TEAM KENTUCKY®

New **Kentucky** Home

2026-2028 **BUDGET** OF THE **COMMONWEALTH** OF **KENTUCKY**

Andy Beshear
GOVERNOR

John Hicks
STATE BUDGET DIRECTOR

Budget in Brief

Table of Contents

This page intentionally left blank

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

The 2026-2028 Budget of the Commonwealth is presented in four volumes:

- **Volume I**: State Agency Program Budget Detail
- **Volume II**: Capital Projects
- **Budget in Brief**: Budget Summary Data and Governor Beshear's State of the Union and Budget Address
- **Appropriations and Revenue Bills:** Legislative Bills and Gubernatorial Veto Messages

These documents provide the details to support the enacted budget as presented in the various budget bills.

ACKNOWLEDGMENTS

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

2026-28 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY

	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
RESOURCES			
Beginning Balance	192,960,400	63,528,100	0
Official Revenue Estimate	15,498,900,000	15,882,000,000	16,232,200,000
Tax Changes	0	14,100,000	14,800,000
Fund Transfers	3,675,600	28,408,400	40,364,600
Transfers to Budget Reserve Trust Fund		290,000,000	
RESOURCES	**15,695,536,000**	**16,278,036,500**	**16,287,364,600**
Continued Appropriations Reserve			
Budget Reserve Trust Fund	4,811,529,547	3,764,123,047	3,446,620,347
Executive Branch	1,157,208,100	1,157,208,100	1,157,208,100
Legislative Branch	53,508,500	53,508,500	53,508,500
Judicial Branch	7,567,353	7,567,353	7,567,353
Continued Appropriations Reserve	**6,029,813,500**	**4,982,407,000**	**4,664,904,300**
TOTAL RESOURCES	**21,725,349,500**	**21,260,443,500**	**20,952,268,900**
APPROPRIATIONS			
Executive Branch			
Appropriations-Operating	15,263,649,800	15,160,058,800	15,680,744,600
Appropriations-Capital	1,700,000		
Budget Reduction	(77,722,900)		
Appropriations from Budget Reserve Trust Fund	1,047,406,500	904,084,100	909,339,100
Special Appropriations	6,200,000		
Dedicated Revenue Adjustments	(9,240,200)		
Lapses	(111,258,300)	(39,473,400)	(34,195,500)
Total Executive Branch	**16,120,734,900**	**16,024,669,500**	**16,555,888,200**
Judicial Branch			
Appropriations	466,739,100	480,743,300	497,676,900
Total Judicial Branch	**466,739,100**	**480,743,300**	**497,676,900**
Legislative Branch			
Appropriations	91,940,400	90,126,400	92,724,700
Total Legislative Branch	**91,940,400**	**90,126,400**	**92,724,700**
TOTAL APPROPRIATIONS	**16,679,414,400**	**16,595,539,200**	**17,146,289,800**
BALANCE	**5,045,935,100**	**4,664,904,300**	**3,805,979,100**
Continued Appropriations Reserve			
Budget Reserve Trust Fund	4,811,529,547	3,764,123,047	3,446,620,347
Appropriations from Budget Reserve Trust Fund	(1,047,406,500)	(904,084,100)	(909,339,100)
Transfers to Budget Reserve Trust Fund		290,000,000	
Appropriations to Budget Reserve Trust Fund	0	296,581,400	50,413,900
Subtotal-Budget Reserve Trust Fund	**3,764,123,047**	**3,446,620,347**	**2,587,695,147**
Executive Branch	1,157,208,100	1,157,208,100	1,157,208,100
Legislative Branch	53,508,500	53,508,500	53,508,500
Judicial Branch	7,567,353	7,567,353	7,567,353
Continued Appropriations Reserve	**4,982,407,000**	**4,664,904,300**	**3,805,979,100**
ENDING BALANCE	**63,528,100**	**0**	**0**

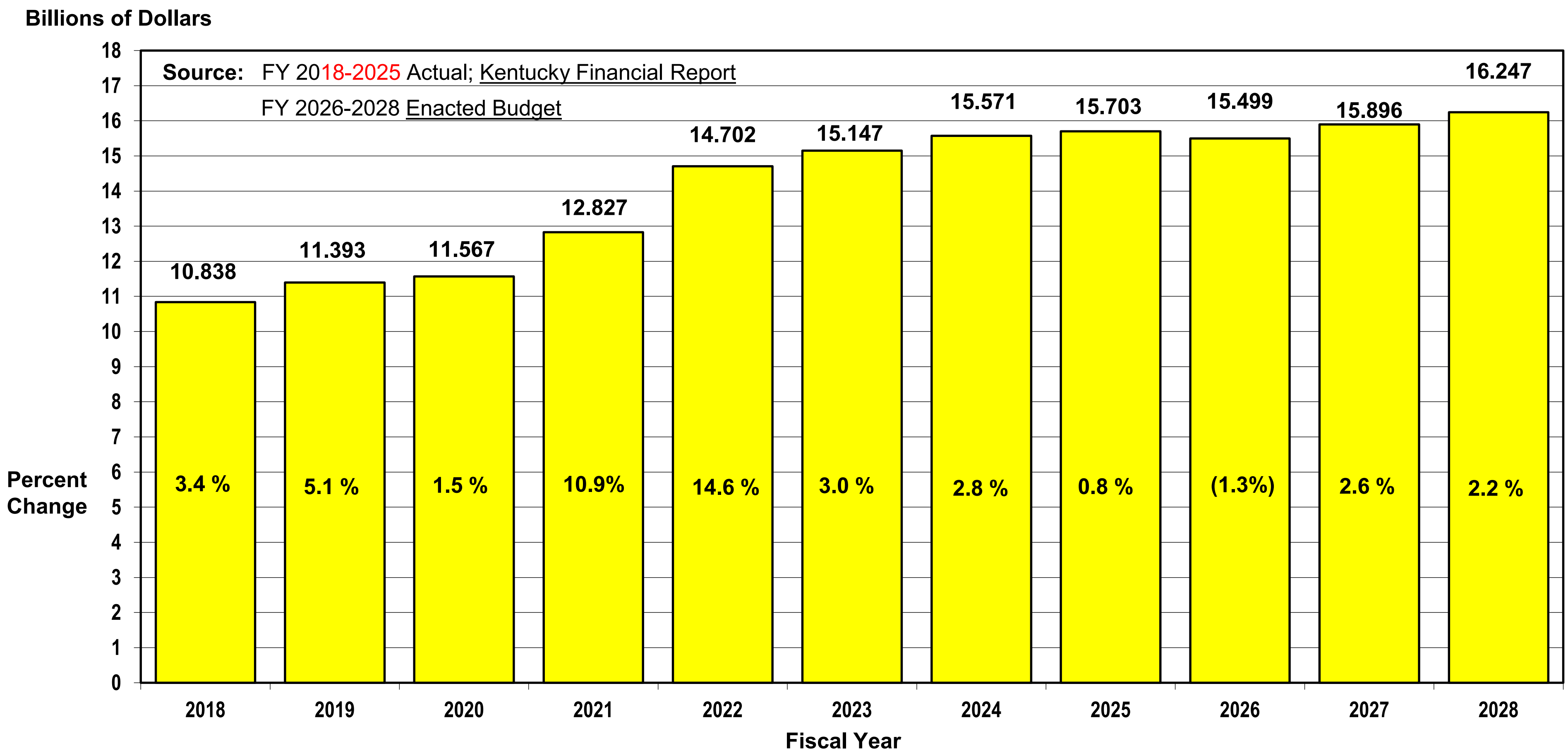
2026-2028 BIENNIAL BUDGET
ROAD FUND SUMMARY

	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
RESOURCES			
Beginning Balance	0	1,248,700	31,000
Official Revenue Estimate	1,844,000,000	1,836,000,000	1,909,400,000
Other Resources		50,000	50,000
Fund Transfers	837,500	835,900	833,700
TOTAL RESOURCES	**1,844,837,500**	**1,838,134,600**	**1,910,314,700**
APPROPRIATIONS			
Appropriations	1,897,111,900	1,838,103,600	1,910,283,700
Dedicated Revenue Adjustments	(56,584,300)		
Current Year Appropriations	5,035,600		
Budgeted Lapse	(1,974,400)		
TOTAL APPROPRIATIONS	**1,843,588,800**	**1,838,103,600**	**1,910,283,700**
ENDING BALANCE	**1,248,700**	**31,000**	**31,000**

2026-2028 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY

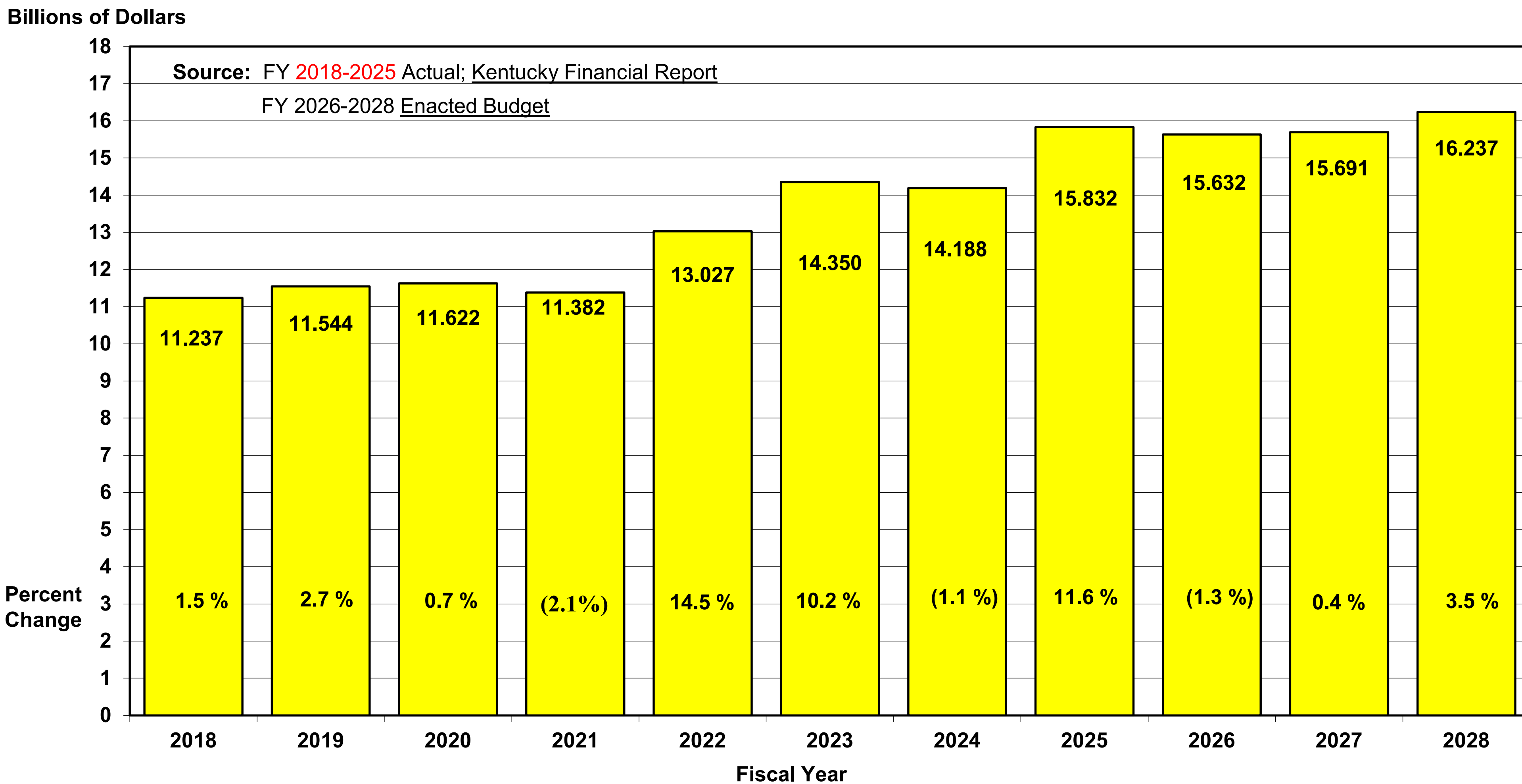
	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
SOURCE OF FUNDS			
Executive Branch			
Restricted Funds		20,064,946,000	89,901,000
Federal Funds		775,334,000	50,915,000
Road Fund		5,500,000	5,500,000
Bond Funds		690,161,000	330,714,000
Agency Bonds		1,608,800,000	79,400,000
Investment Income		184,524,000	106,833,000
Other - Cash		669,700,000	0
Other - Third Party Financing	350,000,000	8,758,100,000	200,000,000
SOURCE OF FUNDS	**350,000,000**	**32,757,065,000**	**863,263,000**
APPROPRIATIONS BY CABINET			
Executive Branch			
General Government		413,003,000	88,952,000
Department of Education		9,216,000	1,100,000
Economic Development		15,000,000	15,000,000
Education and Labor		3,950,000	3,950,000
Energy and Environment		24,116,000	1,500,000
Finance and Administration		415,865,000	15,500,000
Health and Family Services		34,737,000	10,700,000
Justice and Public Safety		104,841,000	65,801,000
Personnel		9,848,000	130,869,000
Postsecondary Education	350,000,000	31,515,188,000	456,041,000
Tourism, Arts and Heritage		199,601,000	67,150,000
Transportation		11,700,000	6,700,000
TOTAL APPROPRIATIONS	**350,000,000**	**32,757,065,000**	**863,263,000**

General Fund Revenue Receipts
Fiscal Years 2018-2028
(Billions of dollars – rounded)



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

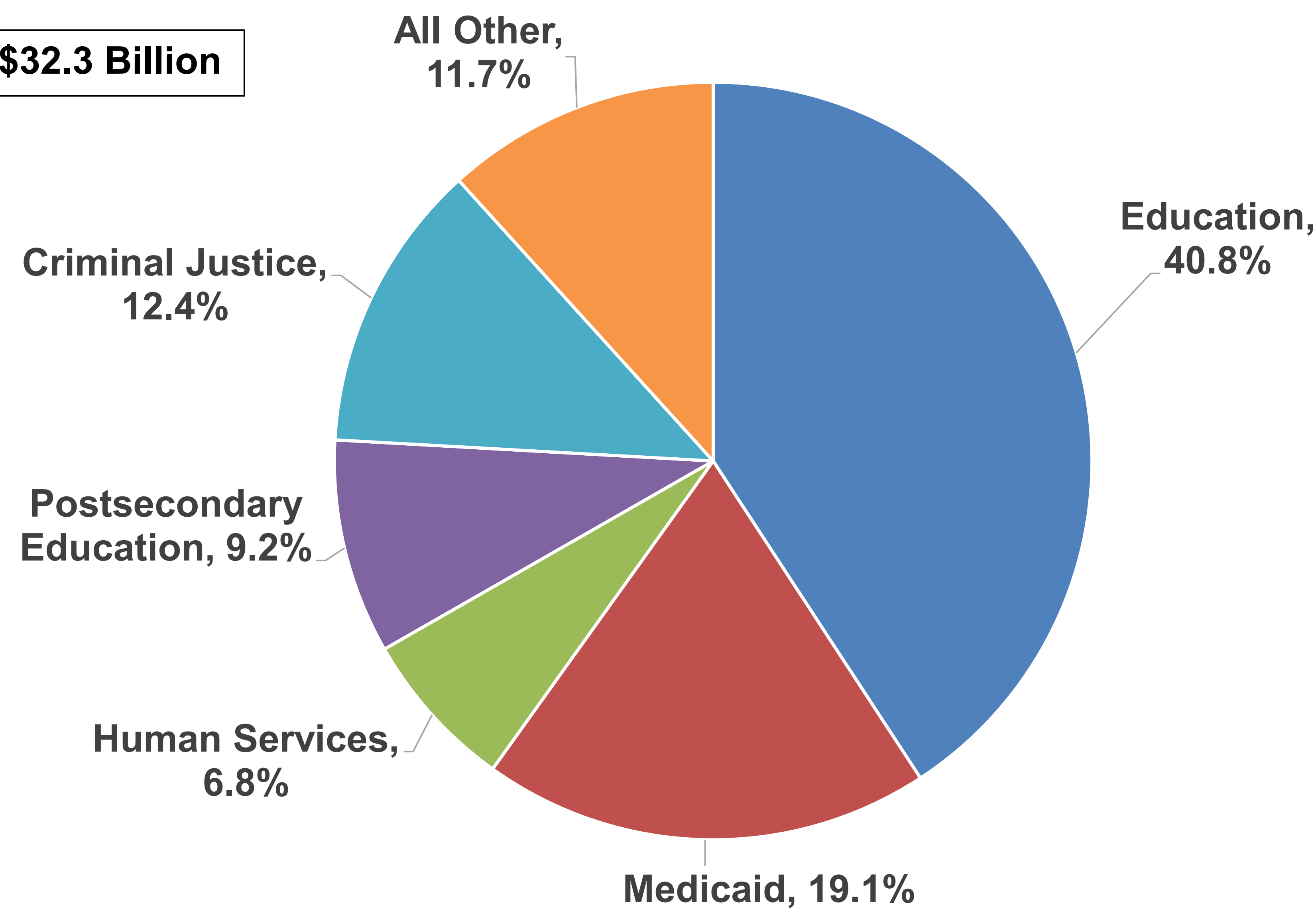
General Fund Expenditures
Fiscal Years 2018-2028
(Billions of dollars – rounded)



• Excludes Tobacco Settlement – Phase I Funds

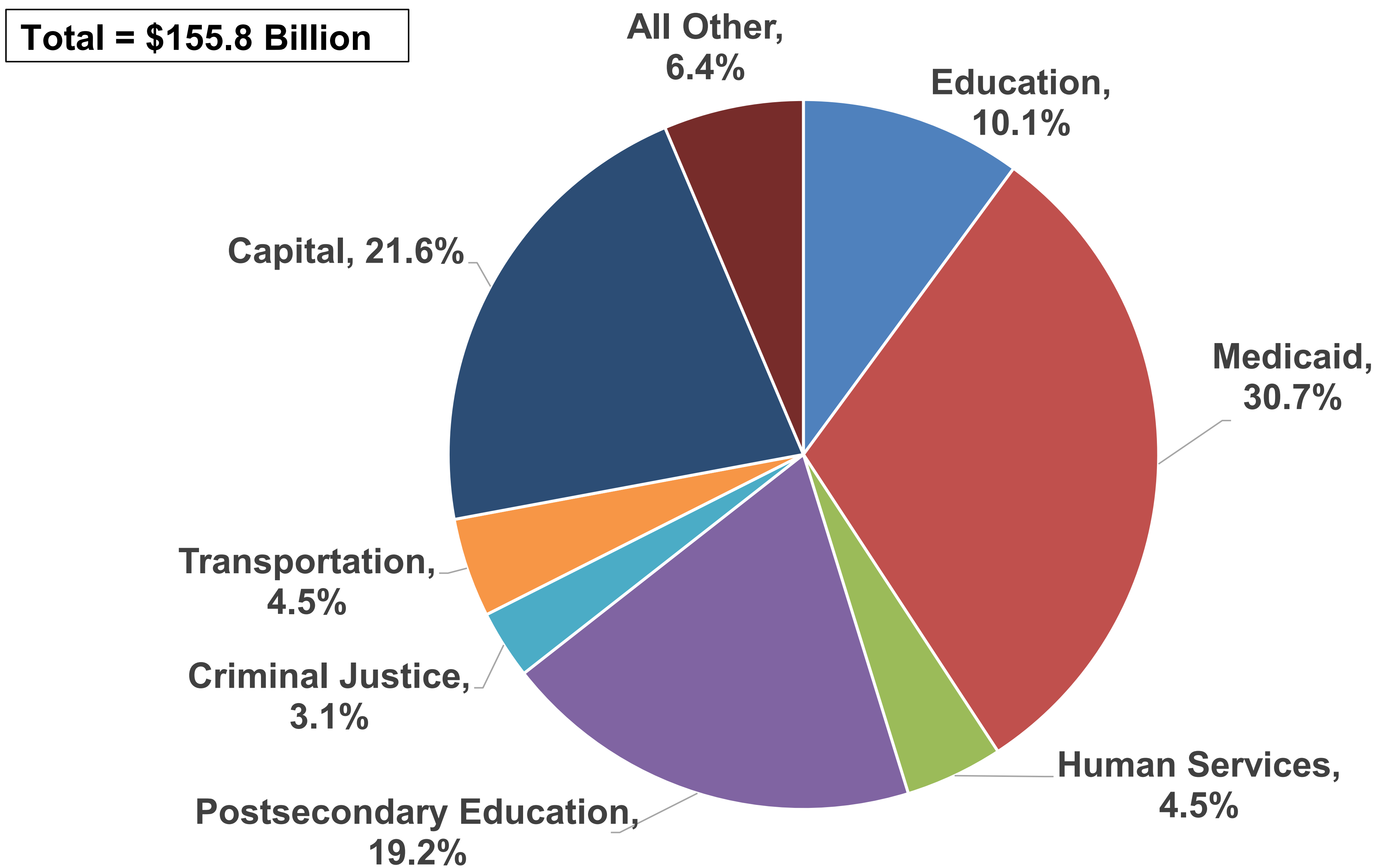
2026 - 2028 Budget of the Commonwealth
Distribution of General Fund Appropriations

Total = $32.3 Billion



Excludes Tobacco Settlement - Phase I Funds
* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission
**Human Services include the Health and Family Services Cabinet (net of Medicaid)
***Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

2026 - 2028 Budget of the Commonwealth
Distribution of All Funds Appropriations



Excludes Tobacco Settlement - Phase I Funds
* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission
**Human Services include the Health and Family Services Cabinet (net of Medicaid)
***Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

General Fund
Official Revenue Estimate FY2026 - FY2028

	FY26		FY27		FY28	
	Estimate	%Chg	Estimate	%Chg	Estimate	%Chg
Individual Income	5,382,800,000	1.2	5,509,000,000	2.3	5,647,100,000	2.5
Sales & Use	6,047,700,000	3.9	6,249,800,000	3.3	6,429,300,000	2.9
Corp. Inc. & LLET	1,347,100,000	-26.6	1,490,420,000	10.6	1,500,200,000	0.7
Property	864,200,000	3.0	891,100,000	3.1	917,900,000	3.0
Lottery	370,000,000	5.5	365,000,000	-1.4	365,000,000	0.0
Cigarettes	224,700,000	-7.8	205,000,000	-8.8	186,100,000	-9.2
Coal Severance	55,100,000	-1.8	44,200,000	-19.8	35,700,000	-19.2
Other	1,207,300,000	-2.5	1,141,600,000	-5.4	1,165,700,000	2.1
Total General Fund	15,498,900,000	**-1.3**	15,896,100,000	**2.6**	16,247,000,000	**2.2**

Road Fund
Official Revenue Estimate FY2026 - FY2028

	FY26		FY27		FY28	
	Estimate	%Chg	Estimate	%Chg	Estimate	%Chg
Motor Fuels	806,200,000	-3.6	768,750,000	-4.6	808,650,000	5.2
Motor Vehicle Usage	737,600,000	2.5	762,800,000	3.4	790,800,000	3.7
Motor Vehicle License	120,400,000	2.6	121,900,000	1.2	123,600,000	1.4
Motor Vehicle Operators	34,600,000	2.7	35,400,000	2.3	36,200,000	2.3
Weight Distance	88,100,000	2.1	89,700,000	1.8	91,500,000	2.0
Investment	9,200,000	-51.5	9,300,000	1.1	10,300,000	10.8
Other	47,900,000	-6.8	48,200,000	0.6	48,400,000	0.4
Total Road Fund	1,844,000,000	**-1.0**	1,836,050,000	**-0.4**	1,909,450,000	**4.0**

DEBT AUTHORIZED BY THE GENERAL ASSEMBLY

Biennium	Principal Debt Authorized	Biennium	Principal Debt Authorized
2004-06[1]	1,906,315,300	2016-18[7]	1,266,242,500
2006-08[2]	2,110,528,000	2018-20[8]	1,047,702,000
2008-10[3]	2,015,494,000	2020-22[9]	1,204,657,300
2010-12[4]	1,553,199,800	2022-24[10]	3,792,204,000
2012-14[5]	630,258,000	2024-26[11]	4,856,456,000
2014-16[6]	1,496,548,200	2026-28[12]	2,669,075,000

[1]Debt Enacted in the 2004-2006 Budget of the Commonwealth.

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

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

[2]Debt Enacted in the 2006-2008 Budget of the Commonwealth and subsequent 2007 Second Extraordinary Session of the General Assembly.

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

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

[3]Debt Enacted in the 2008-2010 Budget of the Commonwealth.

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

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

[4]Debt Enacted in the 2010-2012 Budget of the Commonwealth.

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

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

[5]Debt Enacted in the 2012-2014 Budget of the Commonwealth and 2013 Regular Session of the General Assembly.

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

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

[6]Debt Enacted in the 2014-2016 Budget of the Commonwealth and 2015 Regular Session of the General Assembly.

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

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

[7]Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.

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

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

[8]Debt Enacted in the 2018-2020 Budget of the Commonwealth and 2019 Regular Session of the General Assembly.

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

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

[9]Debt Enacted in the 2020-2022 Budget of the Commonwealth and 2021 Regular Session of the General Assembly.

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

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

[10]Debt Enacted in the 2022-2024 Budget of the Commonwealth and 2023 Regular Session of the General Assembly.

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

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

[11]Debt Enacted in the 2024-2026 Budget of the Commonwealth and 2025 Regular Session of the General Assembly.

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

The 2024 Regular Session authorized $4,846,456,000 for new projects. The 2024 General Assembly also authorized $150,000,000 for Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds and a 20% Road Fund match. Not included in the above Agency Bond authorization total is $50,000,000 that was erroneously authorized for University of Louisville Guaranteed Energy Savings Performance Contracts (ESPC). ESPC projects are authorized with no specified funding since the vendor finances the upfront cost of the improvements. The 2025 Regular Session of the General Assembly authorized Agency Bonds of $10,000,000 for Western Kentucky University.

[12]$2,669,075,000 New Debt Recommended in the 2026-2028 Executive Budget

General Fund Authorization	$ 1,020,875,000
Agency Fund Authorization	$ 1,648,200,000

The 2026 Regular Session authorized $2,669,075,000 for new projects. Not included in the above Agency Bond authorization is $40,000,000 authorized for the Northern Kentucky Convention Center renovation and expansion, as these bonds will be financed with local revenue.

DEBT FINANCING
2026-2028 Budget of the Commonwealth

The 2026 Regular Session of the Kentucky General Assembly enacted $2,669,075,000 in net debt-financed capital projects. The General Fund amount is $1,020,875,000 and the Agency Fund amount is $1,648,200,000. If all authorized amounts are issued by June 30, 2028, the Commonwealth's debt capacity ratio would be 4.87%.

Structure

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

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

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

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

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

Non-appropriation supported debt (moral obligation debt) carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith, credit, and taxing power of the Commonwealth. The General Assembly does not intend to appropriate any general funds to fulfill the financial obligations represented by these types of indebtedness. Some issues covenant that in the event of a shortfall, the issuer will request from the Secretary of the Finance Cabinet or the Governor and the General Assembly in the next regular session sufficient amounts to pay debt service or to replenish the debt service reserve funds, as applicable. Certain Kentucky Higher Education Student Loan Corporation bonds, Kentucky Housing Corporation bonds, and the Kentucky Infrastructure Authority's Governmental Agencies Program and Leveraged Wastewater and Drinking Water Revolving Fund bonds are not moral obligation debt.

APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE (%)
DEBT CAPACITY RATIO

Fiscal Year	Percent of Total Revenue	Fiscal Year	Percent of Total Revenue
2003	5.70	2016	5.72
2004	5.39	2017	5.62
2005	4.70	2018	5.75
2006	4.89	2019	5.70
2007	4.29	2020	5.21
2008	5.16	2021	4.89
2009	4.81	2022	4.23
2010	2.97	2023	4.20
2011	4.55	2024	3.34
2012	4.53	2025	3.65
2013	5.94	2026	3.19*
2014	6.17	2027	5.03*
2015	6.02	2028	4.87*

*Estimated. The Fiscal Year 2027 and 2028 figures assume all new appropriated debt is issued by June 30, 2028.

The above analysis for Fiscal Years 2026, 2027, and 2028 is premised on the following assumptions:

- Fiscal Years 2026-2028 General Fund and Road Fund revenues are based on the enacted Revenue Estimates as well as interest subsidies received for General Fund and Road Fund Build America Bonds issued.
- Agency Fund revenues are based on actual Fiscal Year 2025 revenues from the Supplementary Information to the FY25 Comprehensive Annual Financial Report, and for FY26, FY27, and FY28, estimated amounts are obtained from the 2026-2028 biennial budget submissions.
- All previously appropriated but unissued debt was assumed issued by June 30, 2026.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 4.43% for 10-year tax-exempt issues, 5.13% for 20-year tax-exempt issues, and 6.20% for 20-year taxable issues.

ENACTED BOND FUNDED PROJECTS

Agency	Project	General Fund
Veterans' Affairs	Radcliff Veterans' Center HVAC System Replacement	16,000,000
KIA	KIA Fund A-Federally Assisted Wastewater Program	18,605,000
KIA	KIA Fund F-Drinking Water Revolving Loan Program	16,783,000
Economic Development	KEDFA Laon Pool - 2026-2028	10,000,000
Economic Development	Economic Development Bond Programs - 2026-2028	10,000,000
Economic Development	High-Tech Construction/Investment Pool - 2026-2028	10,000,000
KDE	State Schools Electrical Upgrades	5,150,000
KDE	State Schools Lighting Upgrades	2,066,000
Natural Resources	State Owned Dam Repair - 2026-2028	21,060,000
Finance-Facilities	Restore Old State Capitol Annex	37,100,000
Finance-Facilities	Replace Capitol Parking Structure	126,000,000
Finance-Facilities	Replace Capitol Terraces	42,000,000
Finance-Facilities	Capitol Annex Renovation	175,000,000
Finance - Controller	Upgrade & Enhancement eMARS Systems	3,765,000
Juvenile Justice	Design Female Detention Facility - Central Kentucky	4,500,000
Corrections	Demolition Kentucky State Reformatory	17,010,000
Corrections	Repair Northpoint Training Center - Exterior Dorms Masonry Tuckpoint	11,787,000
Personnel	Enterprise Human Resources Information System	140,717,000
EKU	Asset Preservation Pool - 2026-2028	18,189,000
KSU	Asset Preservation Pool - 2026-2028	50,000,000
KSU	Construct Health Sciences Center	50,000,000
Morehead St	Asset Preservation Pool - 2026-2028	15,065,000
Morehead St	Construct New Residence Hall #3	10,000,000
Murray St	Asset Preservation Pool - 2026-2028	17,073,000
NKU	Asset Preservation Pool - 2026-2028	16,951,000
UK	Asset Preservation Pool - 2026-2028	34,330,000
UofL	Asset Preservation Pool - 2026-2028	22,077,000
WKU	Asset Preservation Pool - 2026-2028	19,158,000
KCTCS	Asset Preservation Pool - 2026-2028	34,798,000
KCTCS	Construct Prison Education Program-Bluegrass CTC	42,000,000
School Facilities Const Commission	Offers of Assistance - 2024-2026	23,691,000
Total- New General Fund Bond Projects		**1,020,875,000**

Agency	Project	Agency Fund
KIA	KIA Fund A-Federally Assisted Wastewater Program	30,000,000
KIA	KIA Fund F-Drinking Water Revolving Loan Program	30,000,000
EKU	Construct Health Innovations Center	330,000,000
EKU	Aviation Acquisition Pool – 2026-2028	10,000,000
Morehead St	Construct New Residence Hall #3	10,000,000
Morehead St	Construct New Applied Science Building	79,400,000
Murray St	Construct Emergency Veterinary and Teaching Clinic	48,500,000
NKU	Renovate Business Academic Center	150,000,000
UK	Facilities Renewal and Modernization	40,000,000
UK	Improve Gatton Business & Economics Building	45,000,000
UK	Construct/Improve Arts and Innovation Complex	175,000,000
UK	Construct Multi-Use Complex 1	50,000,000
UK	Construct Research Facility	250,000,000
UK	Construct/Improve Academic/Administrative Facility 1	35,000,000
UofL	Construct Resident Hall and Visitor Development	160,000,000
UofL	Construct STEM Building	142,000,000
WKU	Construct Permanent Seating at Houchens Industries-L.T. Smith Stadium	10,000,000
KCTCS	Construct Student Services Building Downtown Phase I - Jefferson CTC	47,300,000
KCTCS	Procure Aviation Equipment - Madisonville CC	6,000,000
Total - Agency Bond Projects		**1,648,200,000**
Grand Total - All Bond Projects		**2,669,075,000**

Commonwealth of Kentucky

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,063,629,800	15,435,784,200	15,824,029,300	16,027,509,900	16,321,560,100
Budget Reserve	504,700,000	1,554,915,746	1,047,406,500		
State Salary and Compensation					
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,452,921,410	15,044,859	251,340,200		
Special Appropriation	105,244,900	6,200,000	6,200,000		
Current Year Appropriation	2,034,616,900				
Continuing Approp-General Fund	3,010,628,732	6,247,600,101	5,778,473,300	3,945,782,300	3,509,057,500
Reorganization Allotment					
Budget Reduction-General Fund	(15,616,500)	(14,758,900)	(77,722,900)		
Mandated Allotments	98,682,505	62,132,339			
Other	(495,654,867)	(1,554,394,239)	(1,117,596,600)	(904,084,100)	(909,339,100)
Budget Reserve Trust Fund					
Fund Transfers				290,000,000	
Total General Fund	20,759,152,880	21,752,524,105	21,712,129,800	19,359,208,100	18,921,278,500
Tobacco Fund					
Tobacco Settlement - Phase I	106,078,200	99,118,000	94,224,700	82,800,000	77,399,900
Continuing Approp-Tob Settlement	110,858,534	91,913,249	48,816,300	6,500,000	2,125,000
Other	3,277,754	2,578,902			
Total Tobacco Fund	220,214,489	193,610,151	143,041,000	89,300,000	79,524,900
Restricted Funds					
Balance Forward	2,060,010,823	2,159,784,111	1,890,543,437	1,471,562,837	984,706,437
Current Receipts	11,416,639,487	12,803,983,661	14,847,490,900	15,760,317,800	16,713,349,400
Non-Revenue Receipts	1,224,348,835	1,175,506,399	1,409,995,900	815,995,500	1,109,588,600
Fund Transfers	(3,267,000)	(5,248,634)	(4,311,900)	(40,408,400)	(35,452,800)
Other					
Total Restricted Funds	14,697,732,145	16,134,025,537	18,143,718,337	18,007,467,737	18,772,191,637
Federal Fund					
Balance Forward	724,100,350	629,010,920	363,828,674	72,979,400	95,812,200
Current Receipts	21,571,726,813	22,195,883,679	27,173,677,326	25,666,315,900	25,488,460,000
Non-Revenue Receipts	(10,839,981)	(56,767,227)	(503,436,800)	(5,717,400)	(5,650,900)
Fund Transfers					
CRF Receipts					
Total Federal Fund	22,284,987,181	22,768,127,372	27,034,069,200	25,733,577,900	25,578,621,300
Road Fund					
Regular Appropriation	1,683,417,300	1,985,694,500	1,882,761,900	1,838,103,600	1,910,283,700
State Salary and Compensation					
Surplus Expenditure Plan	55,504,572		61,645,600		
Special Appropriation	11,381,400				
Current Year Appropriation	2,500,000		5,035,600		
Continuing Approp-Road Fund	531,452,211	422,266,201	348,283,600		
Budget Reduction-Road Fund					

Other	41,562,845	(2,991,839)	(56,584,300)		
Total Road Fund	2,325,818,328	2,404,968,862	2,241,142,400	1,838,103,600	1,910,283,700
TOTAL SOURCE OF FUNDS	60,287,905,023	63,253,256,027	69,274,100,737	65,027,657,337	65,261,900,037
EXPENDITURES BY CLASS					
Personnel Costs	10,418,739,873	10,944,681,955	12,007,179,600	12,029,563,600	12,462,466,400
Operating Expenses	5,156,000,895	5,655,710,353	6,834,461,400	7,135,458,200	7,722,480,200
Grants Loans Benefits	30,752,017,965	33,098,022,141	37,925,232,400	37,572,658,300	37,508,187,700
Debt Service	973,114,324	957,168,068	1,329,187,400	1,164,060,400	1,306,977,600
Capital Outlay	959,205,103	1,788,254,820	1,409,870,500	672,363,600	706,327,200
Construction	1,559,287,448	1,436,777,568	4,247,403,200	1,822,378,700	1,811,638,300
TOTAL EXPENDITURES	49,818,365,607	53,880,614,905	63,753,334,500	60,396,482,800	61,518,077,400
EXPENDITURES BY FUND SOURCE					
General Fund	14,186,852,501	15,827,664,001	17,743,530,500	15,810,677,200	16,237,674,100
Tobacco Fund	126,802,339	143,396,920	135,416,300	87,175,000	79,524,900
Restricted Funds	11,963,725,068	13,624,600,713	16,672,155,500	17,022,761,300	17,832,826,800
Federal Fund	21,655,976,261	22,404,313,230	26,961,089,800	25,637,765,700	25,457,767,900
Road Fund	1,885,009,438	1,880,640,041	2,241,142,400	1,838,103,600	1,910,283,700
TOTAL EXPENDITURES	49,818,365,607	53,880,614,905	63,753,334,500	60,396,482,800	61,518,077,400
EXPENDITURES BY UNIT					
Executive Branch	49,234,280,232	53,247,235,231	63,111,854,300	59,757,460,000	60,867,223,800
Legislative Branch	84,517,486	82,130,774	91,940,400	90,201,400	92,899,700
Judicial Branch	499,567,889	551,248,900	549,539,800	548,821,400	557,953,900
TOTAL EXPENDITURES	49,818,365,607	53,880,614,905	63,753,334,500	60,396,482,800	61,518,077,400

Executive Branch

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,553,948,300	14,841,746,500	15,266,489,800	15,456,640,200	15,731,158,500
Budget Reserve	504,700,000	1,554,915,746	1,047,406,500		
State Salary and Compensation Allocation					
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,452,921,410	15,044,859	251,340,200		
Special Appropriation	81,775,900	6,200,000	6,200,000		
Current Year Appropriation	2,034,616,900				
Continuing Approp-General Fund	2,942,668,227	6,192,228,845	5,717,397,500	3,884,706,500	3,447,981,700
Reorganization Adjustment					
Budget Reduction-General Fund			(77,722,900)		
Mandated Allotments	98,682,505	62,132,339			
Other	(495,654,867)	(1,554,394,239)	(1,117,596,600)	(904,084,100)	(909,339,100)
Budget Reserve Trust Fund					
Fund Transfers				290,000,000	
Total General Fund	20,173,658,375	21,117,874,049	21,093,514,500	18,727,262,600	18,269,801,100
Tobacco Fund					
Tobacco Settlement - Phase I	106,078,200	99,118,000	94,224,700	82,800,000	77,399,900
Continuing Approp-Tob Settlement	110,858,534	91,913,249	48,816,300	6,500,000	2,125,000
Other	3,277,754	2,578,902			
Total Tobacco Fund	220,214,489	193,610,151	143,041,000	89,300,000	79,524,900
Restricted Funds					
Balance Forward	2,004,425,909	2,105,955,598	1,844,850,000	1,451,530,300	972,564,700
Current Receipts	11,391,583,884	12,780,064,296	14,823,032,100	15,733,168,100	16,685,506,900
Non-Revenue Receipts	1,200,614,944	1,150,239,680	1,378,203,500	784,429,500	1,085,886,500
Fund Transfers	(3,267,000)	(5,248,634)	(4,311,900)	(40,408,400)	(35,452,800)
Total Restricted Funds	14,593,357,737	16,031,010,940	18,041,773,700	17,928,719,500	18,708,505,300
Federal Fund					
Balance Forward	723,651,874	629,010,920	363,828,674	72,979,400	95,812,200
Current Receipts	21,568,759,055	22,193,399,381	27,171,648,726	25,664,769,300	25,487,069,000
Non-Revenue Receipts	(10,839,981)	(56,767,227)	(503,436,800)	(5,717,400)	(5,650,900)
Total Federal Fund	22,281,570,948	22,765,643,074	27,032,040,600	25,732,031,300	25,577,230,300
Road Fund					
Regular Appropriation	1,683,417,300	1,985,694,500	1,882,761,900	1,838,103,600	1,910,283,700
State Salary and Compensation Allocation					
Surplus Expenditure Plan	55,504,572		61,645,600		
Current Year Appropriation	2,500,000		5,035,600		
Continuing Approp-Road Fund	531,452,211	422,266,201	348,283,600		
Budget Reduction-Road Fund					
Other	41,562,845	(2,991,839)	(56,584,300)		
Total Road Fund	2,325,818,328	2,404,968,862	2,241,142,400	1,838,103,600	1,910,283,700
TOTAL SOURCE OF FUNDS	59,594,619,877	62,513,107,076	68,551,512,200	64,315,417,000	64,545,345,300

EXPENDITURES BY CLASS					
Personnel Costs	10,029,501,979	10,550,327,156	11,586,173,200	11,593,220,300	12,021,102,100
Operating Expenses	4,975,919,478	5,423,652,362	6,615,037,600	6,933,828,700	7,514,040,900
Grants Loans Benefits	30,752,017,965	33,098,022,141	37,925,232,400	37,572,658,300	37,508,187,700
Debt Service	973,114,324	956,598,068	1,329,187,400	1,164,060,400	1,306,977,600
Capital Outlay	944,439,039	1,781,857,937	1,408,820,500	671,313,600	705,277,200
Construction	1,559,287,448	1,436,777,568	4,247,403,200	1,822,378,700	1,811,638,300
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	63,111,854,300	59,757,460,000	60,867,223,800
EXPENDITURES BY FUND SOURCE					
General Fund	13,656,729,254	15,254,089,803	17,185,991,000	15,239,807,500	15,647,272,500
Tobacco Fund	126,802,339	143,396,920	135,416,300	87,175,000	79,524,900
Restricted Funds	11,913,179,173	13,567,279,535	16,590,243,400	16,956,154,800	17,773,765,800
Federal Fund	21,652,560,028	22,401,828,932	26,959,061,200	25,636,219,100	25,456,376,900
Road Fund	1,885,009,438	1,880,640,041	2,241,142,400	1,838,103,600	1,910,283,700
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	63,111,854,300	59,757,460,000	60,867,223,800
EXPENDITURES BY UNIT					
General Government	2,667,218,582	2,925,584,086	3,925,190,100	3,201,888,000	3,016,634,900
Economic Development	75,533,992	98,620,234	241,931,400	32,805,100	32,178,200
Department of Education	6,413,845,324	6,310,710,592	6,016,202,200	6,449,088,300	6,590,307,100
Education and Labor	715,451,780	786,966,821	879,447,900	849,906,500	848,288,600
Energy and Environment	321,600,022	324,533,733	503,028,000	511,355,100	509,436,000
Finance and Administration	819,190,672	825,383,354	1,240,972,500	1,093,752,300	1,280,155,400
Health and Family Services	21,883,075,837	23,900,891,047	27,133,151,100	27,446,639,700	27,305,237,700
Justice and Public Safety	1,577,855,164	1,567,982,071	1,644,432,100	1,695,401,400	1,714,931,700
Personnel	138,856,279	130,555,357	136,035,800	127,979,900	126,810,100
Postsecondary Education	10,637,252,189	11,611,794,467	13,725,870,500	14,511,862,200	15,398,309,700
Public Protection	185,188,281	209,394,632	109,842,700	101,480,500	100,026,200
Tourism, Arts and Heritage	342,241,527	339,235,695	334,460,800	321,441,400	322,237,600
Transportation	3,151,671,767	3,105,867,397	6,499,682,700	3,413,859,600	3,622,670,600
Statewide	305,298,815	1,109,715,746	721,606,500		
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	63,111,854,300	59,757,460,000	60,867,223,800

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	88,016,800	89,669,800	91,940,400	90,126,400	92,724,700
Special Appropriation	1,874,400				
Continuing Approp-General Fund	40,585,480	45,969,475	53,508,400	53,508,400	53,508,400
Total General Fund	130,476,680	135,639,275	145,448,800	143,634,800	146,233,100
Restricted Funds					
Balance Forward	2,161,062	2,404,257	2,445,937	2,695,937	2,660,937
Current Receipts	253,478	41,680	250,000	40,000	250,000
Total Restricted Funds	2,414,540	2,445,937	2,695,937	2,735,937	2,910,937
Federal Fund					
Balance Forward	448,476				
Current Receipts	(448,476)				
Total Federal Fund					
TOTAL SOURCE OF FUNDS	132,891,220	138,085,212	148,144,737	146,370,737	149,144,037
EXPENDITURES BY CLASS					
Personnel Costs	67,179,885	63,484,327	71,734,400	71,859,800	72,594,300
Operating Expenses	17,086,016	17,949,697	19,456,000	17,591,600	19,555,400
Capital Outlay	251,585	696,749	750,000	750,000	750,000
TOTAL EXPENDITURES	84,517,486	82,130,774	91,940,400	90,201,400	92,899,700
EXPENDITURES BY FUND SOURCE					
General Fund	84,507,203	82,130,774	91,940,400	90,126,400	92,724,700
Restricted Funds	10,283			75,000	175,000
TOTAL EXPENDITURES	84,517,486	82,130,774	91,940,400	90,201,400	92,899,700
EXPENDITURES BY UNIT					
Legislative Branch	84,517,486	82,130,774	91,940,400	90,201,400	92,899,700
TOTAL EXPENDITURES	84,517,486	82,130,774	91,940,400	90,201,400	92,899,700

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Enacted FY 2027	Enacted FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	421,664,700	504,367,900	465,599,100	480,743,300	497,676,900
Special Appropriation	21,594,600				
State Salary and Compensation					
Continuing Approp-General Fund	27,375,025	9,401,781	7,567,400	7,567,400	7,567,400
Budget Reduction-General Fund	(15,616,500)	(14,758,900)			
Total General Fund	455,017,825	499,010,781	473,166,500	488,310,700	505,244,300
Restricted Funds					
Balance Forward	53,423,852	51,424,256	43,247,500	17,336,600	9,480,800
Current Receipts	24,802,125	23,877,685	24,208,800	27,109,700	27,592,500
Non-Revenue Receipts	23,733,891	25,266,719	31,792,400	31,566,000	23,702,100
Total Restricted Funds	101,959,868	100,568,660	99,248,700	76,012,300	60,775,400
Federal Fund					
Current Receipts	3,416,233	2,484,298	2,028,600	1,546,600	1,391,000
Total Federal Fund	3,416,233	2,484,298	2,028,600	1,546,600	1,391,000
TOTAL SOURCE OF FUNDS	560,393,926	602,063,739	574,443,800	565,869,600	567,410,700
EXPENDITURES BY CLASS					
Personnel Costs	322,058,009	330,870,472	349,272,000	364,483,500	368,770,000
Operating Expenses	162,995,401	214,108,294	199,967,800	184,037,900	188,883,900
Debt Service		570,000			
Capital Outlay	14,514,479	5,700,134	300,000	300,000	300,000
TOTAL EXPENDITURES	499,567,889	551,248,900	549,539,800	548,821,400	557,953,900
EXPENDITURES BY FUND SOURCE					
General Fund	445,616,044	491,443,424	465,599,100	480,743,300	497,676,900
Restricted Funds	50,535,612	57,321,178	81,912,100	66,531,500	58,886,000
Federal Fund	3,416,233	2,484,298	2,028,600	1,546,600	1,391,000
TOTAL EXPENDITURES	499,567,889	551,248,900	549,539,800	548,821,400	557,953,900
EXPENDITURES BY UNIT					
Judicial Branch	499,567,889	551,248,900	549,539,800	548,821,400	557,953,900
TOTAL EXPENDITURES	499,567,889	551,248,900	549,539,800	548,821,400	557,953,900

State of the Commonwealth Address
GOVERNOR ANDY BESHEAR
January 7, 2026

Members of the General Assembly, Lt. Gov. Coleman and Secretary Adams, justices of the Kentucky Supreme Court, former Gov. Steve Beshear and former First Lady Jane Beshear, our amazing current First Lady Britainy Beshear, and to every Kentuckian and every American watching from home, good evening.

Tonight, I'm speaking from the Thomas D. Clark Center for Kentucky History here in Frankfort as our State Capitol undergoes its most significant renovation in more than 70 years.

The renovation is a reminder that our great democracy at times can buckle, and that cracks in the foundation and stress on the joints can threaten our very future. Because our democracy, our way of life, even the stability of our Capitol Building is not guaranteed.

Instead, it takes work, effort and cooperation to sustain, strengthen and leave a thriving state and a functional country to our kids and our grandkids. Every generation has a solemn duty to safeguard this great experiment that has persisted for more than 250 years. That means every generation must roll up their sleeves and do the work.

Over the past six years, our people have been putting in that work to secure a brighter future. And we've been doing it together. Together, we're building a future where every Kentucky child can achieve their Kentucky dream, no matter how big.

Together, we've set an example for all of America: a state where officials are both Democrats and Republicans; a state that is both urban and rural; a state that stretches from the Appalachian Mountains to the Mississippi River. Yet, we've found a way to work together, to find unity, and to succeed.

That's why folks around our country are no longer looking down on Kentucky; they're looking up to us. They are looking to find hope beyond the chaos. And they're finding that hope right here.

While our national politics has been poisoned with division, here in the commonwealth we've won as one team – Team Kentucky – by pushing out that noise and finding common ground to move our state not right, not left, but forward for everyone.

We've done this by recognizing the most important things to our people are not partisan. They are not even bipartisan. They are nonpartisan.

A good job, affordable health care, safe roads and bridges, good schools, safe communities. These aren't red or blue issues. They're just what every Kentucky family wants, what every Kentucky family deserves, and what our American families demand.

To keep succeeding, we must remain focused on what matters most: our people and bettering their lives. And that's why I remain optimistic about what we continue to accomplish, together.

This is my seventh State of Commonwealth and my last Budget Address in this job. So tonight, I'm proud to report once again that the state of our commonwealth remains strong.

But our people, our commonwealth and our country are facing serious new challenges, and it's our job to meet this moment. For the first time in my lifetime, a large portion of the American public is questioning one of the most important foundations of our country: the American Dream.

The American Dream is as simple as it is powerful: that if you work hard and play by the rules, you can get ahead. You can build a better life. You can leave your kids better off.

For generations now, my family has lived the American Dream. My grandfather, who couldn't afford to go to college, worked hard, saved up and bought the local funeral home.

Through that small business, he was able to do what his parents couldn't. He was able to send his kids through college – one to med school; another to law school. And then their children – myself included – had even greater opportunities.

But today, too many American families feel this dream is just a hallucination. The costs of groceries and health care are too high. The family vacation they took as kids just doesn't fit in the budget. That first home for a young couple is simply unaffordable – maybe unattainable.

As leaders, we have a responsibility to reignite and refuel the American Dream. For the sake of future generations, it must burn bright in the minds of our people. So tonight, I'm going to discuss the American Dream, both where we are succeeding and where we must do more.

The American Dream starts with a job. It's what supports a family and drives our economy. I'm proud to say that no administration has created more.

Last year we delivered once again, announcing more than $10.5 billion in private sector investment, and creating nearly 9,600 new jobs. That's the second-best year in the history of our state. That means this administration has had the first-, second-, third- and fifth-largest years on record.

Over the past six years we have become an economic powerhouse, more than doubling Kentucky's previous investment record, with over $45 billion in new investment. For our families, for the American dream, we've also broken our job-creation records, with 68,000 new jobs.

But not just any job will do; because while the American Dream is about working hard, it's also about getting ahead. So our people deserve good jobs. Jobs where you can not only pay the bills at the end of the month, but you can save for your kids' education, for retirement, for that down payment on a new home, or for that summer vacation that you deserve.

That's why I'm proud to report that we've recruited the best jobs in our history, with the highest three-year average for new wages we've ever seen. Last year, our average incentivized wage was just under $30 an hour.

And despite national headwinds, despite the damages of President Trump's tariff policy that both of our U.S. Senators and this governor strongly oppose, Kentucky's economy is still growing.

According to a recent Moody's study, most states saw their economies slow and even slide into recession last year. But in Kentucky, we're still expanding, showing our nation what an economy built to last looks like.

Take a 10-day window in August, where we welcomed more than $6.3 billion in new investment and over 1,000 full-time jobs. Four iconic companies – GE Appliances, Ford, Apple and General Matter – all chose Kentucky.

On August 11, GE Appliances announced the investment of $3 billion in new American manufacturing and the creation of 800 new Kentucky jobs. CEO Kevin Nolan shared that when it came to writing the next chapter for GE Appliances, he knew it needed to start in Kentucky. He said, "We're making this commitment because we believe the future of manufacturing is in America and here in Kentucky."

We have representatives from GE Appliances with us tonight. Let's thank them for their investment.

Just two days later, Jim Farley, the CEO of Ford Motor Company announced a nearly $2 billion investment in Louisville. It's going to revolutionize Henry Ford's assembly line and create an affordable EV from Kentucky, that can compete anywhere.

He said Ford's goal is to put an affordable, unbelievably great product within reach of millions of Americans, built in the U.S., by U.S. workers. Who did he trust for this massive, company-changing investment? He trusted us, Kentucky. His exact words were, "We made a big bet on our country. And we made a huge bet on the Commonwealth of Kentucky."

Also in August, General Matter announced a $1.5 billion investment in Paducah. This company will change our nation's energy economy in profound ways and bring modern nuclear power to our state. Their project is already creating interest up and down the supply chain with the possibility of dozens of future companies making Western Kentucky their New Kentucky Home.

Some will be surprised that I mentioned this investment tonight. Now, it's true that some of the company's investors and I don't share the same politics. But we do share a commitment to get this job done and to strengthen our nation's energy economy. And we know a simple truth: There ain't nothing Democrat or Republican about a good job.

This is how we find common ground. This is how America is supposed to work. Leaders from General Matter are here with us tonight. Let's welcome them.

Folks, that was just 10 days. Over the rest of the year. we saw great announcements like:

- Nitto, creating 220 new jobs right here in Frankfort.
- Alta Alloys and Shinsung USA – 95 jobs in Simpson County.
- Paragon Metal Fabricators – 40 jobs in Pendleton County.
- Toyota and SteelBlue Building Components – 163 jobs in Scott County.
- Lockheed Martin – 70 jobs in Fayette County.
- Sazerac – 50 jobs in Taylor County.
- Louisville Brands – 210 jobs in Jefferson County.
- Morris Packaging – 276 jobs in Marion County.
- E. Hoffman Packaging – 165 jobs in Hopkins County.

And in Glasgow, we celebrated some great news when we closed a deal, in person in Ireland, with Tate. This company's $61.2 million project is the largest announcement for Barren County in 18 years. It has 400 new jobs.

Maureen Carpenter, the president and CEO of the Barren County Economic Authority is here with us tonight. Maureen, thank you for all of your work. This is a huge win for your county and our commonwealth.

Kentucky, our job-creation efforts are being recognized nationally as we secured another top 5 ranking for economic development. That's five straight years of being in the top 5 in the country.

And we've been congratulated by the toughest of critics, as we secured three credit upgrades, which say Kentucky is on the upswing.

The products we make are being sold all over the world as we've set back-to-back records on exports.

Of course I can't miss the opportunity to thank our hardworking unions. Being pro-union creates jobs. It creates opportunities. And our unions have fought for the American Dream longer than I've been alive.

In Kentucky, we've proven that you can be pro-job, pro-business and pro-union. Everyone wins together.

So, that's a lot of good news. But often on sunny days, there are storm clouds on the horizon. Bad tariff and trade policy are impacting our national economy, slowing or pausing many projects, and other states are shedding both investments and jobs.

This means competition will only intensify. We'll have to work even harder to keep winning.

That's why my proposed budget begins with job-creation. It contains $70 million for site development to create build-ready, job-ready sites. It contains $100 million for large projects that just need that last bit of infrastructure or an access road to say yes. And for the first time, it includes a $25 million rural economic development fund to bring jobs to areas that have been so close but haven't had that big announcement yet. We must invest there, because you should be able to live the American Dream in every part of our state.

A good job is where the American Dream starts, but a home is where it lives. Our homes are where we raise our families and make memories together. Sadly, owning that home seems out of reach for too many Americans.

In Kentucky, we're doing better than most. Last year Kentucky scored as one of the best states in the nation for home affordability. We've been recognized for our efforts to not just build affordable housing, but to build housing in Western and Eastern Kentucky for those impacted by natural disasters.

In Western Kentucky, we're building 254 homes for tornado survivors through our relief fund. And I announced the single largest affordable housing investment in our history, with $223 million going toward 953 rental units.

In Eastern Kentucky, we've embarked on the most ambitious rebuilding effort our country has ever seen through our high-ground initiative. With eight communities underway, this initiative will eventually bring more than 500 new homes to Eastern Kentucky. Two sites are already complete: Wayland in Floyd County and The Cottages of Thompson Branch in Letcher County.

Robbie Williams, the Judge/Executive of Floyd County, is with us tonight. And he can share firsthand how a bold housing initiative like our high-grounds can transform a region and its future.

Great work is continuing at the other high-ground sites. Homes are springing up at Chestnut Ridge in Knott County and New Hope in Floyd County. And people like Samantha Turner are already moving in at Skyview in Perry County.

See, Samantha was volunteering at the Hazard Airport in 2022. She was helping flood victims as they stepped off a National Guard helicopter. In 2025, her home was destroyed by a similar flood. But last year, I got to walk her through her New Kentucky Home in Skyview. Now, she'll never have to worry when it rains.

While these efforts are amazing, they're not enough. To preserve the American Dream of owning a home, Kentucky needs a big, bold investment now. It can't wait. It can't be incremental.

So I am proposing a game-changing $150 million investment in our Affordable Housing Trust Fund. Combined with private dollars, that would create a billion dollars of new housing.

We must tackle the shortage in housing, and we must do it now.

While most dreams at night are short, the American Dream is about a long, healthy life where you raise your kids and eventually spoil your grandkids. That's why we've continued efforts to expand health care to keep our people healthy and happy. Our people are healthier and our workforce is better when every Kentuckian can see a doctor close to home.

Late in 2024, we opened Norton West Louisville – the first hospital in West Louisville in 150 years. In its first year, the hospital has served nearly 60,000 Kentuckians. Norton West Louisville is changing lives through increased access to quality care – something every person deserves.

Thank you to the Norton team, including Russ Cox and Corenza Townsend.

Since 2020, we've also opened the PMC's new children's Hospital and its Appalachian Valley Autism Center. These facilities serve over 100,000 children covering 23 Eastern Kentucky counties.

These services are critical and lifechanging. Before these investments, parents in Eastern Kentucky were told the best thing they could do for their kids was to move. That is wrong. No Kentucky family will have to hear to those words ever again.

We've also broken ground on, or opened:

- A new AVA Center location in Floyd County.
- UofL Health in Bullitt County.
- The Birch in Owensboro.
- The Mercy Health-Lourdes cancer center in Paducah.
- Baptist Health Hamburg in Lexington.
- The new Reach Clinic in Mason County.

And we celebrated Appalachian Regional Healthcare's new mobile clinic, which is bridging the gap between hospital visits and house calls.

We haven't just expanded access; we've also expanded coverage. I was proud to expand Medicaid to include dental, vision and hearing. That's resulted in 267,607 Kentuckians receiving glasses; 16,274 Kentuckians receiving dentures; and 675 being fitted for hearing aids.

When it comes to our fight against addiction, we continue to make meaningful progress that has saved lives, reunited families and created safer communities. We are now up to 35 Recovery Ready Communities, and I've banned harmful drugs like "designer Xanax" and deadly forms of kratom. The result: Drug overdose deaths have now gone down three straight years in Kentucky. Thank God.

We also recognize that mental health is just as important as physical health. Since I've taken office, our number of mental health professionals has nearly doubled.

Our efforts to rebuild our state-run health care exchange, kynect, have been hugely successful. Last year, nearly 100,000 Kentuckians enrolled – the highest number in the past decade.

And, as of last month, safe, regulated medical cannabis is now available in the commonwealth.

Sadly, a lot of our progress is now at risk due to decisions at the federal level. Decisions like Congress voting "yes" to extend tax cuts for the wealthy but voting "no" to extend tax credits for working Americans to afford health care.

And the impact of the President's "big, ugly bill" – it's going to hit Kentucky the hardest. It could close 35 rural hospitals, fire 20,000 health-care workers, and eliminate coverage for 200,000 Kentuckians. That ugly bill? It also cuts nursing scholarships at a time where a shortage threatens the quality of care our families receive.

The combination of these federal failures threatens the American Dream with lost jobs, higher costs, shorter lives and longer drives just to see the same doctor.

That's why my budget pushes back, investing in our people and our health care. My budget fully funds Medicaid, even with the increasing cost.

It provides $100 million to lower the cost of coverage on kynect. It expands the number of Michelle P. Waiver slots for families of children with special needs. It includes $25 million for nursing student loan forgiveness. And it creates a $125 million rural hospital fund. We simply cannot allow our rural hospitals to close. And we cannot accept a future where a Kentucky woman must travel several hours to give birth.

Tonight, we have a real-life health-care hero with us: Dr. Jason Smith, the CEO of UofL Health. Jason showed courage leading through COVID-19, speaking out after mass shootings, and recently he spoke truth to power, writing an op-ed titled "Medicaid cuts threaten lives, jobs and Kentucky's future."

Jason, please see this budget as a reflection that Kentucky believes in you and we believe in health care for all of our people.

The American Dream doesn't begin with success. It's a journey toward it. The paths that lead us there are the roads and bridges across our state and country. Whether it's to work, church, a doctor's appointment, or dropping your kids off at school, our infrastructure is essential to our daily lives.

Since 2020, Team Kentucky has replaced or repaired 660 state and local bridges. During that same period, 20,000 miles of road improvements have been completed or are currently underway.

We celebrated some big wins over the past year, finishing the U.S. 460 Corridor in Pike County, a project 23 years in the making. In early November, we cut the ribbon on the completed approach to the I-69 Ohio River Crossing, which will open up new lanes of commerce in our state and our region. And, this year, we began construction on the final stretch of the Mountain Parkway through the heart of Appalachia. It's been talked about for decades, and now I'm the first governor that can say that every portion of 4-laning the Mountain Parkway is now complete or under construction.

The American Dream is rooted in hope. But it can be extinguished through fear. So public safety is everyone's job. A job where we work together. Where we not only make our people safer – but they <u>feel</u> safer – at all times.

As a state or as a country, we don't accomplish this by stunts in the short term – we accomplish it by putting in the work for the long-term. We do it by hiring more law enforcement and paying them better; by protecting our children online and on our streets; by reducing recidivism; and through the best natural disaster response in the country.

When I came into office, our Kentucky State Police force was dwindling. The previous governor had attempted to cut promised retirements, and morale was low. So we rolled up our sleeves, increased pay and made real changes. Now, the full KSP agency is up to 1,896 team members.

We put in the same effort in training local police and sheriff's deputies. Now, Kentucky has over 8,000 local law enforcement officers protecting our streets.

We also opened the new Western Kentucky law enforcement training center, which had its first graduating class of 21 officers. Tonight, we have the top graduate of that class with us: Brionna Ray, now a deputy with the Hardin County Sheriff's Office.

In October, we announced the good work of our State Police in protecting our children. Since late 2019, they have arrested 474 online child predators. That's 474 predators that will no longer threaten our children.

Let's give KSP, the Child Crime Task Force and Brionna a round of applause.

Making our communities safer is about more than just arresting criminals. It's about preventing crimes altogether. When a crime doesn't occur, there is no victim, no family left grieving. One way we prevent crime is working with our inmates to ensure that once released, they do not violate again.

Last year, we did that, securing another record low recidivism rate. A good part of that is thanks to our efforts to provide second chances and real job opportunities. It's not just the smart thing to do – my faith teaches me second chances are what we are called to do.

Last April, we announced more than a dozen new vocational programs in our prisons. Inmates are receiving training in CDL, construction, cosmetology, HVAC and painting.

But it's time to take these efforts to the next level.

So, we've teamed up with the Kentucky Community and Technical College System. And together, with President Ryan Quarles, we're seeking funding for a non-partisan, game-changing project: a reentry campus that will make our people safer and make Kentucky a national model.

I want to thank our Council of Second Chance Employers, who are working together to help continue this important progress.

Making our people safer also means having the best emergency response to natural disasters. We've had far too much practice, with 14 federally declared weather disasters, a pandemic, helicopter crashes, mass shootings and a major plane crash.

Last February, our state was hit with another devastating flood. In the end, 25 of our fellow citizens were killed. In early April, much of the state endured even more flooding. This time, we lost 7 Kentuckians. In May, an EF4 tornado struck southeastern Kentucky, with 19 children of God taken far too soon. And, as if natural disasters weren't enough, we suffered the catastrophic UPS plane crash in Louisville. We lost 15 souls to that terrible accident.

I want you to remember these are real people.

In response to each of these disasters, our emergency personnel stepped up and showed this country how it's done. Our swift water rescue teams were pre-positioned before the floods, jumping into action and making hundreds of rescues. Our National Guard responded time and time again. And in Louisville, 18 different fire departments and 50 fire trucks – led by the Okolona Fire Department – responded to the inferno, preventing more loss.

It's impossible to know why Kentucky gets hit over and over and over again. But my faith teaches me that God saves his biggest challenges for the strongest of people. And each response reminds me that strength is not bravado or bullying but a resolve built on love, kindness and a commitment to our fellow human beings.

Tonight, let's recognize and remember all the families that have suffered loss, and let's give a big thank you to all our first responders.

Part of the American Dream is about us, the adults, doing well; but the core of the American Dream is about empowering our kids to do better. As it says in Psalms, "Children are a gift from the lord; they are a reward from him."

Our priority, always, must be the future. And our future is molded in our public schools.

I am unapologetically a 100% pro-public education governor. Every budget I've proposed has invested in our school systems, starting with our educators. Once again, I'll be doing what's right: I'm proposing $159 million for mandatory raises for educators; and a proposal to increase take-home pay by nearly 7%.

My budget also increases education funding per pupil and adds $560 million to our teachers' retirements.

But that leads me to the most important choice in this session for our future, our businesses, our families and our children. The single-most effective way we succeed with this next budget is by funding Pre-K for All.

Right now, more than half of Kentucky's kids are showing up to kindergarten already behind. They come to school with fewer vocabulary words. Some don't know their colors. Others aren't even potty-trained.

Most Kentucky parents can't afford pre-K. So many of our neighbors want to work but simply can't find or afford child care. At a time when things cost too much, pre-K saves parents thousands of dollars every year. And one study shows it boosts parents' earnings by nearly $9,000 per year for at least six years.

Over time, pre-K is projected to grow Kentucky's workforce by up to 70,000 people. And studies show that for every $1 invested in pre-K, we get $10 cycled through our economy.

It's clear: Kentucky needs Pre-K for All.

And to members of the General Assembly: We were able to work together on medical marijuana, to make sports betting legal, to protect horse racing and gaming and our horse industry. Surely we can come together for 4-year-olds.

For those that say Pre-K for All is political, let me remind you: 4-year-olds can't vote. They aren't registered. So if you're against this because you think it gives me a win, what you're really doing is handing these kids a loss.

Pre-K for All is the right thing to do, so let's get it done.

Our state is on a roll, but with the challenge of tariffs, national uncertainty and more, life is going to be tougher than in the past. Without action, Kentuckians are going to suffer.

So, in addition to our proposed investments in housing, jobs and health care, tonight I have two more proposals to help our families.

First, my faith tells me no one should go hungry. The miracle of the fishes and loaves is one of the only miracles that appears in every book of the Gospels. That tells us it's pretty darn important.

But actions by the Trump administration to the SNAP program are going to result in soaring costs and 114,000 Kentuckians are going to go hungry from losing their food assistance. We can't let that happen. That's why my budget provides $50 million to help our hardworking Kentucky food banks do more.

Let's give a big round of applause for Feeding Kentucky, their network of food banks, and everyone working to end hunger in Kentucky.

Second, we cannot let our people freeze in the winter or suffer heatstroke in the summer. My budget creates a $75 million-dollar fund to help at-risk Kentuckians pay their utility bills.

I'll close tonight with a grand understatement.

We live in chaotic times.

In such times, I hope and I pray that God grants us the wisdom to see beyond the anger of today's politics to the possibility and promise that tomorrow holds. And even in chaotic times, we see the goodness of our people.

If you need proof of that, look at Trooper Jude Remilien, Jimmy and Jessica Alexander, Taylor Hall and Adam Arnold. These heroes exemplify this goodness.

When Trooper Remilien was shot while protecting Kentucky, Jimmy, Jessica, Taylor and Adam did what we hope we would all do in a life-threatening emergency: They stepped up, stepped in and helped save a life. They didn't ask Trooper Remilien about his background, his politics, or even which basketball team he roots for. They just helped him.

Scripture (James 2:22) tells us: "You see that his faith and his actions were working together, and that his faith was made complete by what he did."

Some of these good Samaritans are here tonight. Let's show them our appreciation.

We always come together in times of need. And it's what makes me so proud to be a Kentuckian.

In Kentucky, we've turned down the temperature. We've worked together, because our people deserve a government that unites instead of divides; works for the good of all of us instead of creating an "us" versus a "them."

If you walked into the construction project that is our state capitol, you'd find our statue of Abraham Lincoln. His address at Gettysburg is on a plaque on the wall, another reminder that our democracy is, indeed, fragile.

President Lincoln said to his countrymen, "We are not enemies, but friends. ... Though passion may have strained it must not break our bonds of affection."

While the national media fixates on the rage, we focus on results. While social media lifts up the angry and judgmental, we must amplify kindness, acceptance and empathy.

This polarized moment in our history, it won't last forever. And, like Lincoln all those years ago, Kentucky can lead the way out of the darkness and into the light.

It's our job. It's our duty. And we cannot leave a broken country to our children.

As we repair our state capitol, let us also repair ourselves, our communities and our country. Remember: Your neighbor is not the enemy from within. She's just your neighbor, trying to do her best in this difficult world.

This moment in our history, how we conduct our business today, will determine how future Kentuckians view us. Did we favor division or unity, discrimination or inclusion.

This is the moment we've been entrusted to navigate. So let's stay focused and deliver a 2026 filled with prosperity and promise.

Thank you. God bless the Commonwealth of Kentucky; God bless the United States of America; and good night.

###