Executive Branch Budget
FY 2010 - 2012

House Appropriations and Revenue Committee
January 26, 2010

Mary Lassiter, State Budget Director
John Hicks, Deputy State Budget Director
Kevin Cardwell, Deputy State Budget Director
Greg Harkenrider, Deputy Exec. Director, Governor’s Office of
Economic Analysis

Governor’s Goals

☐ Job creation and retention
☐ No broad-based tax increases
☐ Preserve SEEK funding
☐ Provide healthcare for most vulnerable
☐ Protect the public’s safety
☐ Increase recurring revenues
☐ Make critical investments for the future
☐ Continue to reduce costs
FY08 Revenue Levels Will Not Return until FY12

Solutions to Address the Shortfall

- No Broad Based Tax Increases
- Revenue Growth
- Remaining Federal Stimulus Funds
- Debt Restructuring
- Limited Expansion of Gaming
- Alternative Financing
- Fund Transfers
- Revenue Collection Enhancements
- Kentucky Smart Government Initiative
- Continue to Reduce Spending
Revenue Growth

- Despite record unemployment and lagging current revenues, revenue growth is predicted for the next two years, reflecting signs of recovery from the recession

- FY 11: 3.6% growth = $295 million
- FY 12: 3.7% growth = $318 million

Remaining Federal Stimulus Funds

- $268 million State Fiscal Stabilization Funds
- Six months of higher federal match rate in Medicaid
- Will be exhausted in FY 11
- Causes the General Fund need to be higher for:
  - SEEK
  - Postsecondary Education Institutions
  - Corrections
  - State Police
  - Medicaid
Debt Restructuring

- Restructuring outstanding liabilities to realize debt service savings in the biennium.
- Upfront savings used to keep from cutting priorities – long term increased costs.
- FY 11: $73 million
- FY 12: $130 million

Gaming Revenues Prevent Deeper Cuts

<table>
<thead>
<tr>
<th>Shortfall Between Resources and Spending Needs</th>
<th>Biennial Total With Gaming Revenues (millions)</th>
<th>Biennial Total Without Gaming Revenues (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously Identified Shortfall</td>
<td>$1,446</td>
<td>$1,446</td>
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<tr>
<td>FY 10 Cuts and Other Adjustments</td>
<td>($64)</td>
<td>($64)</td>
</tr>
<tr>
<td>Medicaid Management Initiatives and Funding Gap</td>
<td>($205)</td>
<td>($205)</td>
</tr>
<tr>
<td>Debt Restructuring</td>
<td>($203)</td>
<td>($203)</td>
</tr>
<tr>
<td>Additional Recommended Spending</td>
<td>$587</td>
<td>$587</td>
</tr>
<tr>
<td>Revised Shortfall</td>
<td>$1,561</td>
<td>$1,561</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Balancing Solutions to Fund Needs</th>
<th>Biennial Total With Gaming Revenues (millions)</th>
<th>Biennial Total Without Gaming Revenues (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanded Gaming Revenues</td>
<td>$780</td>
<td>$0</td>
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<tr>
<td>Alternative Financing</td>
<td>$466</td>
<td>$466</td>
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<tr>
<td>Fund Transfers</td>
<td>$116</td>
<td>$116</td>
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<tr>
<td>Revenue Collection Enhancements</td>
<td>$66</td>
<td>$66</td>
</tr>
<tr>
<td>Budgeted Lapse for Smart Government Initiative</td>
<td>$33</td>
<td>$33</td>
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<tr>
<td>Budget Cuts</td>
<td>$78</td>
<td>$858</td>
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<tr>
<td>Total Solutions</td>
<td>$1,561</td>
<td>$1,561</td>
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</tbody>
</table>

Additional Percentage Cuts to Agencies Not Exempted

- 2% FY 11
- 14% FY 11
- 2% FY 12
- 34% FY 12
Limited Areas with Additional Spending - Not Expanding Programs

(millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 11</th>
<th>FY 12</th>
<th>Biennial Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>$62</td>
<td>$111</td>
<td>$173</td>
</tr>
<tr>
<td>Debt Service - New</td>
<td>$30</td>
<td>$112</td>
<td>$142</td>
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<tr>
<td>Retirement Contributions</td>
<td>$37</td>
<td>$55</td>
<td>$92</td>
</tr>
<tr>
<td>Judicial Branch</td>
<td>$26</td>
<td>$50</td>
<td>$76</td>
</tr>
<tr>
<td>Teachers' Retirement</td>
<td>$15</td>
<td>$42</td>
<td>$57</td>
</tr>
<tr>
<td>Education - SB 1 Implementation</td>
<td>$12</td>
<td>$10</td>
<td>$22</td>
</tr>
<tr>
<td>Corrections</td>
<td>$3</td>
<td>$10</td>
<td>$12</td>
</tr>
<tr>
<td>Other</td>
<td>$8</td>
<td>$5</td>
<td>$13</td>
</tr>
<tr>
<td>Total</td>
<td>$192</td>
<td>$395</td>
<td>$587</td>
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</tbody>
</table>

VLT’s at the Horse Racing Tracks

- Virtually the same proposal adopted by the House in the Special Session
  - Creates recurring revenues to keep from cutting deeper and more areas, such as education – keeps proceeds in the General Fund
  - License fees advanced in year 2
- Preserve the Horse Industry
  - Protect 100,000 jobs
- FY 11: $204 million
- FY 12: $576 million
Alternative Financing

- Bond fund long-term expenditures to minimize impact of cuts to priority areas
  - Underground Storage Tank Program
  - Maintenance Pools
  - KY Heritage Land Conservation projects
  - Wetland / Stream Mitigation projects
  - Student Financial Aid
  - Aviation Economic Development Trust Fund
  - FY 11: $224 million  FY 12: $264 million

Fund Transfers

- Biennial review of funds that can be transferred to the General Fund
  - FY 11: $54 million*
  - FY 12: $62 million*

*Note: Does not include fund transfers being replaced with bond funds
Revenue Collection Enhancements

- Expedite collection of tax bills in protest
- Require estimated payments for non-resident pass-through returns
- Implement federal vendor offset program
- Contract for collections and new data sources to improve compliance
- Broaden existing state vendor offset program
- Pilot abandoned real property escheatment
- FY 10: $23 million
- FY 11: $9 million
- FY 12: $33 million

Kentucky Smart Government Initiative

- Comprehensive Review of:
  - Property Management
  - Sale of non-essential assets
  - Review of all leases
  - Business Solutions
  - Information Technology
  - Transportation Services
  - Postal Services
  - Contracts
- Targeted Savings
  - All Funds: $37.3 M $40.1 M
  - General Fund: $16.3 M $17.0 M
Continue Spending Reductions

- 2% further reductions for most agencies in FY 11
- Straight-lined in FY 12

85% of General Fund Spending spared from cuts FY 11; 80% in FY 12

- SEEK
- Medicaid
- Universities*
- Corrections (bed related)
- Debt Service
- Health Insurance
- Teachers’ Retirement
- Student Financial Aid
- Economic Development
- Coal Severance Funds
- Horse Park
- Behavioral Health
- State Police
- Public Advocacy
- Prosecutors
- Mine Permitting, Safety & Reclamation
- Revenue
- Others

*Exempt in FY 11
### K-12 Education Highest Priority

**Preserves SEEK**
- Same total General Fund appropriation in FY 11 and FY 12 as FY 10
- Base per-pupil guarantee increases to $3,891 in FY 11 and $3,927 in FY 12

**Funds SB 1 Implementation**
- Standards, Assessments and Professional Development; KDE & CPE
- $11.5 M in FY 11  $10.4 M in FY 12

**Funds $150 million School Facilities Bonds**
- Authorizes additional $100 million Offers of Assistance

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### K-12 Education Highest Priority

- Provides increase in health insurance funding to support 7% increase in calendar plan costs each year
- 2% reduction in FY 11 for Non-SEEK appropriations; straight-lined in FY 12
- Repay the $476 million KTRS pension fund and realize $96 million in savings by refinancing the loans used to pay teacher retiree health insurance
- 1% annual raises each year if additional federal stimulus funds are available
Refinancing KTRS loan saves $96 million over 12 years

Transaction #2 - Est. Bond Debt Service
Transaction #1 - Est. Bond Debt Service
Estimated Existing Loan Payments

Postsecondary Education

- No reductions in FY 11 to institution budgets; 2% reduction in FY 12 when stimulus funds exhausted
- 27% increase in need-based student financial aid over the biennium
- $584 million General Fund bonds
  - highest priority project for each institution
- $323 million Agency Fund bonds
  - priority projects on which institutions have identified debt service and plan to move forward
**Student Financial Aid**

- Use 100% of value of Lottery revenues required for student financial aid
- FY 11: $203 million  FY 12: $209 million
  - Fully funds KEES program
  - Increases funding for need-based aid by 27%
    - Approx. 9,800 more student awards for CAP
    - Approx. 500 more student awards for KTG
  - Fully funds National Guard Tuition Assistance Program
- Bond funds used to support expenditures

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**Education and Workforce**

- Agencies
  - Education Professional Standards Board
  - Kentucky Comm. on Deaf and Hard of Hearing
  - Office for the Blind
  - Office of Employment and Training
  - Office of Career and Technical Education
  - Office of Vocational Rehabilitation
  - Kentucky Educational Television
  - Kentucky Dept. of Libraries and Archives
- 2% reduction in FY 11
- Straight-lined funding in FY 12
Health and Family Services

- Medicaid program exempt from reductions
  - Increasing costs; federal match decreases in FY 11
  - Management initiatives proposed to contain cost increases
- Behavioral Health exempt from reductions
- Balance of Cabinet cut 2% in FY 11; straight-lined in FY 12
- Replace Glasgow State Nursing Facility - $18 million
- Replace Eastern State Hospital - $129 million
- Expand Oakwood Specialty Clinic – $2 million
- Restore cuts to DCBS if additional federal stimulus funds are available

Medicaid

- Increased General Fund need because:
  - Increasing healthcare costs
  - Loss of higher federal match rate from ARRA on 12/31/10
  - Increasing enrollment due to the recession
    - Almost 3,400 more eligibles per month currently compared to 930 more per month last biennium
- Recommended General Fund increase
  - FY 11: $189 million   FY 12: $593 million
- Implementing measures to limit growth in costs
- Underfunding program $50 million per year - General Funds
Medicaid Management Measures

- Cost containment
- Utilization management
- Pharmacy program adjustments
- Benefit management
- Revenue Enhancement
- Total Funds Savings:
  - $244 million FY 11  $117 million FY 12
- General Fund Savings:
  - $75 million FY 11  $33.5 million FY 12

Medicaid Investments

- Cover Smoking Cessation services for Medicaid recipients to reduce long-term costs associated with smoking
  - $1.5 million per year General Funds
- Remove barrier to KCHIP by suspending requirement for premium payments to assure continuous care for eligible children
  - $370,000 per year General Funds
Public Employees and Retirees / Personnel Cabinet

- Fully fund the HB 1 increase in KERS and SPRS employer contribution rates

<table>
<thead>
<tr>
<th>KERS</th>
<th>KERS</th>
<th>SPRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Haz</td>
<td>Haz</td>
<td></td>
</tr>
<tr>
<td>FY 10 actual</td>
<td>11.62%</td>
<td>24.69%</td>
</tr>
<tr>
<td>FY 11 - HB 1 Schedule</td>
<td>16.98%</td>
<td>26.12%</td>
</tr>
<tr>
<td>FY 12 - HB 1 Schedule</td>
<td>19.82%</td>
<td>28.98%</td>
</tr>
<tr>
<td>Biennial Increase</td>
<td>16.75%</td>
<td>17.36%</td>
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</tbody>
</table>

- $35 million FY 11 $52 million FY 12
- Provide funding to support 7% increase each plan year for health insurance costs
  - $60 million FY 11 $108 million FY 12
- Provide 1% raises each year if additional federal stimulus funds are available
- Provide capital funding of $23 million to complete the Kentucky Human Resource Information System, the replacement to the 1982 personnel and payroll system

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Economic Development

- Reinvest in programs to retain and create jobs
  - $35 million KEDFA loan funds – bond funds
  - $15 million Economic Development Bonds
  - $10 million High-Tech grants and loans – bond funds
- Support Ft. Knox BRAC development
  - Significant influx of economic activity in Ft. Knox area
  - $112 million in Road Fund Bonds to finish projects initiated in FY 08 – 10 budget
  - $38 million in General Fund Economic Development Bonds to fund infrastructure needs
- Amend Kentucky Environmental Stewardship Act
Energy & Environment

- Mining programs exempt from cuts
  - Mine Permitting
  - Mine Safety and Licensing
    - $671,000 each year to support staffing increases to meet mine inspection requirements
    - $1.3 million coal severance funding for state-sponsored mine rescue teams to meet federal requirements in FY 11; $1.4 million FY 12
  - Mine Reclamation and Enforcement
- Legal services exempt from cuts to preserve enforcement capacity
- Balance of Cabinet cut 2% in FY 11; straight-lined funding in FY 12

Finance and Administration

- Revenue
  - No cuts to operating funds to support additional revenue collection efforts
  - $1.6 million provided to support participation in federal vendor offset program and compliance initiatives
  - $4.5 million bond funds to support completion of Comprehensive Tax System
- Debt Service on Existing Debt
  - Net new funds of $149 M in FY 11 $106 M in FY 12
  - Impact of debt restructuring
  - Payments on bonds previously authorized
Justice & Public Safety

- Agencies exempt from cuts
  - State Police
  - Corrections (bed-related costs)
  - Department for Public Advocacy

- 2% reductions in FY 11 – straight-lined in FY 12
  - Juvenile Justice
  - Justice Administration

Corrections

- Growing inmate population
- Top priority: Ensure the public’s safety by maintaining safety and security in the institutions
- Evaluation of practices resulted in cost-saving measures
- Cost avoidance savings:
  - FY 11: $4.6 million
  - FY 12: $7.1 million
- Recommended additional funds:
  - FY 11: $2.7 million
  - FY 12: $9.6 million
Corrections – Continued measures

- Continue to implement measures included in current biennial budget
  - Parole credit for non-sexual, non-violent offenders
  - Increased use of home incarceration aided by technology

Corrections – New measures

- Improve efficiency
  - Safely optimize capacity in institutions
  - Expand the home incarceration program
  - Move female inmates from Otter Creek to WKCC
- Increase use of community-based Substance Abuse Programs
  - Recovery Kentucky Centers
  - Halfway Houses
- Increase use of evidence-based parole actions
- Cost avoidance savings:
  - FY 11: $4.6 million  FY 12: $7.1 million
Labor

- Agencies:
  - Workplace Standards
  - General Administration and Program Support – Shared Services
- 2% reduction in FY 11
- Straight-lined funding in FY 12

Public Protection

- Agencies
  - Office of the Secretary
  - Alcoholic Beverage Control
  - Housing, Buildings and Construction
  - Board of Claims/Crime Victims Compensation Board
  - Board of Tax Appeals
  - Horse Racing Commission
- 2% reduction in FY 11; straight-lined funding in FY 12
- Dept. of Insurance
  - Continue the Insurance Coverage Affordability and Relief to Small Employers (ICARE) Pilot program for employers that are approved for participation as of May 15, 2010. This was a pilot program included in the past two biennial budgets that was set to expire on June 30, 2010.
Tourism Arts & Heritage

- Parks
  - No park closures
  - Comprehensive study of state park system
  - Management practices recommended to save costs and improve service
  - $5 million cost reductions each year
- Other Cabinet agencies cut 2% in FY 11; straight-lined funding in FY 12
- Kentucky Horse Park – additional operating funds to address shortfall and loss of revenues during WEG
  - $2 million in FY 11
  - $1 million in FY 12
- World Equestrian Games
  - Security provided by State Police and National Guard: $1.9 million
  - KY Dept. of Agriculture veterinary requirements: $650,000

Most Agencies Cut 2% - on top of 20% – 25% cuts already taken

- $900 million has been cut from appropriations over the last two years
- Impact of the additional cuts will be real:
  - service delays,
  - more employee attrition
  - some possible layoffs
  - loss of federal funds
  - possible facility closures
### Cumulative Impact of Cuts over Last Two Years Plus Proposed 2%

- Finance Agencies: 25 – 32%
- Area Development Fund: 26%
- Constitutional Officers: 24 – 27%
- Public Protection Agencies: 8 – 26%
- Economic Development: 24%
- KET: 23%
- Military Affairs: 23%
- Horse Park: 22%
- Tourism Arts & Heritage Agencies: 15 - 26%
- Education & Workforce Agencies: 15 - 20%
- CHFS Non-Medicaid Agencies: 12 - 20%
- Non- SEEK K-12: 18%
- Natural Resources: 19%
- Environmental Protection: 16%
- Veterans' Affairs: 16%
- Juvenile Justice: 13%
- State Police: 12%
- Labor: 11%
- Prosecutors: 7 – 9%
- Universities: 7 – 8%

### Reduction in Executive Branch State Workforce

<table>
<thead>
<tr>
<th>Rank</th>
<th>Agencies with More than 700</th>
<th>FY 10 Permanent Full-Time Employees</th>
<th>Change in Number of Employees Since FY 08 Budget Cut</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Employees*</td>
<td>All Funds</td>
</tr>
<tr>
<td>1</td>
<td>Community Based Services</td>
<td>1,276</td>
<td>(245)</td>
</tr>
<tr>
<td>2</td>
<td>Highways</td>
<td>4,054</td>
<td>(142)</td>
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<tr>
<td>3</td>
<td>Adult Correctional Institutions</td>
<td>3,134</td>
<td>(50)</td>
</tr>
<tr>
<td>4</td>
<td>State Police</td>
<td>1,820</td>
<td>(159)</td>
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<tr>
<td>5</td>
<td>Juvenile Justice</td>
<td>1,435</td>
<td>(92)</td>
</tr>
<tr>
<td>6</td>
<td>Behavioral Health</td>
<td>1,062</td>
<td>(78)</td>
</tr>
<tr>
<td>7</td>
<td>Parks</td>
<td>1,030</td>
<td>(88)</td>
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<tr>
<td>8</td>
<td>Revenue</td>
<td>874</td>
<td>59</td>
</tr>
<tr>
<td>9</td>
<td>Natural Resources</td>
<td>775</td>
<td>26</td>
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<tr>
<td>10</td>
<td>Veterans' Affairs</td>
<td>756</td>
<td>(8)</td>
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<tr>
<td>11</td>
<td>Environmental Protection</td>
<td>736</td>
<td>(45)</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>19,959</td>
<td>(823)</td>
</tr>
<tr>
<td></td>
<td>The Other 116 Appropriation Units</td>
<td>12,114</td>
<td>(813)</td>
</tr>
<tr>
<td></td>
<td>Total **</td>
<td>32,073</td>
<td>(1,636)</td>
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</tbody>
</table>

* Average for FY 10 to-date
** PVAS information not available
Judicial Branch

- Fund additional use allowance for courthouses coming on-line:
  - $23 million FY 12
- Partially address shortfall in court operations
  - $25.7 million per year increase
- Fund increases in health insurance and retirement contributions
  - $3.4 million FY 11       $5.8 million FY 12

Capital Budget Highlights

- Create jobs and economic opportunities
- Continue to make investments in the future, especially in education
- Take advantage of stimulus opportunities – Build America Bonds
- General Fund Bonds
  - New investments       $1,064 million
  - Alternative financing $  491 million
- Road Fund Bonds        $  412 million
- Agency Fund Bonds       $  327 million
- Total                   $2,294 million
Capital Budget Highlights

- General Fund Debt Service on New Bond Authorizations*

<table>
<thead>
<tr>
<th></th>
<th>FY 11</th>
<th>FY 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Projects</td>
<td>$17.9</td>
<td>$63.3</td>
</tr>
<tr>
<td>Alternative Borrowing</td>
<td>$12.9</td>
<td>$41.1</td>
</tr>
<tr>
<td>Acceleration of VLT License Fees</td>
<td>$0.0</td>
<td>$7.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$30.8</td>
<td>$112.2</td>
</tr>
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</table>

*(millions)

*Build America Bonds subsidy reflected as budgetary lapse

$1.083 Billion New Construction Investments

- Postsecondary Education, $907
- Roads, $412
- K-12 Education, $150
- Human Services, $149
- Economic Development, $103
- State Govt. Infrastructure, $27
- Corrections, $15
- Veterans, $1
- Water, Sewer & Dams, $37

Does not include alternative financing bonds.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Biennial Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFCC: School Facilities Construction Commission - Offers of Assistance</td>
<td>$150,000,000</td>
</tr>
<tr>
<td>Veterans’ Affairs - Western Ky Veterans Center - Special Needs Unit - Additional</td>
<td>$1,360,000</td>
</tr>
<tr>
<td>Funding</td>
<td></td>
</tr>
<tr>
<td>Kentucky Infrastructure Auth. (KIA): Ky Infrastructure Authority - Clean Water</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Revolving Fund</td>
<td></td>
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<tr>
<td>Kentucky Infrastructure Auth. (KIA): Ky Infrastructure Authority - Drinking Water</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Revolving Fund</td>
<td></td>
</tr>
<tr>
<td>Local Gov: Flood Control - State Match</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Economic Develop-Fin Incentives: BRAC Water/Sewer Projects - 11 projects</td>
<td>$38,495,000</td>
</tr>
<tr>
<td>Economic Develop-Fin Incentives: Economic Development Bonds</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Economic Develop-Fin Incentives: KEDFA</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>Economic Develop-Fin Incentives: High-Tech Infrastructure/Investment Pool</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Environmental Protection: State-Owned Dam Repair</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Finance-Facilities &amp; Support Services: Spindletop Renovation for Advanced Battery</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Research</td>
<td></td>
</tr>
<tr>
<td>Revenue: Comprehensive Tax System - Additional Funding</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>CHFS-Behavioral Health: Eastern State Hospital Replacement</td>
<td>$129,005,000</td>
</tr>
<tr>
<td>CHFS-Behavioral Health: Oakwood Specialty Clinic Expansion</td>
<td>$2,164,000</td>
</tr>
<tr>
<td>CHFS-Behavioral Health: Glasgow Nursing Home Replacement</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Corrections-Adult Institutions: Ky State Reformatory/Electrical System Upgrade</td>
<td>$4,200,000</td>
</tr>
<tr>
<td>Corrections-Adult Institutions: Western Kentucky Correctional Complex - Retrofit</td>
<td>$370,000</td>
</tr>
<tr>
<td>for Female Inmates</td>
<td></td>
</tr>
<tr>
<td>Corrections-Adult Institutions: Northpoint Training Center - Rebuild</td>
<td>$10,800,000</td>
</tr>
<tr>
<td>Personnel: Personnel/Payroll System Replacement - Additional Funding</td>
<td>$22,900,000</td>
</tr>
<tr>
<td>Eastern Ky University: ERU - Construct Science Building, Phase II</td>
<td>$65,040,000</td>
</tr>
<tr>
<td>Kentucky State University: Expand &amp; Renovate Betty White Nursing Building</td>
<td>$7,825,000</td>
</tr>
<tr>
<td>Morehead State University: Renovate &amp; Expand Student Center, Phase II</td>
<td>$52,921,000</td>
</tr>
<tr>
<td>Murray State University: Construct/Complete New Science Complex, Final Phase</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Northern Kentucky University: Construct Health Innovation/Renovate Old Science</td>
<td>$92,500,000</td>
</tr>
<tr>
<td>University of Kentucky: Construct Science Research Building 2</td>
<td>$205,880,000</td>
</tr>
<tr>
<td>University of Louisville: Construct Belknap Classroom/Academic Building</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>Western Kentucky University: Renovate Science Campus, Phase IV</td>
<td>$29,000,000</td>
</tr>
<tr>
<td>KCTCS: Construct JCTC Carrolton Campus, Phase I</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>KCTCS: Construct Owensboro Advanced Technology Center, Ph II</td>
<td>$14,005,000</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>$1,064,048,000</td>
</tr>
</tbody>
</table>

---

**Capital Budget – Road Fund Investments**

- BRAC projects: $112
- State Highway projects: $300
- Total: $412
## Capital Budget – Agency Fund Investments

- **Postsecondary priorities**: $323
- **Military Affairs**: $4

**Total**: $327

<table>
<thead>
<tr>
<th>AGENCY BONDS</th>
<th>Project Description</th>
<th>Biennial Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Affairs</td>
<td>Construct Hangar</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Eastern Kentucky Univ.</td>
<td>Renovate Residence Hall</td>
<td>$12,000,000</td>
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<tr>
<td>Eastern Kentucky Univ.</td>
<td>Construct New Student Housing</td>
<td>$15,000,000</td>
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<tr>
<td>Eastern Kentucky Univ.</td>
<td>Construct North Campus Res. Dist. Retail Unit</td>
<td>$2,250,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Renovate East Mignon Residence Hall</td>
<td>$4,948,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Renovate West Mignon Residence Hall</td>
<td>$4,948,000</td>
</tr>
<tr>
<td>Morehead State Univ.</td>
<td>Construct Food Srvc/Retail &amp; Parking Structure in Housing Complex</td>
<td>$14,786,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Replace Exterior Precast Panels-Nunn Hall</td>
<td>$3,000,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Construct Residence Building-University Farm</td>
<td>$2,624,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Comply with ADA – Auxiliary</td>
<td>$3,065,000</td>
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<tr>
<td>Morehead State Univ.</td>
<td>Capital Renewal and Maintenance Pool-Aux</td>
<td>$2,284,000</td>
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<td>Murray State Univ.</td>
<td>Renovate Elizabeth Hall</td>
<td>$8,996,000</td>
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<td>Murray State Univ.</td>
<td>Renovate College Courts</td>
<td>$10,000,000</td>
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<tr>
<td>Murray State Univ.</td>
<td>Renovate Curtis Center T-Room &amp; Food Service Equipment</td>
<td>$1,008,000</td>
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<tr>
<td>Northern Kentucky Univ.</td>
<td>Renovate Old Civic Center Building</td>
<td>$3,700,000</td>
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<tr>
<td>Northern Kentucky Univ.</td>
<td>Repair University Drive Parking Garage</td>
<td>$2,000,000</td>
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<tr>
<td>Northern Kentucky Univ.</td>
<td>Acquire Radio Communications</td>
<td>$10,000,000</td>
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<tr>
<td>Northern Kentucky Univ.</td>
<td>Acquire/Renovate Gateway/Highland Heights Campus</td>
<td>$7,500,000</td>
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<tr>
<td>Northern Kentucky Univ.</td>
<td>Acquire Land and Buildings/Master Plan</td>
<td>$20,000,000</td>
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<tr>
<td>Univ. of Kentucky</td>
<td>Construct New Housing</td>
<td>$30,000,000</td>
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<tr>
<td>Univ. of Kentucky</td>
<td>Guaranteed Energy Savings Contract</td>
<td>$25,000,000</td>
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<tr>
<td>Univ. of Kentucky</td>
<td>Relocate &amp; Expand Dentistry Faculty Practice</td>
<td>$3,375,000</td>
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<tr>
<td>Univ. of Kentucky</td>
<td>Renovate Dentistry Clinic in Ky Clinic</td>
<td>$7,615,000</td>
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<tr>
<td>Univ. of Kentucky</td>
<td>Upgrade Student Center Infrastructure</td>
<td>$17,805,000</td>
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<tr>
<td>Western Kentucky Univ.</td>
<td>Renovate Downing University Ctr Phase III</td>
<td>$33,500,000</td>
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<td>Univ. of Louisville</td>
<td>Guaranteed Energy Savings Contract</td>
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<tr>
<td>Univ. of Louisville</td>
<td>Construct Student Recreation Center</td>
<td>$37,500,000</td>
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</tbody>
</table>

**Subtotal - Agency Bonds**: $326,704,000
Federal Assistance Contingency Plan

- House has passed the JOBS Act which included for Kentucky:
  - $325 million additional state stabilization funds
  - 2 additional quarters of higher federal match for Medicaid
  - $420 million additional federal highway project funding for shovel ready projects
- Discussions ongoing about additional federal aid for states in the healthcare bill
  - 2 or 3 additional quarters of higher federal match for Medicaid

Federal Assistance Contingency Plan

- If additional federal aid materializes:
- Governor’s priorities are:
  - Fund 1% pay increases for teachers & state employees
  - Restore cuts to higher education
  - Restore cuts to Department for Community Based Services
  - Buffer impact if revenues do not materialize
  - Begin to build the rainy day fund
Transportation Cabinet

- Road Fund revenue growth predicted
  - $71.5 million FY 11 (6%)
  - $70.3 million FY 12 (5.5%)
- Increase revenue sharing with local govts.
  - $12.1 million FY 11      $15.3 million FY 12
- $300 million new economic development road bonds
- $112 million road bonds for BRAC projects

Executive Branch Budget
FY 2010 - 2012

House Appropriations and Revenue Committee
January 26, 2010

Mary Lassiter, State Budget Director
John Hicks, Deputy State Budget Director
Kevin Cardwell, Deputy State Budget Director
Greg Harkenrider, Deputy Exec. Director, Governor’s Office of Economic Analysis