Our Future is Now

- The Kentucky Economy is Surging
- Record New Private Sector Investments
- Kentucky’s Finances Vaulted to Historic Position
- All-time Record-Setting Revenue Surplus
- Governor’s Budget takes the opportunity to make investments today for future prosperity
A Responsible and Real Budget

- Sound Economic Assumptions – Consensus Forecasting Group
  - Comprised entirely of outside economists/experts-only State in the Country with this structure
- Nonrecurring Resources used solely for Nonrecurring Spending
- Pays Down on Pension Liability
- Largest Budget Reserve Trust Fund Ever
- Pays Down on Deferred Maintenance Debt
- More than Structurally Balanced
- Disaster Relief and Recovery – Natural Disaster Preparedness
- Debt Service Ratio 3.68% - Lowest Since Policy Cap of 6% was adopted
General Fund Revenues
(Actual FY21, Estimated FY22, FY23 and FY24; Millions$)
## General Fund – FY 2022

(Million $, FY 2022 Enacted, Official CFG FY 2022 Estimate from December 17, 2021)

<table>
<thead>
<tr>
<th>Source</th>
<th>Enacted</th>
<th>Estimate</th>
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<tr>
<td>Individual Income</td>
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<td>$5,424.7</td>
<td>$420.6</td>
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<td>Sales &amp; Use</td>
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<td>Corp. Inc. &amp; LLET</td>
<td>469.1</td>
<td>970.5</td>
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<td>Property</td>
<td>681.7</td>
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<td>Lottery</td>
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<tr>
<td>Cigarettes</td>
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<td>Coal Severance</td>
<td>51.9</td>
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<tr>
<td>Other</td>
<td>680.1</td>
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<td><strong>Total</strong></td>
<td><strong>$11,849.8</strong></td>
<td><strong>$13,791.9</strong></td>
<td><strong>$1,942.1</strong></td>
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# General Fund Forecast 2022-24

(Million $, Official CFG estimates from December 17, 2021)

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>%Chg</th>
<th>FY23</th>
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<td>Individual Income</td>
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<td>$5,868.8</td>
<td>3.9</td>
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<tr>
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<td>912.0</td>
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<td>Cigarettes</td>
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<td><strong>Total</strong></td>
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<td><strong>$14,684.0</strong></td>
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Road Fund Forecast for 2022-24
(Million $, Official CFG estimates from December 17, 2021)

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>%Chg</th>
<th>FY23</th>
<th>%Chg</th>
<th>FY24</th>
<th>%Chg</th>
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<tbody>
<tr>
<td>Motor Fuels</td>
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<td>Motor Vehicle Usage</td>
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<td>Motor Vehicle License</td>
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<td>Motor Vehicle Operators</td>
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<td><strong>Total</strong></td>
<td>1,680.1</td>
<td>2.3</td>
<td>1,719.9</td>
<td>2.4</td>
<td>1,676.7</td>
<td>-2.5</td>
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## Governor's Budget Recommendation

<table>
<thead>
<tr>
<th></th>
<th>General Fund FY 2023</th>
<th>General Fund FY 2024</th>
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<tbody>
<tr>
<td>Recurring revenues</td>
<td>$14,086</td>
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<tr>
<td>Recurring spending</td>
<td>$13,029</td>
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<tr>
<td>Difference</td>
<td>$1,057</td>
<td>$633</td>
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Governor’s Budget Adds nearly $2 Billion to the Education Budget (Pre-K through High School)

- $915 million - Fiscal Year 2023
- $983 million - Fiscal Year 2024
SEEK - Funding Increased by 16.9% over FY 2022 Budget

$441.8 million - Fiscal Year 2023
$517.5 million - Fiscal Year 2024

Largest Increase Since 1990 Education Reform Act and Formula Funding Model Increases
Historic Level of Resources to Build A World-Class Education System

- **SEEK Per Pupil Base Increase of 12.5%**
  - $4,000 - FY 2022
  - $4,300 - FY 2023
  - $4,500 - FY 2024
  - Still less than inflation-adjusted amount since 2008

- **Fully Funds Pupil Transportation** +$175 million each year & fully funds Vocational Education transportation

- **Equalizes School District Local Tax Levies**
  Dedicated to Capital Improvements – additional $74 and $62 million in FY 2023 and FY 2024

- **Nat’l Board Certification Salary Fully Funded**
Historic Level of Resources to Build A World-Class Education System

- **Universal Preschool for all Four-Year-Olds** $172 million each year
- **Full-Day Kindergarten** funded
- **Teacher/School Employee Salary & Benefits**
  - Minimum 5% Salary Increase for all staff in FY 2023
  - No health insurance premium increase
  - Fully funds teachers’ pensions & medical benefits
- **Teacher Student Loan Forgiveness Program**
  - $26.3 million annually for max $3,000 annual award for each year employment as a teacher
Historic Level of Resources to Build A World-Class Education System

- Career and Technical Education
  - $97.4 million in FY 2022 to renovate another 11 local area vocational centers – already scored
  - Another $75 million pool for a new round of applications to renovate secondary centers
  - $8 million each year to 12 locally operated vocational centers-left out of formula funding for up to 12 years
  - $6.8 million over two years for State Operated Career and Technical Centers
Historic Level of Resources to Build A World-Class Education System

Additional Annual Education Funding (in millions $)

- Professional Development - $11.9 – past cuts
- Textbooks/Instructional Resources - $11 - past cuts
- Social Emotional/Mental Health - $6.2
- Educational Technology - $4.1 - past cuts
- Turnaround Schools - $14.4
- Family Resource & Youth Service Centers - $6
- Early Learning Initiative - $11
- Restore statutory local Library Grants - $2.5 million
Historic Level of Resources to Build A World-Class Education System

Postsecondary Education

- **Base Funding Increases** – nearly 12% over biennium
  - $67.5 million – FY 2023
  - $90.0 million – FY 2024

- **Bucks for Brains Endowment Match** $60 million bond funds to be matched dollar for dollar
  - University of Kentucky $33.3 million
  - University of Louisville $16.7 million
  - Comprehensive Universities $10.0 million
Historic Level of Resources to Build A World-Class Education System

- **$500 million Asset Preservation** to pay down the debt of deferred maintenance for nine postsecondary institutions to match each dollar with fifty cents bringing total investment to $750 million

- **Better Kentucky Promise Scholarship – Free Tuition & Fees for up to Associate Degree**
  - $16.3 million – FY 2023 funding 6,000 recipients
  - $27.7 million – FY 2024 funding 9,700 recipients

- **Pension Subsidy Relief**
  - Preventing cut of $6.6 million over two years
Historic Level of Resources to Build A World-Class Education System

- **New Construction Projects**
  - 19 Projects – Bond funds of $1.0 billion

- **Needs-Based Student Financial Aid**
  - Increase College Access Program (CAP) Grant Award from $2,900 to $3,300 in FY 2024

- **KEES** – Fully Funded
Federal American Rescue Plan Act Spending

$1 Billion Remains to be Appropriated from the State Fiscal Recovery Fund of the American Rescue Plan Act

- The Governor Proposes the following uses:
  - Premium pay for essential workers $400.0 million
  - Water and Wastewater infrastructure grants 250.0 million
  - Assistance to nonprofit organization 75.0 million
    ($10 million set aside for arts organizations)
  - COVID-19 mitigation 179.9 million
  - Nursing student loan forgiveness & media effort 27.0 million
  - Senior Meals-no waitlist 36.2 million
  - Child Care Assistance-$2/day 24.0 million
  - Behavioral Health facilities testing 11.7 million
  - Kentucky travel marketing 10.0 million
Enhancing Public Safety and Victim Services

- **Kentucky State Police** – Salary Increases for Retention & Recruitment
  - $15,000 Pay increase for Troopers
  - $8,000 Pay increase for Telecommunicators
  - Trooper Retirement Plan – Return to Tier II Plan from Tier III Hybrid Cash
  - $12.1 million for State Police Body Cameras

- **Training Stipend Increase for Law Enforcement & Firefighters**
  - 25% increase from $4,000 to $4,600
Enhancing Public Safety and Victim Services

- **Supports Prosecutors & Victim Services (Marsy’s Law)**
  - Commonwealth Attorneys - adds $26 million over the biennium to support 139 additional positions
  - County Attorneys - adds $30 million over the biennium to support 165 additional positions

- **Corrections and Juvenile Justice** – Return retirement plans to Tier II from Tier III Hybrid Cash - recruitment and retention

- **Probation & Parole Caseloads**
  - $5.1 million over the biennium for additional Probation and Parole Officers to maintain caseload of 99:1

- **Replace Kentucky State Reformatory**
  - Expand Little Sandy Correctional Complex
  - Relocate Corrections Medical Facility
Protecting and Expanding Health Care

- **Nursing Scholarship Program**
  - $6 million annually for at least 1,000 recipients compared to current 150 & double the max award per semester to $3,000

- **Nursing Student Loan Forgiveness**
  - $5 million each year for five years for up to $3,000 per year for each year employed in KY, including nursing faculty - from the American Rescue Plan Act

- **Outreach and Marketing Nursing Profession**
  - $2 million from American Rescue Plan Act
Protecting and Expanding Health Care

- Fully Funds Medicaid & Medicaid Expansion
- Michelle P. and Supports for Community Living
  - 500 new slots for Michelle P., 100 for SCL
- Nursing Home Facilities
  - $150 million annually to support Nursing Homes
  - $29 per diem Reimbursement Rate Increase Extended
- 988 Crisis Support Line
  - New National Crisis Line-Replacing Suicide Prevention Line
  - $3.4 million in FY 2023 and $9.9 million FY 2024 to phase in additional crisis support staff
Protecting and Expanding Health Care

- **Public Health Transformation-Local Health Depts**
  - $17.7 in FY 2023 and $19.1 million in FY 2024

- **State Laboratory-Expansion for Public Health**

- **Pension Subsidy-Health Depts & Community Mental Health Centers**
  - Prevents cut of $13.3 million two years-Health Depts
  - Prevents cut of $2.5 million over two years-CMHCs

- **Pediatric Research Trust Fund** - Adds $1.25 million each year for Pediatric Cancer research
Protecting Children and Families

- **Social Workers**
  - 350 more Social Workers to reduce caseloads by 25%
  - Student Loan Forgiveness Program – Provides $2.1 million each year for a max $3,000 annual award for each year employed by Community Based Services

- **Child Care Assistance**
  - $12 million each year to provide a $2/day increase using American Rescue Plan Act funds

- **Prevention Services for Abused & Neglected Children**
  - $19.6 million each year

- **Child Advocacy, Domestic Violence, Rape Crisis Centers**
  - 34% Increase in funding equates to $5,668,00 each year
Protecting Children and Families

- **Senior Meals – Ensure No Waitlist**
  - $36.2 million over next two and a half years from the American Rescue Plan Act
  - 49,000 additional meals per week

- **New Office of Dementia Services**
  - 2021 legislation to support services to 73,000 affected

- **Caregiver and Hart-Supported Living Programs**
  - Additional $2 million over the biennium

- **Residential & Therapeutic Foster Care**
  - 17% Rate Increase
Preparing a World-Class Workforce

- **Workforce Initiative – Job Commitment Grants**
  - $20 million each year – competitive grants to education & training entities for programs that combine an employer’s commitment to hire
  - Expand Everybody Counts to other Ky locations

- **Unemployment Insurance Field Services**
  - 90 positions to restore field services cutbacks

- **Urban League of Louisville – CDL Training**
  - $667,000 each year for CDL training

- **Area Health Education Centers** to restore state funding to promote health care workforce - $2.5 million each year

- **Talent Attraction Media Campaign** - $10 million each year to attract talent to Kentucky
Creating and Attracting Jobs

- **Site Identification & Development Program**
  - $250 million in one-time funds for build-ready sites

- **Northern Kentucky Life Sciences Lab** — Investment of $10 million with City of Covington & life sciences companies

- **AgriTech Research and Development Facility**
  - $75 million to support state-of-the-art AgriTech R & D in Eastern Kentucky

- **Worker Training Investment**
  - $5 million over the biennium for up-skilled robotics and advanced manufacturing training
Investing in Our Public Employees

- **Salary Increases for State Employees**
  - Governor proposed a 5% increase effective May 1, 2022 & supports House’s 6% increase, with a May 1 date

- **Fully Funds & Pays Down Pension Liabilities**
  - $250 million in FY 2023 & $500 million in FY 2024
  - Reduce amortization period extended 6 years by the 2020 Regular Session by 2 years -nonhaz plan

- **Health Insurance – No Employee Premium Increases** for next two years
Infrastructure Investment

- **$959.6 million Federal Infrastructure Investment & Jobs Act**
  - 22% increase from federal Highway Trust Fund FY 2022
  - Additional state match of $184.9 million leverages $774.7 million additional Federal

- **$250 million General Fund for Major Transportation Projects**
  - Brent Spence Bridge, I-69 Ohio River Crossing & Mountain Parkway

- **2022-2024 Biennial Highway Construction Plan**
  - $8.5 billion state and federal program revenues
  - $600 million annually in pavements and bridges

- **$100 million Electric Vehicle Charging Stations**
  - $69.5 million federal Infrastructure Investment & Jobs Act
  - $30.5 million General Fund for state match and purchase electric vehicles for state fleet
Infrastructure Investment

- **Better Kentucky Cleaner Water Program - $500 million**
  - $250 million from federal American Rescue Plan Act
  - $247.7 million from federal Infrastructure Investment & Jobs Act; which is an increase of $159.3 million over the baseline federal program

- **$200 million Broadband Expansion**
  - $100 million from federal Infrastructure Investment & Jobs Act
  - $55.8 million - American Rescue Plan Act
  - $44.2 million General Fund
  - $500 million total when combined with 2021 Session’s $300 million

- **Aviation Infrastructure**
  - $50 million grant program for General Aviation Airports
  - $6 million for the Paducah Airport Terminal construction
Partnering with Local Governments

- **All Coal Severance Tax Revenue to Coal Counties**
  - Return 100% to coal-producing counties + $40 million/year

- **County Clerks - $50 million Investment**
  - $25 million to transition recorded instruments to electronic
  - $25 million to acquire election equipment

- **Property Valuation Administrators**
  - $5.6 million over the biennium for additional 45 positions

- **Area Development Districts**
  - Additional $500,000 over biennium to match increase in the Appalachian Regional Commission Grants
Investing in Veterans

- **Investments over the biennium for Veterans:**
  - Homeless Veterans Program - $400,000
  - Veteran Benefit Field Representatives - $1.4 million
  - Expand Outreach Programs - $600,000
  - Veterans Cemeteries-staffing to meet interment needs
  - Kentucky Medal of Honor permanent memorial
  - Phase-in operations of the Bowling Green Veterans Center in FY 2024
Tourism

- **Parks Improvement Pool** - $200 million General Fund
  - Essential projects to maintain, renovate, repair, replace, and expand to preserve and enhance State Park facilities

- **Kentucky Tourism Marketing**
  - $10 million from the American Rescue Plan Act to market the safe return of visitors to Kentucky’s tourism destinations
Enhancing Fiscal Responsibility

- **Budget Reserve Trust Fund — Largest Ever**
  - Current Balance $1.5 billion + $250 million in FY 2023
  - Raises balance to $1.76 billion -12.5% of FY 2023 Estimated Revenues

- **More than Structurally Balanced —** In FY 2024, recurring revenues exceed recurring spending by 5%

- **Preparing for Natural Disasters**
  - $100 million new Disaster Relief & Recovery Fund

- **Paying Down Debt—Deferred Maintenance—$1.2 billion**
  - $956 million in General Fund
  - $250 million Postsecondary Education match
Doing What is Right

- Commission on Women – restore its funding
- Commission on Human Rights – restore recent budget cuts
- Office of Minority Empowerment – restore its funding
QUESTIONS