



Office of State Budget Director
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Andy Beshear
Governor

(502) 564-7300
Internet: osbd.ky.gov

John T. Hicks
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

July 28, 2026

The Honorable Christian McDaniel, Co-Chairman
The Honorable Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations and Revenue
Legislative Research Commission
Capitol Annex
Frankfort, Kentucky 40601

Dear Senator McDaniel, Representative Petrie, and Members of the Committee:

The Office of State Budget Director is reporting a fiscal year 2027 General Fund appropriation increase in the amount of \$10 million as a Necessary Government Expense in accordance with SB 197, Section 1, as enacted in the 2026 regular session for the relocation of Estill County Middle School students and the construction of temporary shelters to be used for instructional purposes.

If you need further information, please contact this office.

Sincerely,

A handwritten signature in cursive script that reads "John T. Hicks".

John T. Hicks
State Budget Director



KENTUCKY EMERGENCY MANAGEMENT

100 Minuteman Parkway
Frankfort, KY 40601-6168

Andy Beshear
Governor

Eric Gibson
Director

July 16, 2026

Secretary John Hicks
Office of the State Budget Director
200 Mero Street 5th Floor
Frankfort, KY 40622

Dear Secretary Hicks,

Pursuant to the authority granted by Senate Bill 197, I respectfully request the immediate establishment of a dedicated Capital Construction Fund to support the emergency relocation of students and the construction of temporary instructional facilities due to the unsafe conditions of the current Estill County Middle School.

The General Assembly has expressly recognized the extraordinary nature of this situation by providing:

"Notwithstanding any statute to the contrary, the Kentucky Division of Emergency Management shall have the authority to condemn the current Estill County Middle School and may request from the Finance and Administration Cabinet, as a necessary government expense, up to \$10,000,000 in fiscal year 2026-2027 from the General Fund, to be expended, subject to the conditions and procedures provided in this Act, for the relocation of affected students and the construction of temporary shelters to be used for instructional purposes."

The conditions necessitating this action constitute an immediate threat to the continuity of public education and require an expedited governmental response. Delays associated with traditional capital project funding mechanisms would significantly impact the Commonwealth's ability to provide safe and uninterrupted instructional services for affected students.

The current estimates for this facility are as follows;

• Architecture Design	\$ 250,000
• Highway upgrades and facility roadways (KYTC)	\$ 900,000
• Modular Units Purchase and Installation	\$ 6,200,000
• Cafeteria/Tornado Saferoom	\$ 2,000,000
• Contingency	<u>\$ 650,000</u>
Total	\$10,000,000

Accordingly, I respectfully request that the Office of State Budget Director authorize the establishment of a Capital Construction Fund, with cash override authority for the Department of Military Affairs, within the state accounting system to facilitate the timely obligation and expenditure of appropriated funds. Establishment of this fund is necessary to:

- Expedite the procurement and construction of temporary instructional facilities;
- Support the immediate relocation of students, faculty, and educational operations;
- Ensure proper fiscal accountability and transparency for all project expenditures;
- Provide an efficient mechanism for administering construction contracts, construction draws, and related capital expenditures;
- Allow Kentucky Emergency Management and the Finance and Administration Cabinet to execute this project in accordance with the emergency authorities mandated by the General Assembly.

This project represents a necessary government expense of the Commonwealth and is intended to address an urgent public safety and continuity-of-government function. Every effort will be made to ensure expenditures are managed in accordance with all applicable fiscal controls while recognizing the emergency nature of the authorization provided by the General Assembly.

Given the time-sensitive constraints associated with maintaining uninterrupted educational services for Estill County students, I respectfully request expedited review and approval of this request. Kentucky Emergency Management stands ready to coordinate closely with the Office of State Budget Director, the Finance and Administration Cabinet, and the Estill County Board of Education to ensure the project proceeds efficiently and responsibly.

Thank you for your prompt consideration of this request and for your continued partnership in supporting the Commonwealth's emergency response efforts.

Respectfully,



Eric Gibson

Director

Kentucky Division of Emergency Management