

RECEIVED AND FILED
DATE July 19, 2017

General Fund Budget Reduction Order 17-02

**COMMONWEALTH OF KENTUCKY
OFFICE OF STATE BUDGET DIRECTOR**

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY A. Allen

**AN ORDER DIRECTING THE REDUCTION OF CERTAIN APPROPRIATIONS TO APPROPRIATION UNITS OF
THE GOVERNMENT OF THE COMMONWEALTH AND DIRECTING CERTAIN FUND TRANSFER ACTIONS TO
PREVENT A DEFICIT IN THE FINANCES OF THE COMMONWEALTH OF KENTUCKY
(AMENDING THE GENERAL FUND BUDGET REDUCTION ORDER 17-01)**

WHEREAS, funds were appropriated for the operation, maintenance, support, and functioning of the Government of the Commonwealth of Kentucky for fiscal year 2017, by the 2016 Regular Session of the General Assembly, based on a General Fund revenue estimate of \$10,616,375,000 as specified in 2016 Kentucky Acts Chapter 149, Part VI, as modified by related Acts and actions of the General Assembly in a regular session; and

WHEREAS, the actual General Fund revenues for fiscal year 2017 are \$10,477,848,874; and

WHEREAS, the actual General Fund revenues result in a \$138,526,126 revenue shortfall; and

WHEREAS, the combined effect of the revenue shortfall and expenditures greater than budgeted result in a total General Fund budget shortfall of \$152,210,548; and

WHEREAS, the Local Government Economic Assistance Fund appropriation has been adjusted to equal actual coal severance receipts; and

WHEREAS, \$15,473,113 in General Fund appropriations are expected to lapse to the General Fund in excess of the amount budgeted to lapse; and

WHEREAS, \$115,553,400 was budgeted as an ending balance to carry forward for budgeted purposes from fiscal year 2017 into fiscal year 2018; and

WHEREAS, the General Fund Budget Reduction Plan as set forth in Part VI of House Bill 303, as enacted by the 2016 Regular Session of the General Assembly, provides in Section 2 that transfers of excess unappropriated Restricted Funds shall be applied to the revenue shortfall; and

WHEREAS, after the application of sections 6 and 8 of Part VI of House Bill 303, Part VI further directs the reduction of General Fund appropriations in Executive Branch Agencies' operating budget units; and

WHEREFORE, it is necessary to effect a reduction in General Fund appropriations to the appropriation units of the Commonwealth to prevent a deficit;

NOW, THEREFORE, it is hereby found by the State Budget Director, with the approval of the Governor of the Commonwealth, and pursuant to the authority vested in the Office of State Budget Director and the Secretary of the Finance and Administration Cabinet by 2016 Kentucky Acts Chapter 149, Part VI, and Chapter 48 of the Kentucky Revised Statutes, that it will be necessary, to prevent a deficit in the finances of the Commonwealth, to reduce the appropriations for fiscal year 2017 to the appropriation units of the Government of the Commonwealth from the amounts appropriated, to the amounts hereinafter set forth; and having so found, it is hereby ordered and directed that the appropriations to the appropriation units of the Government of the Commonwealth be reduced to, and allotments adjusted on the basis of the amounts hereinafter listed, to wit:

General Fund Appropriation Reductions

Appropriation Unit	FY 2016-2017 General Fund Current Appropriations	FY 2016-2017 General Fund Revised Appropriations	FY 2016-2017 General Fund Appropriation Reductions
General Government			
Commonwealth Attorneys	48,439,600.00	48,439,600.00	
County Attorneys	42,080,300.00	42,080,300.00	
Agriculture	17,153,982.00	16,984,982.00	(169,000)
Attorney General	11,100,967.00	10,991,667.00	(109,300)
Auditor of Public Accounts	4,899,500.00	4,850,505.00	(48,995)
Registry of Election Finance	1,221,400.00	1,221,400.00	
Veterans' Affairs	18,881,300.00	18,692,500.00	(188,800)
Kentucky Infrastructure Authority	1,507,900.00	1,495,700.00	(12,200)
Kentucky River Authority	256,000.00	253,400.00	(2,600)
Homeland Security	229,200.00	226,900.00	(2,300)
Military Affairs	20,528,954.51	20,431,154.51	(97,800)
Kentucky Retirement Systems	98,193,000.00	98,193,000.00	
Secretary of State	1,756,600.00	1,756,600.00	
Treasury	1,937,200.00	1,917,800.00	(19,400)
KY Communications Network Authority	11,794,244.87	11,794,244.87	
Board of Elections	3,980,400.00	3,980,400.00	
School Facilities Construction Commission	121,991,300.00	121,991,300.00	
Executive Branch Ethics Commission	445,700.00	441,200.00	(4,500)
Commission on Human Rights	1,762,900.00	1,745,300.00	(17,600)
Commission on Women	235,000.00	232,800.00	(2,200)
Teachers' Retirement System	779,248,000.00	779,248,000.00	
Office of State Budget Director	3,135,100.00	3,103,702.00	(31,398)
State Planning Fund	137,200.00	135,800.00	(1,400)
Office of the Governor	5,455,700.00	5,401,100.00	(54,600)
Department for Local Government	16,397,400.00	16,283,811.00	(113,589)
Local Government Economic Assistance Fund	33,025,155.56	33,025,155.56	
Local Government Economic Development Fund	11,400,000.00	11,400,000.00	
Area Development Fund	431,000.00	431,000.00	
Total - General Government	1,257,625,003.94	1,256,749,321.94	(875,682)
Transportation			
Aviation	10,000,000.00	10,000,000.00	
Public Transportation	5,853,388.00	5,791,088.00	(62,300)
General Administration	500,000.00	500,000.00	
Total - Transportation	16,353,388.00	16,291,088.00	(62,300)
Economic Development			
Economic Development	28,720,028.00	27,970,028.00	(750,000)
Total - Economic Development	28,720,028.00	27,970,028.00	(750,000)
Finance and Administration Cabinet			
Revenue	89,481,100.00	88,381,100.00	(1,100,000)
General Administration	9,405,200.00	9,405,200.00	
Debt Service	411,311,655.13	411,311,655.13	
Office of Inspector General	683,600.00	683,600.00	
Controller	5,848,700.00	5,848,700.00	
County Costs	21,270,206.47	21,270,206.47	
Facilities and Support Services	5,396,200.00	5,396,200.00	
ANOC - Misc Appropriations	20,592,138.33	20,592,138.33	
Judgments	291,840.00	291,840.00	

General Fund Appropriation Reductions

Appropriation Unit	FY 2016-2017 General Fund Current Appropriations	FY 2016-2017 General Fund Revised Appropriations	FY 2016-2017 General Fund Appropriation Reductions
Kentucky Permanent Pension Fund	26,354,485.00	26,354,485.00	
Property Valuation Administrators	46,644,700.00	46,644,700.00	
Total - Finance and Administration Cabinet	637,279,824.93	636,179,824.93	(1,100,000)
Postsecondary Education			
Kentucky Higher Education Assistance Authority	247,962,504.00	245,653,504.00	(2,309,000)
Council on Postsecondary Education	44,171,885.00	43,759,585.00	(412,300)
Eastern Kentucky University	64,972,300.00	64,972,300.00	
Kentucky State University	26,729,600.00	26,729,600.00	
Morehead State University	41,969,200.00	41,969,200.00	
Murray State University	45,864,000.00	45,864,000.00	
Northern Kentucky University	46,353,400.00	46,353,400.00	
University of Kentucky	267,028,800.00	267,028,800.00	
University of Louisville	132,818,400.00	132,818,400.00	
Western Kentucky University	72,040,200.00	72,040,200.00	
Ky Community & Technical College System	181,605,000.00	181,605,000.00	
Total - Postsecondary Education	1,171,515,289.00	1,168,793,989.00	(2,721,300)
Tourism, Arts and Heritage Cabinet			
State Fair Board	4,382,200.00	4,338,200.00	(44,000)
Kentucky Heritage Council	711,300.00	689,705.00	(21,595)
Arts Council	2,625,700.00	2,600,261.00	(25,439)
Kentucky Historical Society	5,557,200.00	5,557,200.00	
Ky Center for the Arts	913,100.00	913,100.00	
Horse Park Commission	2,395,800.00	2,371,800.00	(24,000)
Parks	35,202,000.00	35,202,000.00	
Secretary	2,618,700.00	2,599,980.00	(18,720)
Artisans Center	399,000.00	395,000.00	(4,000)
Travel	2,923,500.00	2,891,554.00	(31,946)
Total - Tourism, Arts and Heritage Cabinet	57,728,500.00	57,558,800.00	(169,700)
Education and Workforce Development Cabinet			
Education Professional Standards Board	6,819,400.00	6,688,907.00	(130,493)
Deaf and Hard of Hearing	862,900.00	845,642.00	(17,258)
General Administration and Program Support	4,893,100.00	4,891,004.00	(2,096)
Vocational Rehabilitation	11,849,300.00	11,849,300.00	
Office for the Blind	1,424,800.00	1,424,800.00	
Kentucky Educational Television	13,814,300.00	13,764,300.00	(50,000)
Libraries and Archives-Direct Local Aid	7,058,100.00	7,058,100.00	
Libraries and Archives-General Operations	5,898,900.00	5,730,000.00	(168,900)
Total - Education and Workforce Development Cabinet	52,620,800.00	52,252,053.00	(368,747)
Department of Education			
Operations and Support Services	58,148,800.00	56,279,800.00	(1,869,000)
Learning and Results Services	986,326,210.00	981,508,210.00	(4,818,000)
SEEK	3,040,388,621.00	3,040,388,621.00	
Total - Department of Education	4,084,863,631.00	4,078,176,631.00	(6,687,000)

General Fund Appropriation Reductions

Health and Family Services Cabinet

General Admin and Program Support	31,092,800.00	30,396,400.00	(696,400)
			FY 2016-2017
	FY 2016-2017 General	FY 2016-2017 General	General Fund
	Fund Current	Fund Revised	Appropriation
Appropriation Unit	Appropriations	Appropriations	Reductions
Health Policy	437,400.00	433,000.00	(4,400)
Aging and Independent Living Services	42,530,600.00	42,105,300.00	(425,300)
Income Support	7,591,000.00	7,515,100.00	(75,900)
Public Health	73,569,200.00	72,833,500.00	(735,700)
Behavioral Health Development & Intellectual Disab.	180,483,900.00	178,679,100.00	(1,804,800)
Family Resource Centers & Volunteer Services	53,550,600.00	53,550,600.00	
Community Based Services	382,876,100.00	382,876,100.00	
Medicaid Administration	40,943,600.00	40,943,600.00	
Medicaid Benefits	1,745,721,900.00	1,707,980,043.00	(37,741,857)
Children with Special Health Care Needs	5,511,100.00	5,456,000.00	(55,100)
Total - Health and Family Services Cabinet	2,564,308,200.00	2,522,768,743.00	(41,539,457)

Justice and Public Safety Cabinet

Justice Administration	30,312,800.00	30,312,800.00	
Public Advocacy	49,987,800.00	49,987,800.00	
State Police	95,577,600.00	95,577,600.00	
Juvenile Justice	85,770,200.00	85,270,200.00	(500,000)
Corrections Management	10,255,300.00	10,255,300.00	
Community Services and Local Facilities	220,416,600.00	220,063,600.00	(353,000)
Adult Correctional Institutions	292,874,900.00	292,874,900.00	
Local Jail Support	18,087,668.00	17,940,668.00	(147,000)
Total - Justice and Public Safety Cabinet	803,282,868.00	802,282,868.00	(1,000,000)

Personnel Cabinet

State Group Health Insurance Fund	873,200.00	871,700.00	(1,500)
-----------------------------------	------------	------------	---------

Labor Cabinet

Workplace Standards	2,007,400.00	1,987,300.00	(20,100)
General Administration and Program Support	3,193,600.00	3,161,700.00	(31,900)
Total - Labor Cabinet	5,201,000.00	5,149,000.00	(52,000)

Energy and Environment Cabinet

Public Service Commission	17,038,412.00	17,038,412.00	
Ky Nature Preserves Commission	1,050,000.00	1,050,000.00	
Secretary	3,029,300.00	3,029,300.00	
Energy Development and Independence	1,241,200.00	1,241,200.00	
Natural Resources	38,066,720.71	38,066,720.71	
Environmental Protection	22,877,100.00	22,877,100.00	
Total - Energy and Environment Cabinet	83,302,732.71	83,302,732.71	0

General Fund Appropriation Reductions

Appropriation Unit	FY 2016-2017 General Fund Current Appropriations	FY 2016-2017 General Fund Revised Appropriations	FY 2016-2017 General Fund Appropriation Reductions
Public Protection Cabinet			
Bd of Claims/Crime Victims' Compensation	188,657.23	188,657.23	
Board of Tax Appeals	88,132.63	88,132.63	
Horse Racing Commission	2,623,000.00	2,570,500.00	(52,500)
Kentucky Claims Commission	1,243,610.14	1,243,610.14	
Office of the Secretary	276,400.00	270,900.00	(5,500)
Alcoholic Beverage Control	290,100.00	284,300.00	(5,800)
Housing, Buildings and Construction	2,392,800.00	2,314,500.00	(78,300)
Total - Public Protection Cabinet	7,102,700.00	6,960,600.00	(142,100)
Budget Reserve Trust Fund	150,491,483.40	150,491,483.40	
TOTAL-EXECUTIVE BRANCH	10,921,268,648.98	10,865,798,862.98	(55,469,786)

Transfers to the General Fund

<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2016-2017</u>
Education and Workforce Development Cabinet		
Deaf Festival Fund	13CL-340	38
Ky Environmental Education Council Fund	13M8-407	1,203
Education - Office of the Secretary Restricted Fund	13CJ-530	100,000
Board of Proprietary Education Fund	131U-315	25,000
GO Administrative Services Fund	1353-555	20
DLS Library Serv	13HB-555	312
Total Education and Workforce Development Cabinet		126,574
Department of Education		
BOSS IAS Associate Commissioner Fund	13EJ-540	125,000
LARS Deputy Commissioner CCSSO-SAELP Fund	13EU-540	187,587
LARS OTL Secondary & Virtual Learning Fund	13F5-540	173,054
BOSS IAS Administrative Services-IC Earnings Fund	13EM-540	393
LARS SIS Federal Programs & Instructional Equity Fund	13F0-540	4,913
Ed Tech-KETS-Coal Fund Technology	13FY-540	772
Total Department of Education		491,719
Energy and Environment Cabinet		
Petroleum Underground Storage Tank Fund	2406-129	15,499,500
Kentucky Pride Trust Fund	635G-126	2,000,000
Total Energy and Environment Cabinet		17,499,500
Finance and Administration Cabinet		
Finance Office of Financial Management Income Fund	132P-758	800,000
Revenue - Processing & Enforcement Fund	134L-130	2,000,000
Revenue - Sales & Excise Tax Fund	134K-130	700,000
Revenue - Property Valuation Fund	134N-130	1,200,000
Total Finance and Administration Cabinet		4,700,000
Health and Family Services Cabinet		
Health Policy - Health Policy Fund	138E-724	600,000
Public Health - Lab Services Fund	138K-728	1,250,000
Public Health - Public Health Protect & Safety Fund	138L-728	1,314,000
Public Health - Prevention and Quality Improvement	13GR-728	286,000
Medicaid	1392-748	30,262,108
Behavioral Health, Developmental & Intellectual Disab - Community Mental Health Services Fund	138M-729	500,000
Behavioral Health, Developmental & Intellectual Disab - Residential Fund	138Q-729	1,500,000
Comm for Children with Special Health Care Needs - CSHCN Fund	1394-767	1,000,000
Total Health and Family Services Cabinet		36,712,108

<u>Appropriation Unit</u>	<u>Account Number</u>	<u>FY 2016-2017</u>
Justice and Public Safety Cabinet		
Criminal Justice Training - CCDW Fund	13DA-525	137,900
Total Justice and Public Safety Cabinet		137,900
Personnel Cabinet		
Workers' Compensation Benefits and Reserve	3803-790	2,000,000
Total Personnel Cabinet		2,000,000
Public Protection		
Alcoholic Beverage Control-Administration, Enforcement and Licensing Fund	13BJ-680	2,000,000
Financial Institutions-Securities Fund	13C1-685	500,000
Financial Institutions-Depository Institutions	13JC-685	1,000,000
Horse Racing-Administration Fund	13B5-374	2,000,000
Housing, Buildings and Construction-Electrical	13LW-690	1,500,000
Insurance-Agent Licensing Fund	13BQ-676	7,668,649
Total Public Protection Cabinet		14,668,649
Tourism, Arts and Heritage Cabinet		
Hist Soc Admin Fund	134X-550	55,600
Capital Plaza Operations Fund	137B-850	75,000
Total Tourism, Arts and Heritage Cabinet		130,600
Transportation Cabinet		
Motor Boat Titling Fund	137U-630	100,000
Avis Replacement Account	13GG-630	200,000
County Clerk IT Improvements	13GH-630	600,000
Total Transportation Cabinet		900,000
GRAND TOTAL		77,367,050

**FY 2016-2017 General Fund Revenue Shortfall
Summary**

	<u>Amount</u>
Revenue Shortfall	138,526,126
Expenditures Greater than Appropriated	13,684,422
Total General Fund Budget Shortfall	<u>152,210,548</u>
 Solutions:	
Restricted Fund Transfers - Executive Branch	(77,367,050)
General Fund Lapses/Fund Transfers in Excess of Budgeted	(15,473,113)
General Fund Appropriation Reductions-Executive Branch	(55,469,786)
General Fund Appropriation Reductions-Judicial Branch	(3,494,100)
General Fund Appropriation Reductions-Legislative Branch	(406,500)
Use of the Budget Reserve Trust Fund	0
Total Solutions	<u>(152,210,548)</u>

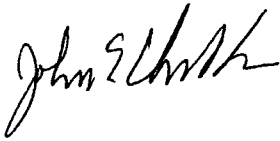
General Fund Budget Reduction Order 17-02

APPROVED AS TO FORM AND LEGALITY:

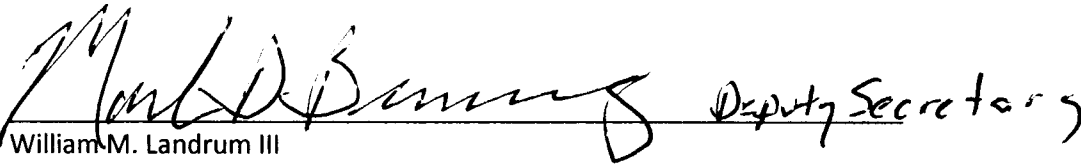


Gwen R. Pinson, General Counsel
Finance and Administration Cabinet

DONE AT FRANKFORT, KENTUCKY THIS 17TH DAY OF JULY, 2017




John E. Chilton, State Budget Director
Office of State Budget Director



Deputy Secretary


for: William M. Landrum III
Finance and Administration Cabinet

EXAMINED:



Steve Pitt, General Counsel
Office of the Governor

APPROVED:



Matthew G. Bevin
Governor