
21 to an emergency, it may lengthen or shorten any remaining student attendance
22 days by thirty (30) minutes or more, as it deems necessary, provided the
23 amended calendar complies with the requirements of a student instructional
24 year in subsection (1)(d) of this section. No student attendance day shall
25 contain more than seven (7) hours of instructional time unless the district
26 submitted and received approval from the commissioner of education for an
27 innovative alternative calendar.

- 1 (5) (a) 1. In setting the school calendar, school may be closed for two (2)
 2 consecutive days for the purpose of permitting professional school
 3 employees to attend statewide professional meetings.
- 4 2. These two (2) days for statewide professional meetings may be
 5 scheduled to begin with the first Thursday after Easter, or upon request
 6 of the statewide professional education association having the largest
 7 paid membership, the commissioner of education may designate
 8 alternate dates.
- 9 3. If schools are scheduled to operate during days designated for the
 10 statewide professional meeting, the school district shall permit
 11 employees who are delegates to attend as compensated professional
 12 leave time and shall employ substitute teachers in their absence.
- 13 4. The commissioner of education shall designate one (1) additional day
 14 during the school year when schools may be closed to permit
 15 professional school employees to participate in regional or district
 16 professional meetings.
- 17 5. These three (3) days so designated for attendance at professional
 18 meetings may be counted as a part of the minimum school term.
- 19 (b) 1. *If any school in a district is used as a polling place, the school district*
 20 shall be closed on the day of ~~the~~[a regular] election[~~and on the day of a~~
 21 ~~primary election~~], and those days may be used for professional
 22 development activities, professional meetings, or parent-teacher
 23 conferences.
- 24 2. *A district may be open on the day of an election if no school in the*
 25 *district is used as a polling place.*
- 26 (c)[(b)] All schools shall be closed on the third Monday of January in
 27 observance of the birthday of Martin Luther King, Jr. Districts may:

- 1 1. Designate the day as one (1) of the four (4) holidays permitted under
2 subsection (3)(d) of this section; or
- 3 2. Not include the day in the minimum school term specified in subsection
4 (1) of this section.
- 5 (6) (a) The Kentucky Board of Education, or the organization or agency designated
6 by the board to manage interscholastic athletics, shall be encouraged to
7 schedule athletic competitions outside the regularly scheduled student
8 attendance day.
- 9 (b) Beginning with the 2009-2010 school year, any member of a school-
10 sponsored interscholastic athletic team who competes in a regional
11 tournament or state tournament sanctioned by the Kentucky Board of
12 Education, or the organization or agency designated by the board to manage
13 interscholastic athletics, and occurring on a regularly scheduled student
14 attendance day may be counted present at school on the date or dates of the
15 competition, as determined by local board policy, for a maximum of two (2)
16 days per student per year. The student shall be expected to complete any
17 assignments missed on the date or dates of the competition.
- 18 (c) The school attendance record of any student for whom paragraph (b) of this
19 subsection applies shall indicate that the student was in attendance on the date
20 or dates of competition.
- 21 (7) Students applying for excused absence for attendance at the Kentucky State Fair
22 shall be granted one (1) day of excused absence.
- 23 (8) Schools shall provide continuing education for those students who are determined
24 to need additional time to achieve the outcomes defined in KRS 158.6451, and
25 schools shall not be limited to the minimum school term in providing this
26 education. Continuing education time may include extended days, extended weeks,
27 or extended years. A local board of education may adopt a policy requiring its

1 students to participate in continuing education. The local policy shall set out the
2 conditions under which attendance will be required and any exceptions which are
3 provided. The Kentucky Board of Education shall promulgate administrative
4 regulations establishing criteria for the allotment of grants to local school districts
5 and shall include criteria by which the commissioner of education may approve a
6 district's request for a waiver to use an alternative service delivery option, including
7 providing services during the student attendance day on a limited basis. These
8 grants shall be allotted to school districts to provide instructional programs for
9 pupils who are identified as needing additional time to achieve the outcomes
10 defined in KRS 158.6451. A school district that has a school operating a model
11 early reading program under KRS 158.792 may use a portion of its grant money as
12 part of the matching funds to provide individualized or small group reading
13 instruction to qualified students outside of the regular classroom during the student
14 attendance day.

15 (9) Notwithstanding any other statute, each school term shall include no less than the
16 equivalent of the student instructional year in subsection (1)(d) of this section,
17 except that the commissioner of education may grant up to the equivalent of ten
18 (10) student attendance days for school districts that have an alternative instruction
19 plan approved by the commissioner of education for the use of alternative methods
20 of instruction, including virtual learning, on days when the school district is closed
21 for health or safety reasons, on nontraditional days, or on nontraditional time. The
22 district's plan shall demonstrate how teaching and learning in the district will not be
23 negatively impacted. Average daily attendance for purposes of Support Education
24 Excellence in Kentucky program funding during the student attendance days
25 granted shall be calculated in compliance with administrative regulations
26 promulgated by the Kentucky Board of Education.

27 (10) Notwithstanding the provisions of KRS 158.060(3) and the provisions of subsection

1 (2) of this section, a school district shall arrange bus schedules so that all buses
2 arrive in sufficient time to provide breakfast prior to the beginning of the student
3 attendance day. In the event of an unforeseen bus delay, the administrator of a
4 school that participates in the Federal School Breakfast Program may authorize up
5 to fifteen (15) minutes of the student attendance day if necessary to provide the
6 opportunity for children to eat breakfast not to exceed eight (8) times during the
7 school year within a school building.

8 (11) Notwithstanding any other statute to the contrary, the following provisions shall
9 apply to a school district that misses student attendance days due to emergencies,
10 including weather-related emergencies:

11 (a) A certified school employee shall be considered to have fulfilled the minimum
12 one hundred eighty-five (185) day contract with a school district under KRS
13 157.350 and shall be given credit for the purpose of calculating service credit
14 for retirement under KRS 161.500 for certified school personnel if:

- 15 1. State and local requirements under this section are met regarding the
16 equivalent of the number and length of student attendance days, teacher
17 professional days, professional development days, holidays, and days for
18 planning activities without the presence of students; and
- 19 2. The provisions of the district's school calendar to make up student
20 attendance days missed due to any emergency, as approved by the
21 Kentucky Department of Education when required, including but not
22 limited to a provision for additional instructional time per day, are met.

23 (b) Additional time worked by a classified school employee shall be considered as
24 equivalent time to be applied toward the employee's contract and calculation
25 of service credit for classified employees under KRS 78.615 if:

- 26 1. The employee works for a school district with a school calendar
27 approved by the Kentucky Department of Education that contains a

1 provision that additional instructional time per day shall be used to make
2 up full days missed due to an emergency;

3 2. The employee's contract requires a minimum six (6) hour work day; and

4 3. The employee's job responsibilities and work day are extended when the
5 instructional time is extended for the purposes of making up time.

6 (c) Classified employees who are regularly scheduled to work less than six (6)
7 hours per day and who do not have additional work responsibilities as a result
8 of lengthened student attendance days shall be excluded from the provisions
9 of this subsection. These employees may be assigned additional work
10 responsibilities to make up service credit under KRS 78.615 that would be
11 lost due to lengthened student attendance days.

12 ➔Section 7. KRS 224.50-868 is amended to read as follows:

13 (1) Until June 30, 2018~~[2016]~~, a person purchasing a new motor vehicle tire in
14 Kentucky shall pay to the retailer a one dollar (\$1) fee at the time of the purchase of
15 that tire. A new tire is a tire that has never been placed on a motor vehicle wheel
16 rim, but it is not a tire placed on a motor vehicle prior to its original retail sale or a
17 recapped tire. The term "motor vehicle" as used in this section shall mean "motor
18 vehicle" as defined in KRS 138.450. The fee shall not be subject to the Kentucky
19 sales tax.

20 (2) When a person purchases a new motor vehicle tire in Kentucky to replace another
21 tire, the tire that is replaced becomes a waste tire subject to the waste tire program.
22 The person purchasing the new motor vehicle tire shall be encouraged by the
23 retailer to leave the waste tire with the retailer or meet the following requirements:

24 (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);

25 (b) Deliver the waste tire to a person registered in accordance with the waste tire
26 program; or

27 (c) Reuse the waste tire for its original intended purpose or an agricultural

1 purpose.

- 2 (3) A retailer shall report to the Department of Revenue on or before the twentieth day
3 of each month the number of new motor vehicle tires sold during the preceding
4 month and the number of waste tires received from customers that month. The
5 report shall be filed on forms and contain information as the Department of
6 Revenue may require. The retailer shall remit with the report ninety-five percent
7 (95%) of the fees collected for the preceding month and may retain a five percent
8 (5%) handling fee.
- 9 (4) A retailer shall:
- 10 (a) Accept from the purchaser of a new tire, if offered, for each new motor
11 vehicle tire sold, a waste tire of similar size and type; and
- 12 (b) Post notice at the place where retail sales are made that state law requires the
13 retailer to accept, if offered, a waste tire for each new motor vehicle tire sold
14 and that a person purchasing a new motor vehicle tire to replace another tire
15 shall comply with subsection (2) of this section. The notice shall also include
16 the following wording: "State law requires a new tire buyer to pay one dollar
17 (\$1) for each new tire purchased. The money is collected and used by the state
18 to oversee the management of waste tires, including cleaning up abandoned
19 waste tire piles and preventing illegal dumping of waste tires."
- 20 (5) A retailer shall comply with the requirements of the recordkeeping system for waste
21 tires established by KRS 224.50-874.
- 22 (6) A retailer shall transfer waste tires only to a person who presents a letter from the
23 cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid
24 waste disposal facility permit issued by the cabinet, unless the retailer is delivering
25 the waste tires to a destination outside Kentucky and the waste tires will remain in
26 the retailer's possession until they reach that destination.
- 27 (7) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the

1 informational fact sheet to be made publicly available on the cabinet's Web site and
2 available in print upon request. The fact sheet shall identify ways to properly
3 dispose of the waste tire and present information on the problems caused by
4 improper waste tire disposal.

5 →Section 8. (1) Administrative Fee on Infrastructure for Economic
6 Development Fund Projects: A one-half of one percent administrative fee is authorized to
7 be paid to the Kentucky Infrastructure Authority for the administration of each project
8 funded by the Infrastructure for Economic Development Fund for Coal-Producing
9 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.
10 These administrative fees shall be paid, upon inception of the project, out of the fund
11 from which the project was allocated.

12 (2) Executive Agency Lobbyists Registration Fee: Notwithstanding KRS
13 11A.211(5), the registration fee paid shall be \$500.

14 (3) Charges for Federal, State, and Local Audits: Any additional expenses
15 incurred by the Auditor of Public Accounts for required audits of Federal Funds shall be
16 charged to the government or agency that is the subject of the audit. Because the Auditor
17 of Public Accounts receives General Fund appropriations for audits of the statewide
18 systems of personnel and payroll, cash and investments, revenue collection, and the state
19 accounting system, any expenses incurred by the Auditor of Public Accounts for audits of
20 other state agencies shall be charged to the agency that is the subject of such audit. The
21 Auditor of Public Accounts shall maintain a record of all time and expenses for each
22 audit or investigation.

23 Any expenses incurred by the Auditor of Public Accounts for auditing individual
24 governmental entities when mandated by a legislative committee shall be charged to the
25 agency or entity receiving audit services.

26 (4) Personnel Board Operating Assessment: Each agency of the Executive Branch
27 with employees covered by KRS Chapter 18A shall be assessed each fiscal year the

1 amount required for the operation of the Personnel Board. The agency assessment shall be
2 determined by the Secretary of the Finance and Administration Cabinet based on the
3 authorized full-time positions of each agency on July 1 of each year of the biennium. The
4 Secretary of the Finance and Administration Cabinet shall collect the assessment.

5 (5) Water Withdrawal Fees: The water withdrawal fees imposed by the Kentucky
6 River Authority shall not be subject to state and local taxes. Notwithstanding KRS
7 151.710(10), Tier I water withdrawal fees shall be used to support the operations of the
8 Authority and for contractual services for water supply and quality studies.

9 (6) Pro Rata Assessment: The Personnel Cabinet shall collect a pro rata
10 assessment from all state agencies, in all three branches of government, and other
11 organizations that are supported by the System. Those collections shall be deposited and
12 retained in a Restricted Funds account within the Personnel Cabinet.

13 (7) Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d),
14 premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes
15 collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

16 (8) Speed Title Procedure for Motor Vehicles: Notwithstanding KRS
17 186A.170(1)(b) and 601 KAR 9:200, sec. 2, (5) to the contrary, salvage or rebuilt titles
18 shall be processed through the speed title procedure when an electronic notification is
19 issued by a county clerk's office. The speed title fee provided in KRS 186A.130(3) shall
20 apply.

21 ➔Section 9. Assessment on Insurers: Notwithstanding KRS 304.17B-021 or any
22 other provision of the Kentucky Revised Statutes to the contrary, for insurers who offer
23 qualified health plans (QHPs), as defined in 42 U.S.C. sec. 18021, in the 2017 or 2018
24 plan year on the federal exchange in the individual market segment, the amount of the
25 assessment imposed by KRS 304.17B-021 on health benefit plan premiums written in the
26 individual market segment may be independently determined by the Department of
27 Insurance but shall not exceed the maximum set forth in KRS 304.17B-021.

1 ➔Section 10. Section 8 of this Act is effective for and applies to the fiscal year
2 beginning July 1, 2016, and ending June 30, 2017, and the fiscal year beginning July 1,
3 2017, and ending June 30, 2018, and shall expire at the end of June 30, 2018.

4 ➔Section 11. Section 9 of this Act is effective for and applies to the plan year
5 beginning January 1, 2017, and ending December 31, 2017, and the plan year beginning
6 January 1, 2018, and ending December 31, 2018, and shall expire at the end of December
7 31, 2018.

8 ➔Section 12. Whereas this Act applies to the balancing of the Executive Branch
9 Budget, an emergency is declared to exist, and this Act takes effect upon its passage and
10 approval by the Governor or upon its otherwise becoming a law.

Legislative Branch

House Bill 499



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 499

WEDNESDAY, MARCH 16, 2016

The following bill was reported to the Senate from the House and ordered to be printed.

1 AN ACT making appropriations for the operations, maintenance, and support of the
 2 Legislative Branch of the Commonwealth of Kentucky.

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

4 ➔Section 1. The Legislative Branch Budget is as follows:

5 **PART I**

6 **OPERATING BUDGET**

7 **Funds Appropriations:** Funds are appropriated to the Legislative Research
 8 Commission for the Legislative Branch of government out of the General Fund and
 9 Restricted Funds accounts for the fiscal year beginning July 1, 2016, and ending June 30,
 10 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, in the
 11 following discrete sums, or so much thereof as may be necessary. Each appropriation is
 12 made by the source of respective fund or funds accounts to be used for the purposes of the
 13 Legislative Branch of government of the Commonwealth of Kentucky.

	2016-17	2017-18
14		
15 1. General Assembly		
16 General Fund	18,823,100	19,631,600
17 Restricted Funds	75,000	175,000
18 TOTAL	18,898,100	19,806,600

19 **(1) Legislators Retirement and Compensation:** The above appropriation to the
 20 General Assembly includes funds for the Legislators Retirement Plan in each fiscal year.
 21 Notwithstanding KRS 6.190 and 6.213, the daily compensation provided by KRS 6.190
 22 and the interim expense allowance provided by KRS 6.213 for members of the General
 23 Assembly shall remain at the January 1, 2016, level.

24 **(2) Kentucky Legislative Ethics Commission:** Included in the above General
 25 Fund appropriation is \$426,500 in fiscal year 2016-2017 and \$428,100 in fiscal year
 26 2017-2018 for the Kentucky Legislative Ethics Commission. Included in the above
 27 Restricted Funds appropriation is \$75,000 in fiscal year 2016-2017 and \$175,000 in fiscal

1 conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be
2 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
3 remaining sections, subsections, or provisions.

4 **4. Duplicate Appropriation:** Any appropriation item and sum in this Act and in
5 an appropriation provision in another Act of the 2016 Regular Session of the General
6 Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

7 **5. Priority of Individual Appropriations:** KRS 48.313 shall control when a
8 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
9 consists.

10 **6. Appropriations Revisions:** Proposed revisions to Restricted Funds
11 appropriations in this Act shall be made and reported pursuant to KRS 48.630(10). The
12 Director of the Legislative Research Commission may transfer any available funds
13 between all appropriation units as needed to meet the constitutional requirements of the
14 Legislative Branch for fiscal years 2015-2016, 2016-2017, and 2017-2018.

15 **7. Allowance in Lieu of Stationery:** Notwithstanding KRS 6.220, in lieu of
16 stationery, there shall be allowed to each member of the House of Representatives the
17 sum of \$250 and to each member of the Senate the sum of \$500. This allowance shall be
18 paid out of the State Treasury at the beginning of each legislative session.

19 **8. Issuance of Employee Paychecks:** Notwithstanding 101 KAR 2:095, Section
20 10, the state payroll that would normally be scheduled to be paid on June 30, 2017, and
21 June 30, 2018, shall not be issued prior to July 1, 2017, and July 1, 2018.

22 **9. Salary Adjustments:** The Director of the Legislative Research Commission
23 shall propose a salary adjustment plan for employees of the Legislative Research
24 Commission for approval by the Legislative Research Commission.

25 **10. Surplus Property:** Upon their declaration as surplus, the Legislative
26 Research Commission may sell legislative chairs to current or former members of the
27 General Assembly. Proceeds from the sale shall be deposited to the credit of the

1 Legislative Research Commission and shall be used for the purpose of purchasing
2 replacement items. This provision shall suspend other state laws with regards to the
3 disposition of state property for the purpose stated and for no other purpose.

4 **PART III**

5 **FUNDS TRANSFER**

6 The Legislative Branch shall transfer \$3,484,100 to the General Fund in each fiscal
7 year.

8 **PART IV**

9 **BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN**

10 The Legislative Branch shall participate in any Budget Reduction Plan or Surplus
11 Expenditure Plan in accordance with the provisions of KRS Chapter 48.

Judicial Branch

House Bill 306



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 306 OF THE
2016 REGULAR SESSION

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

OPERATING BUDGET

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 2, lines 11 through 22, in their entirety.

The salary provisions contemplated in House Bill 306 are in direct conflict to Kentucky law. KRS 64.056 clearly provides that the Chief Justice may propose salary increases for Circuit Clerks. It grants the General Assembly only the power to limit these proposed increases, and does not authorize an increase above and beyond the Chief Justice's proposal. Because House Bill 306 fails to suspend or otherwise address KRS 64.056, this provision is illegal.

FUNDS TRANSFER

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 8, lines 19 through 22, in their entirety.

The need to allocate a historical level of resources to Kentucky's underfunded pension liabilities requires that all branches of state government operate within significant budgetary constraints. However, the fund transfers required by HB 306 go beyond the limit of what the Commonwealth should require from the Judicial Branch. If enacted, these fund transfers would risk placing the Judiciary in a position that could potentially negatively impact Kentuckians access to the Courts. It is imperative, however, that the Judicial Branch must continue seeking operational efficiencies and make the maximum effort to collect mandated court costs and fees, which are waived too often for reasons other than an individual's legitimate inability to pay.

This the 8th day of April, 2016

Matthew G. Bevin
Governor





GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 306

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

SATURDAY, APRIL 16, 2016

1 AN ACT making appropriations for the operations, maintenance, support, and
 2 functioning of the Judicial Branch of the government of the Commonwealth of Kentucky
 3 and its various officers, boards, commissions, subdivisions, and other state-supported
 4 activities.

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

6 ➔Section 1. The Judicial Branch Budget is as follows:

7 **PART I**

8 **OPERATING BUDGET**

9 **(1) Funds Appropriations:** There is appropriated out of the General Fund,
 10 Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1,
 11 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and
 12 ending June 30, 2018, the following sums to be used for the purposes of the Judicial
 13 Branch of the government of the Commonwealth of Kentucky, including the Supreme
 14 Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative
 15 Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use
 16 Allowance Contingency Fund, and for services performed by the Circuit Court Clerks'
 17 offices, including both Circuit and District Court support.

18 **1. Court of Justice**

19 **a. Court Operations and Administration**

	2016-17	2017-18
21 General Fund	219,548,200	217,113,500
22 Restricted Funds	37,654,500	37,152,900
23 Federal Funds	2,593,000	1,440,400
24 TOTAL	259,795,700	255,706,800

25 **(1) Family Court Judgeship:** Included in the above General Fund appropriation
 26 is \$369,500 in fiscal year 2016-2017 and \$347,600 in fiscal year 2017-2018 for a family
 27 court judgeship in the Sixth Circuit.

1 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
 2 balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue
 3 into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal
 4 year 2016-2017 shall not lapse and shall continue into fiscal year 2017-2018.

5 **(3) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the
 6 increase in civil filings fees that was effective in 2008, the additional income resulting
 7 from the fee increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall
 8 be deposited into a trust and agency account for court operations. Any revenue generated
 9 by these increases in excess of the \$5,000,000 in each fiscal year of the biennium shall be
 10 deposited into the General Fund.

11 ~~{(4) Salary Structure: Included in the above General Fund appropriation is~~
 12 ~~\$714,000 in fiscal year 2016-2017 and \$1,428,000 in fiscal year 2017-2018 to provide for~~
 13 ~~full pay parity for the Circuit Clerks with other elected county officials. The funding shall~~
 14 ~~be allocated as follows:~~

15 ~~(a) A salary adjustment for Circuit Clerks shall be allocated in fiscal year 2016-~~
 16 ~~2017 to provide 75 percent pay parity for the Circuit Clerks with other elected county~~
 17 ~~officials;~~

18 ~~(b) A salary adjustment for Circuit Clerks shall be allocated in fiscal year 2017-~~
 19 ~~2018 to provide 100 percent pay parity for the Circuit Clerks with other elected county~~
 20 ~~officials; and~~

21 ~~(c) Salaries and wages for all judges shall not be increased during the 2016-2018~~
 22 ~~fiscal biennium.]~~

23 **(5) Night Court in Jefferson County:** The Administrative Office of the Courts
 24 shall continue the operations and current schedule of night court in Okolona and
 25 Middletown in Jefferson County in fiscal year 2016-2017 and fiscal year 2017-2018.

26 **(6) Use of Settlement Proceeds:** Notwithstanding KRS 48.005(4), included in
 27 the above Restricted Funds appropriation is \$1,000,000 in each fiscal year for the

1 expansion and continuation of rocket docket prosecutions and \$1,500,000 in each fiscal
2 year for the expansion and continuation of drug courts from settlement funds resulting
3 from the suit against Johnson & Johnson, et al.

4 **(7) Defined Calculations:** Included in the above General Fund appropriation is
5 \$6,160,900 in fiscal year 2016-2017 and \$7,264,000 in fiscal year 2017-2018 to provide
6 funds for the increase in the employer cost of health and life insurance and the employer
7 cost of retirement.

8 **b. Local Facilities Fund**

	2016-17	2017-18
9		
10	114,531,500	115,445,600

11 **(1) Local Court Facility Compensation:** Included in the above appropriation are
12 moneys to compensate local units of government for providing court space and for costs
13 incurred in the development of local court facilities as defined in KRS Chapter 26A and
14 provided in Part II of this Act, and to perform all other acts required or authorized by
15 KRS Chapter 26A.

16 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
17 balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue
18 into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal
19 year 2016-2017 shall not lapse and shall be continued into fiscal year 2017-2018.

20 **(3) Fayette County Courthouse Use Allowance:** The use allowance for the
21 Fayette County Courthouse is contingent upon Short Street in Lexington, Kentucky
22 remaining open to traffic.

23 **c. Local Facilities Use Allowance Contingency Fund**

	2016-17	2017-18
24		
25	-0-	-0-

26 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
27 balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue

1 into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal
 2 year 2016-2017 shall not lapse and shall continue into fiscal year 2017-2018 to provide
 3 for cost overruns in authorized court facilities projects not to exceed 15 percent of the use
 4 allowance in accordance with KRS Chapter 26A.

5 **TOTAL - COURT OF JUSTICE**

	2016-17	2017-18
6		
7 General Fund	334,079,700	332,559,100
8 Restricted Funds	37,654,500	37,152,900
9 Federal Funds	2,593,000	1,440,400
10 TOTAL	374,327,200	371,152,400

11 **2. Judicial Retirement System**

	2016-17	2017-18
12		
13 General Fund	13,828,000	13,739,900

14 **(1) Judicial Retirement Benefits:** General Fund amounts are included to provide
 15 actuarial-assessed judicial retirement benefits pursuant to KRS 21.345 to 21.580.

16 **(2) Pension Benefit Increase:** Notwithstanding KRS 21.405(5), no pension
 17 benefit increase shall be granted to recipients of a retirement allowance under KRS
 18 21.345 to 21.570 on July 1, 2016, or July 1, 2017.

19 **TOTAL - OPERATING BUDGET**

	2016-17	2017-18
20		
21 General Fund	347,907,700	346,299,000
22 Restricted Funds	37,654,500	37,152,900
23 Federal Funds	2,593,000	1,440,400
24 TOTAL	388,155,200	384,892,300

25 **PART II**

26 **CAPITAL PROJECTS BUDGET**

27 **Budget Units**

1 **1. Local Facilities Fund**

2 **(1) Authorization of Capital Projects:** It is the intent of the General Assembly
 3 that any capital project proposed by any state government entity, including the agencies
 4 and subdivisions of the Court of Justice, shall be authorized by the General Assembly
 5 prior to the project’s financing and construction, in accordance with KRS 7A.010,
 6 7A.120, 45.750, 45.760, 45.763, 45.765, and 48.110. Pursuant to KRS 45.760(1), the
 7 amount allotted, from all sources, for expenditure on any capital project, including leases
 8 as defined by KRS 45.750, shall not exceed the estimated cost as shown in this Act.

9 **(2) Capital Projects and Bond Oversight Committee:** Capital construction
 10 projects and major items of equipment that are not specifically listed in this Act may be
 11 authorized only after submission of the project to the Capital Projects and Bond
 12 Oversight Committee and in accordance with the other requirements of KRS 45.760(7).
 13 Moneys may be transferred to the allotment account of any capital project only after
 14 submission of the project to the Capital Projects and Bond Oversight Committee and in
 15 accordance with the other requirements of KRS 45.760(6). As required by KRS 45.760,
 16 all capital construction items authorized in this Act shall be constructed in accordance
 17 with this Act, supporting documentation considered by the General Assembly, and
 18 Judicial Branch budget records. Any modifications to the scope of a capital construction
 19 project or to a lease shall be reported to the Capital Projects and Bond Oversight
 20 Committee before execution.

21 **2. Local Facilities Projects**

22 Project	Project Scope
23 001. Simpson	2,298,000
24 002. Mason	830,000

25 **(1) Simpson County:** General Fund support of \$231,900 is contained in the
 26 Local Facilities Fund budget in each fiscal year for use allowance payments.

27 **(2) Mason County:** General Fund support of \$86,700 is contained in the Local

1 Facilities Fund budget in each fiscal year for use allowance payments.

2 **(3) Court Facility Planning Process:** The county shall require the Project
 3 Development Board to hire a certified architect not otherwise involved with the project to
 4 conduct an independent feasibility study to determine whether the needs of the
 5 community and the Court of Justice can best be met through the construction of a
 6 freestanding building, or through an addition and/or renovation of the existing court
 7 facility. The cost for this study shall be an accepted and approved portion of the planning
 8 process, and shall be eligible for reimbursement from the bond proceeds.

9 **3. Lease Authorizations**

10 **001.** Franklin County - Lease - Court of Appeals

11 **002.** Jefferson County - Lease - Parking

12 **(1) Local Facilities Projects - Authorized:** Nothing in this Act shall reduce
 13 funding of court facility projects authorized by the General Assembly.

14 **(2) Local Facilities Use Allowance Contingency Fund:** For any court facility
 15 project which is occupied and use allowance funding is insufficient, the use allowance
 16 payments shall be approved from the Local Facilities Use Allowance Contingency Fund.
 17 If funds are not available in the Local Facilities Use Allowance Contingency Fund, the
 18 Chief Justice may transfer funds from other Judicial Branch accounts in accordance with
 19 Part III, General Provisions, Section 7. of this Act to make the necessary payments.

20 **TOTAL - JUDICIAL BRANCH BUDGET**

	2016-17	2017-18
21		
22 General Fund	347,907,700	346,299,000
23 Restricted Funds	37,654,500	37,152,900
24 Federal Funds	2,593,000	1,440,400
25 TOTAL	388,155,200	384,892,300

26 **PART III**

27 **GENERAL PROVISIONS**

1 **1. Expenditure Authority:** The Director of the Administrative Office of the
2 Courts, with the approval of the Chief Justice, may expend any of the funds appropriated
3 for court operations and administration in any lawful manner and for any legal purpose
4 that the Chief Justice shall authorize or direct. All expenditures shall conform with Part
5 III, General Provisions, Section 7. of this Act. No executive agency of state government
6 shall have the power to restrict or limit the expenditure of funds appropriated to the
7 Judicial Branch of government.

8 **2. Severability of Budget Provisions:** Appropriation items and sums in this Act
9 conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be
10 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
11 remaining sections, subsections, or provisions.

12 **3. Duplicate Appropriations:** Any appropriation item and sum in this Act and
13 in an appropriation provision in another Act of the 2016 Regular Session of the General
14 Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

15 **4. Priority of Individual Appropriations:** KRS 48.313 shall control when a
16 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
17 consists.

18 **5. Carry Forward of Restricted and Federal Funds:** Notwithstanding KRS
19 45.229, any unexpended balance remaining in the Court's Restricted Funds accounts or
20 Federal Funds accounts at the close of the fiscal years ending June 30, 2016, and June 30,
21 2017, shall not lapse and shall continue into the next fiscal year.

22 **6. Final Budget Document:** The Chief Justice shall cause the Director of the
23 Administrative Office of the Courts to prepare a final budget document reflecting the
24 2016-2018 biennial budget of the Court of Justice. A copy shall be provided to the
25 Legislative Research Commission and an informational copy shall be furnished to the
26 Finance and Administration Cabinet within 60 days of the adjournment of the 2016
27 Regular Session of the General Assembly.

