

CHAPTER 127**(HB 406)**

AN ACT relating to appropriations and revenue measures providing financing and conditions for the operations, maintenance, support, and functioning of the government of the Commonwealth of Kentucky and its various officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and other state-supported activities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

PART I**OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2007, and ending June 30, 2008, for the fiscal year beginning July 1, 2008, and ending June 30, 2009, and for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the following officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and budget units of the state government, and any and all other activities of the government of the Commonwealth, are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

(2) **Tobacco Settlement Funds:** Appropriations identified as General Fund (Tobacco) in Part I, Operating Budget, of this Act are representative of the amounts provided in Part X, Phase I Tobacco Settlement, of this Act and are not to be appropriated in duplication.

A. GENERAL GOVERNMENT**Budget Units****1. OFFICE OF THE GOVERNOR**

	2008-09	2009-10
General Fund	8,480,200	8,665,800
Restricted Funds	910,100	283,700
TOTAL	9,390,300	8,949,500

(1) **Housing Allowance for the Lieutenant Governor:** Included in the above General Fund appropriation for the Office of the Governor is \$2,500 monthly as a housing allowance for the Lieutenant Governor's Office.

2. OFFICE OF STATE BUDGET DIRECTOR

	2008-09	2009-10
General Fund	3,791,900	3,791,900
Restricted Funds	134,500	85,300
TOTAL	3,926,400	3,877,200

3. STATE PLANNING FUND

	2008-09	2009-10
General Fund	220,000	220,000

4. ENERGY POLICY

	2007-08	2008-09	2009-10
General Fund	-0-	1,869,200	1,902,600
Restricted Funds	432,700	4,198,200	4,005,000
Federal Funds	-0-	755,400	755,400

TOTAL	432,700	6,822,800	6,663,000
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(1) Energy Research and Development: (a) Included in the above Restricted Funds appropriation is \$3,500,000 in fiscal year 2008-2009 and \$3,500,000 in fiscal year 2009-2010 which shall be used, except as specified in paragraph (b) of this subsection, for research projects relating to clean coal, new combustion technology, thin-seam coal extraction, safety, tracking and communication devices, coal slurry disposal, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale, and other coal research and shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Office of Energy Policy shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources.

(b) The General Assembly recognizes the importance of proactively addressing the issue of carbon management in existing coal-fired and natural gas-fired power plants, and the need for the development of technologies to address carbon emissions from all sources. Further, the General Assembly recognizes that it is vital for the economic well-being of the Commonwealth and its citizens that technologies and strategies for the capture, utilization, or mitigation of carbon dioxide emissions be developed and demonstrated.

Therefore, included in the Restricted Funds appropriation in paragraph (a) of this subsection is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research directed toward the development and demonstration of technologies for carbon management. These technologies may include: chemical or mechanical capture, chemical or biological utilization, mitigation through the use of alternative fuel sources, or other relevant technologies.

5. HOMELAND SECURITY

	2008-09	2009-10
General Fund	246,100	290,000
Restricted Funds	612,900	612,900
Federal Funds	26,882,900	22,951,700
Road Fund	250,000	250,000
TOTAL	27,991,900	24,104,600

6. DEPARTMENT OF VETERANS' AFFAIRS

	2007-08	2008-09	2009-10
General Fund	300,000	17,623,400	18,783,200
Restricted Funds	1,529,800	26,434,900	26,959,700
TOTAL	1,829,800	44,058,300	45,742,900

(1) Weekend and Holiday Premium Pay Incentive: The Kentucky Veterans' Centers are authorized to continue the weekend and holiday premium pay incentive component of the Personnel Pilot Program for the 2008-2010 fiscal biennium.

(2) Congressional Medal of Honor Recipients - Travel and Per Diem: The Commissioner of the Department of Veterans' Affairs may approve travel and per diem expenses incurred when Kentucky residents who have been awarded the Congressional Medal of Honor attend veterans, military, or memorial events in the Commonwealth of Kentucky.

(3) Veterans' Service Organization Funding: Included in the above General Fund appropriation is \$100,000 in each fiscal year for grants to the Veterans' Service Organization programs.

(4) Enhanced Veterans' Nursing Home Services: The Department of Veterans' Affairs shall solicit a proposal from the University of Louisville to enhance the quality of care and access to neurology, geriatric, and other

specialty care services for the residents of the veterans nursing facilities. The department shall submit a progress report to the Governor and the Legislative Research Commission on this initiative by August 15, 2008.

(5) Veterans' Services Improvement Trust Fund: The Veterans' Services Improvement Trust Fund is established in the Department of Veterans' Affairs. The purpose of this fund is to receive moneys that will be appropriated by the General Assembly to improve services to the veterans of the Commonwealth. Notwithstanding KRS 45.229, any balance remaining in the Veterans' Services Improvement Trust Fund at the end of a fiscal year shall not lapse and shall be carried forward to the next fiscal year to be utilized solely for the purpose of the trust fund as directed by the General Assembly. Notwithstanding KRS 45.229, any interest earnings of the trust fund shall become a part of the trust fund and shall not lapse.

(6) Excess Agency Receipts: If Agency Receipts and Restricted Funds are received by the Department of Veterans' Affairs in excess of \$26,450,000 in fiscal year 2008-2009 and \$26,960,000 in fiscal year 2009-2010, 50 percent of those excess amounts shall be deposited in the Veterans' Services Improvement Trust Fund established under subsection (5) of this section.

(7) Veterans' Cemetery Northeast: Included in the above General Fund appropriation is \$55,000 in fiscal year 2009-2010 for the personnel and operating expenses of the Veterans' Cemetery Northeast in Greenup County.

(8) Debt Service - Fourth State Veterans' Nursing Home: If any debt service is required for the issuance of bonds for the construction of the Fourth State Veterans' Nursing Home authorized in Part II, Capital Projects Budget, of this Act in fiscal year 2008-2009 or fiscal year 2009-2010, it shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). No bonds shall be sold for this project until it has been approved by the United States Department of Veterans' Affairs and the Commonwealth has been notified by the United States Department of Veterans' Affairs that federal funds are available to support this construction.

7. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

	2008-09	2009-10
General Fund (Tobacco)	35,041,000	34,917,600
Restricted Funds	547,800	480,700
TOTAL	35,588,800	35,398,300

(1) Kentucky Agricultural Finance Corporation: Notwithstanding KRS 247.978(2), the total amount of principal which a qualified applicant may owe the Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

(2) Tobacco Settlement Funds - Allocations: Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

(3) Authorization of Additional Positions: Included in the above General Fund (Tobacco) appropriation is \$80,000 in each fiscal year for two additional positions.

(4) Tobacco Settlement Funds - Debt Service: Included in the above General Fund (Tobacco) appropriation is \$884,000 in fiscal year 2009-2010 for new debt service to support \$10,000,000 of new bonds as set forth in Part II, Capital Projects Budget, of this Act for the Kentucky Agriculture Heritage Center.

(5) Kentucky Tobacco Export Promotion: Notwithstanding KRS 248.711, the Agricultural Development Board may receive applications for funds to be used for Kentucky tobacco export promotion. The board may consider as a criterion for application for tobacco export promotion that these funds shall not be used for operational expenses of an organization including salary or overhead expenses.

8. KENTUCKY INFRASTRUCTURE AUTHORITY

	2008-09	2009-10
General Fund	955,800	2,472,100
Restricted Funds	1,752,600	1,279,400

Federal Funds	50,172,600	50,172,600
TOTAL	52,881,000	53,924,100

(1) **Administrative Fee on Infrastructure for Economic Development Fund Projects:** A one-half of one percent administrative fee is authorized to be paid to the Kentucky Infrastructure Authority for the administration of each project funded by the Infrastructure for Economic Development Fund for Coal-Producing Counties and the Infrastructure for Economic Development Fund for Tobacco Counties. These administrative fees shall be paid, upon inception of the project, out of the fund from which the project was allocated.

(2) **Local Government Economic Development Funds:** Included in the above General Fund appropriation is \$370,000 in each year of the biennium from the Local Government Economic Development Fund to support services provided to coal-producing counties.

(3) **Debt Service:** Included in the above General Fund appropriation is \$714,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

~~[(4) **Compensation to Area Development Districts:** Included in the above appropriation is \$2,214,700 in each year of the biennium for disbursement to Area Development Districts for water management planning services and maintenance of the Water Resource Information System.] (Veto No. 1)~~

9. MILITARY AFFAIRS

	2008-09	2009-10
General Fund	10,630,800	10,833,800
Restricted Funds	37,711,400	38,086,100
Federal Funds	42,182,800	42,182,800
TOTAL	90,525,000	91,102,700

(1) **Kentucky National Guard:** There is appropriated from the General Fund the necessary funds to be expended, subject to the conditions and procedures provided in this Act, which are required as a result of the Governor's declaration of emergency pursuant to KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty when an emergency or exigent situation has been declared to exist by the Governor. These necessary funds shall be made available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Disaster or Emergency Aid Funds:** There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures in this Act, which are required to match federal aid to which the state would be eligible in the event of a presidentially declared disaster or emergency. These necessary funds shall be made available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(3) **Flood Warning Replacement Funding:** Included in the above appropriation is \$100,000 of General Fund moneys in fiscal year 2008-2009 and \$65,000 in General Fund moneys in fiscal year 2009-2010 for operational costs for the Integrated Flood Warning System.

(4) **Patton Museum:** The General Fund moneys of \$12,799,700 appropriated in 2006 Ky. Acts ch. 252, Part I, A., 8., for fiscal year 2007-2008 shall include \$500,000 to provide funds for a grant to support the operations of the Patton Museum.

(5) **Search and Rescue Grant Program:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2008-2009 and \$150,000 in fiscal year 2009-2010 to support the Search and Rescue Grant Program.

(6) **Debt Service:** Included in the above Restricted Funds appropriation is \$1,118,000 in fiscal year 2008-2009 and \$1,659,000 in fiscal year 2009-2010 to support agency bonds previously authorized and new agency bonds as set forth in Part II, Capital Projects Budget, of this Act.

10. COMMISSION ON HUMAN RIGHTS

	2008-09	2009-10
General Fund	2,001,800	2,060,400

Restricted Funds	1,600	1,600
Federal Funds	278,200	283,700
TOTAL	2,281,600	2,345,700

11. COMMISSION ON WOMEN

	2008-09	2009-10
General Fund	239,900	237,900
Restricted Funds	10,000	18,200
TOTAL	249,900	256,100

12. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

	2008-09	2009-10
General Fund	9,742,300	11,542,800
Restricted Funds	3,616,200	1,240,500
Federal Funds	55,564,200	55,564,200
TOTAL	68,922,700	68,347,500

(1) **Debt Service:** Included in the above General Fund appropriation is \$99,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Support of the 12 Multi-County Regional Industrial Park Authorities:** Included in the above Restricted Funds appropriation is \$200,000 in fiscal year 2008-2009 and \$200,000 in fiscal year 2009-2010 in support of the 12 Multi-County regional industrial park authorities. Funds shall be distributed equally to the 12 Multi-County regional industrial park authorities for marketing and maintenance of the industrial parks and the procurement of property and casualty insurance on the parks.

13. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2008-09	2009-10
General Fund	55,093,000	57,155,100

14. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2008-09	2009-10
General Fund	51,396,300	51,062,800

(1) **Coal Severance Tax Collections Calculations and Transfers:** The above appropriations from the General Fund are based on the official estimate presented by the Office of State Budget Director for coal severance tax collections during the biennium, distributed in accordance with KRS 42.450 to 42.495.

(2) **Kentucky Workers' Compensation Funding Commission:** Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2008-2009 and fiscal year 2009-2010.

(3) **Osteopathic Medicine Scholarship Program:** The transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made after the transfer to the Osteopathic Medicine Scholarship Program has been made pursuant to KRS 164.7891(11) and (12) in the amount of \$854,400 in fiscal year 2008-2009 and \$854,400 in fiscal year 2009-2010 within the Kentucky Higher Education Assistance Authority.

(4) **Trover Clinic Grant:** Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of the funds shall be made only after each quarterly installment of the annual appropriation of \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 has been credited to the Trover Clinic Grant within the Governor's Office for Local Development.

(5) **Pharmacy Scholarship Fund:** Notwithstanding KRS 164.7901(11) to (13), no funds shall be transferred to the Pharmacy Scholarship Program Fund within the Kentucky Higher Education Assistance Authority in fiscal year 2008-2009 and fiscal year 2009-2010.

(6) **School Facilities Construction Commission - 2002-2004:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund in fiscal year 2008-2009 shall be made only after funds totaling \$4,617,900, and in fiscal year 2009-2010 shall be made only after funds totaling \$4,617,900, are appropriated as General Fund moneys to the School Facilities Construction Commission to provide debt service to support previously authorized bonds.

(7) **Water and Sewer Resources Development Fund for Coal-Producing Counties - 2002-2004:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$4,091,400 in fiscal year 2008-2009 and \$4,091,400 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support previously authorized bonds for the Water and Sewer Resources Development Fund for Coal-Producing Counties.

(8) **Infrastructure for Economic Development Fund for Coal-Producing Counties - 2006-2008:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$1,071,400 in fiscal year 2008-2009 and \$1,074,800 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties.

(9) **Read to Achieve:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$3,000,000 in fiscal year 2008-2009 and \$3,000,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Learning and Results Services budget unit for the Read to Achieve Program within the Department of Education.

(10) **Flood Control Matching Pool:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$800,000 in fiscal year 2008-2009 and \$800,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Governor's Office for Local Development for the Flood Control Matching Pool.

(11) **Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$370,000 in fiscal year 2008-2009 and \$370,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority.

(12) **Governor's Office for Local Development:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$669,700 in fiscal year 2008-2009 and \$669,700 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Community Development Office in the Governor's Office for Local Development.

(13) **Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$300,000 in fiscal year 2008-2009 and \$300,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the University of Kentucky budget unit for the Mining Engineering Scholarship Program.

(14) **KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2004-2006:** Notwithstanding KRS 42.4588, funds totaling \$7,028,200 in fiscal year 2008-2009 and \$7,028,200 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the General Fund to be used by the Finance and Administration Cabinet, Debt Service budget unit, to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties Bond Pool.

(15) Operation Unite: Notwithstanding KRS 42.4588, funds totaling \$2,000,000 in fiscal year 2008-2009 and \$2,000,000 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Office of Drug Control Policy, Justice and Administration budget unit, for Operation Unite in relation to the Federal Task Force on Drug Abuse.

(16) Drug Courts: Notwithstanding KRS 42.4588, \$1,800,000 in fiscal year 2008-2009 and \$1,800,000 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Drug Court Program in the Office of Drug Control Policy, Justice Administration budget unit.

(17) Tourism Marketing Program: Notwithstanding KRS 42.4588, \$500,000 in fiscal year 2008-2009 and \$500,000 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Tourism budget unit within the Commerce Cabinet for the Tourism Marketing Program.

(18) Energy Research and Development Fund: (a) Notwithstanding KRS 42.4588, \$3,500,000 in fiscal year 2008-2009 and \$3,500,000 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Office of Energy Policy budget unit. These funds shall be used, except as specified in paragraph (b) of this subsection, for research projects relating to clean coal, new combustion technology, thin-seam coal extraction, safety, tracking and communication devices, coal slurry disposal, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale, and other coal research and shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Office of Energy Policy shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources.

(b) The General Assembly recognizes the importance of proactively addressing the issue of carbon management in existing coal-fired and natural gas-fired power plants, and the need for the development of technologies to address carbon emissions from all sources. Further, the General Assembly recognizes that it is vital for the economic well-being of the Commonwealth and its citizens that technologies and strategies for the capture, utilization, or mitigation of carbon dioxide emissions be developed and demonstrated.

Therefore, included in the appropriation to the Office of Energy Policy from the Local Government Economic Development Fund, Multi-County Fund in paragraph (a) of this subsection is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research directed toward the development and demonstration of technologies for carbon management. These technologies may include: chemical or mechanical capture, chemical or biological utilization, mitigation through the use of alternative fuel sources, or other relevant technologies.

(19) KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2006-2008: Notwithstanding KRS 42.4588, funds totaling \$7,499,600 in fiscal year 2008-2009 and \$7,523,300 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the General Fund to be used by the Finance and Administration Cabinet, Debt Service budget unit, to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties Bond Pool.

(20) Debt Service: All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there are sufficient moneys available to be transferred from coal severance tax-supported funding program accounts to other accounts of the General Fund.

(21) Parameters for County Flexibility: Notwithstanding KRS 42.4588(2), Local Government Economic Development Fund allocations may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development, with the concurrence of both the respective fiscal court and the Governor's Office for Local Development or the Kentucky Infrastructure Authority, as appropriate.

(22) Kentucky Wood Products Competitiveness Corporation: Notwithstanding KRS 42.4586, no funds shall be transferred to the Secondary Wood Products Development Fund.

(23) Coal Severance Tax Receipts: Notwithstanding KRS 45.229, the appropriations of coal severance tax receipts made in this Act shall not lapse but shall be carried forward at the end of each fiscal year.

(24) School Technology in Coal Counties: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$2,500,000 in fiscal year 2008-2009 and \$2,500,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the Office of Operations and Support Services budget unit within the Department of Education as set forth in Part I, D., 2., of this Act for the purpose of enhancing education technology in local school districts within coal-producing counties.

(25) Support of the 12 Multi-County Regional Industrial Park Authorities: Notwithstanding KRS 42.4588, funds totaling \$200,000 in fiscal year 2008-2009 and \$200,000 in fiscal year 2009-2010 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Governor's Office for Local Development to be distributed equally to the 12 Multi-County regional industrial park authorities located in coal counties to be used for marketing and maintenance of the industrial parks and for procurement of property and casualty insurance on the parks.

(26) Mine Safety: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$3,000,000 in fiscal year 2008-2009 and \$3,000,000 in fiscal year 2009-2010 has been made to the Mine Safety and Licensing budget unit.

(27) Robinson Scholars Program: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 is appropriated as General Fund moneys to the University of Kentucky for the Robinson Scholars Program.

15. AREA DEVELOPMENT FUND

	2008-09	2009-10
General Fund	691,200	691,200

(1) Appropriation Limit: Notwithstanding KRS 48.185, funds recommended from the General Fund for the Area Development Fund shall be limited to these amounts.

16. EXECUTIVE BRANCH ETHICS COMMISSION

	2008-09	2009-10
General Fund	448,500	448,500
Restricted Funds	46,000	46,000
TOTAL	494,500	494,500

17. SECRETARY OF STATE

	2008-09	2009-10
General Fund	2,050,000	2,050,000
Restricted Funds	897,000	961,000
TOTAL	2,947,000	3,011,000

(1) Use of Restricted Funds: Notwithstanding KRS 14.140(1) and (3), the above Restricted Funds may be used for the continuation of current activities within the Office of the Secretary of State.

(2) Redacting Service: Notwithstanding KRS 14.140(1) and (3), the Secretary of State is authorized to expend up to \$390,000 in Restricted Funds during the 2008-2010 biennium for redacting services.

18. BOARD OF ELECTIONS

	2008-09	2009-10
General Fund	4,210,700	2,847,400
Restricted Funds	569,400	569,300

Federal Funds	12,241,000	12,241,000
TOTAL	17,021,100	15,657,700

(1) **Help America Vote Act of 2002:** Amounts above those appropriated that are necessary to match Federal Funds from the Help America Vote Act shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Cost of Elections:** Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available appropriated resources, not to exceed \$300 per precinct per election. These rates and all assumptions as to the number of precincts, registered voters, and new voter registrations shall be communicated to the Secretary of the Finance and Administration Cabinet and the State Budget Director by November 1, 2008, for fiscal year 2008-2009 and by November 1, 2009, for fiscal year 2009-2010.

Costs associated with special elections, KRS 117.345(2) costs associated with additional precincts with a voting machine, KRS 117.343 costs for additional registered voters, and KRS 116.145 costs for additional new registered voters shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any reimbursements authorized as a necessary government expense according to the above provisions shall be at the same rates as those established by the State Board of Elections as provided in the above paragraph.

19. REGISTRY OF ELECTION FINANCE

	2008-09	2009-10
General Fund	1,347,400	1,382,200

20. ATTORNEY GENERAL

	2008-09	2009-10
General Fund	12,873,800	13,284,000
Restricted Funds	9,261,400	9,269,900
Federal Funds	2,550,800	2,607,100
TOTAL	24,686,000	25,161,000

(1) **Expert Witnesses:** In addition to such funds as may be appropriated, the Office of the Attorney General may request from the Finance and Administration Cabinet, as a necessary government expense, such funds as may be necessary for expert witnesses. Upon justification of the request, the Finance and Administration Cabinet shall provide up to \$275,000 for the 2008-2010 fiscal biennium for this purpose to the Office of the Attorney General. The Office of Insurance shall provide the Office of the Attorney General any available information to assist in the preparation of a rate hearing pursuant to KRS 304.17A-095.

(2) **Annual and Sick Leave Service Credit:** Notwithstanding any statutory or regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial System who has been appointed to a permanent full-time position under KRS Chapter 18A shall be credited annual and sick leave based on service credited under the Kentucky Retirement Systems solely for the purpose of computation of sick and annual leave. This provision shall only apply to any new appointment or current employee as of July 1, 1998.

(3) **Legal Services Contracts:** The Office of the Attorney General may present proposals to state agencies specifying legal work that is presently accomplished through Personal Service Contracts that indicate the Office of the Attorney General's capacity to perform the work at a lesser cost. State agencies may agree to make arrangements with the Office of the Attorney General to perform the legal work and compensate the Office of the Attorney General for the legal services. Notwithstanding KRS Chapter 45A, the Office of the Attorney General may contract with outside law firms on a contingency basis.

(4) **Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.162, the Transportation Cabinet shall review the costs related to the distribution of child victims' license plates. Any revenue received from

the sale or renewal of those plates in excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual basis.

(5) Compensatory Leave Conversion to Sick Leave: If the Office of the Attorney General determines that internal budgetary pressures warrant further austerity measures, the Attorney General may institute a policy to suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

(6) Reasonable Costs of Litigation: Notwithstanding KRS 48.005(5) and (7), the Attorney General's Office may first recover its reasonable costs of litigation, as determined by the court, and any remaining funds after consumer restitution is made shall be deposited in the General Fund Surplus Account (KRS 48.700). Any costs recovered under this subsection shall be reported to the Interim Joint Committee on Appropriations and Revenue.

21. UNIFIED PROSECUTORIAL SYSTEM

(1) Prosecutors Advisory Council Administrative Functions: The Prosecutors Advisory Council shall approve compensation for employees of the Unified Prosecutorial System subject to the appropriations in this Act.

a. Commonwealth's Attorneys

	2008-09	2009-10
General Fund	33,147,800	33,147,800
Restricted Funds	1,484,800	1,557,600
Federal Funds	97,800	114,300
TOTAL	34,730,400	34,819,700

b. County Attorneys

	2008-09	2009-10
General Fund	28,153,200	28,153,200
Restricted Funds	303,700	303,700
Federal Funds	570,200	584,700
TOTAL	29,027,100	29,041,600

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2008-09	2009-10
General Fund	61,301,000	61,301,000
Restricted Funds	1,788,500	1,861,300
Federal Funds	668,000	699,000
TOTAL	63,757,500	63,861,300

22. TREASURY

	2008-09	2009-10
General Fund	1,927,600	1,927,600
Restricted Funds	785,300	801,100
Road Fund	250,000	250,000
TOTAL	2,962,900	2,978,700

(1) Unclaimed Property Fund: Included in the above Restricted Funds appropriation is a recurring transfer from the Unclaimed Property Fund. In each respective fiscal year of the 2008-2010 fiscal biennium, \$785,300 and \$801,100 is appropriated to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

23. AGRICULTURE

	2008-09	2009-10
General Fund	20,258,700	21,516,200
Restricted Funds	6,351,000	5,625,100
Federal Funds	4,765,800	4,706,800
TOTAL	31,375,500	31,848,100

(1) **Purchase of Agricultural Conservation Easement (PACE) Program:** The PACE board may contract directly with land surveyors, real estate appraisers, and other licensed professionals as necessary. The Department of Agriculture may receive funds from local and private sources to match Federal Funds for the Purchase of Agricultural Conservation Easement (PACE) Program.

(2) **Metrology Lab Operating Fees:** The Department of Agriculture may promulgate administrative regulations establishing license fees, testing fees, and any other fees necessary to operate and maintain a metrology lab in the Department of Agriculture. These Restricted Funds receipts shall be utilized for personnel and operations of the metrology lab.

(3) **Debt Service:** Included in the above General Fund appropriation is \$267,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) **Amusement Rides and Attractions Inspectors:** To provide for the highest level of public safety, the Department of Agriculture shall allocate sufficient resources for inspectors of amusement rides and attractions.

24. AUDITOR OF PUBLIC ACCOUNTS

	2008-09	2009-10
General Fund	5,369,800	5,660,300
Restricted Funds	4,266,700	4,266,700
TOTAL	9,636,500	9,927,000

(1) **Auditor's Scholarships:** Notwithstanding KRS 43.200, no funding is provided for Auditor's scholarships.

(2) **Audit Services Contracts:** No state agency shall enter into any contract with a nongovernmental entity for an audit unless the Auditor of Public Accounts has declined in writing to perform the audit or has failed to respond within 30 days of receipt of a written request. The agency requesting the audit shall furnish the Auditor of Public Accounts a comprehensive statement of the scope and nature of the proposed audit.

(3) **Audit Records and Status Reports:** The Auditor of Public Accounts shall report in writing each 60 days to the Interim Joint Committee on Appropriations and Revenue the progress of all state audits, together with copies of all completed audits. The Auditor of Public Accounts shall maintain a record of all time and expenses for each audit or investigation.

(4) **Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public Accounts determines that internal budgetary pressures warrant further austerity measures, the State Auditor may institute a policy to suspend payment of 50 hour blocks of compensatory time for those auditors who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

25. PERSONNEL BOARD

	2008-09	2009-10
Restricted Funds	740,700	793,800

(1) **Personnel Board Operating Assessment:** Each agency of the Executive Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year the amount required for the operation of the Personnel Board. The agency assessment shall be determined by the Secretary of the Finance and Administration Cabinet based on the authorized full-time positions of each agency on July 1 of each year of the biennium. The Secretary of the Finance and Administration Cabinet shall collect the assessment.

(2) **Special Assessment:** As a result of increased workload or for other reasons in the best interest of the State Merit System, the Chairman of the Personnel Board may request a special assessment to adequately provide for the financial needs and operations of the Personnel Board. Any special assessment for Personnel Board operations shall receive the prior approval of the State Budget Director and the Secretary of the Finance and Administration Cabinet. Should a special assessment be approved, it shall be uniformly implemented with the same procedures as the regular Personnel Board Operating Assessment.

26. KENTUCKY RETIREMENT SYSTEMS

	2008-09	2009-10
Restricted Funds	25,905,600	26,725,500

(1) **Dependent Subsidy for Retirees - Kentucky Employee Retirement System:** From January 1, 2008, through June 30, 2010, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be eligible for the dependent subsidy as provided under the terms established by the State Group Health Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852.

(2) **Dependent Subsidy for Retirees - County Employees Retirement System:** From January 1, 2008, through June 30, 2010, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be eligible for the dependent subsidy as provided under the terms established by the State Group Health Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852.

27. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Accountancy

	2008-09	2009-10
Restricted Funds	619,200	619,200

b. Certification of Alcohol and Drug Counselors

	2008-09	2009-10
Restricted Funds	67,200	67,200

c. Architects

	2008-09	2009-10
Restricted Funds	375,300	383,400

d. Certification for Professional Art Therapists

	2008-09	2009-10
Restricted Funds	11,400	11,400

e. Auctioneers

	2008-09	2009-10
Restricted Funds	442,800	428,800

f. Barbering

	2008-09	2009-10
Restricted Funds	289,400	289,400

g. Chiropractic Examiners

	2008-09	2009-10
Restricted Funds	241,400	247,800

h. Dentistry		2008-09	2009-10
Restricted Funds		641,800	641,800
i. Licensure and Certification for Dietitians and Nutritionists		2008-09	2009-10
Restricted Funds		69,600	69,600
j. Embalmers and Funeral Directors		2008-09	2009-10
Restricted Funds		340,000	340,000
k. Licensure for Professional Engineers and Land Surveyors		2008-09	2009-10
Restricted Funds		1,411,400	1,411,400
l. Certification of Fee-Based Pastoral Counselors		2008-09	2009-10
Restricted Funds		3,500	3,500
m. Registration for Professional Geologists		2008-09	2009-10
Restricted Funds		135,000	135,000
n. Hairdressers and Cosmetologists		2008-09	2009-10
Restricted Funds		1,117,400	1,143,000
o. Specialists in Hearing Instruments		2008-09	2009-10
Restricted Funds		52,700	52,700
p. Interpreters for the Deaf and Hard of Hearing		2008-09	2009-10
Restricted Funds		31,000	31,000
q. Examiners and Registration of Landscape Architects		2007-08	2008-09
Restricted Funds	3,700	63,700	64,300
r. Licensure of Marriage and Family Therapists		2008-09	2009-10
Restricted Funds		83,200	83,200
s. Licensure for Massage Therapy		2008-09	2009-10
Restricted Funds		91,500	91,500
t. Medical Licensure		2008-09	2009-10

	Restricted Funds		2,544,800	2,581,100
u.	Nursing			
			2008-09	2009-10
	Restricted Funds		4,929,000	5,023,100
v.	Licensure for Nursing Home Administrators			
			2008-09	2009-10
	Restricted Funds		47,000	47,000
w.	Licensure for Occupational Therapy			
			2008-09	2009-10
	Restricted Funds		86,000	86,000
x.	Ophthalmic Dispensers			
			2008-09	2009-10
	Restricted Funds		48,700	48,700
y.	Optometric Examiners			
			2008-09	2009-10
	Restricted Funds		173,200	170,400
z.	Pharmacy			
			2008-09	2009-10
	Restricted Funds		1,066,400	1,088,200
aa.	Physical Therapy			
		2007-08	2008-09	2009-10
	Restricted Funds	39,600	328,600	332,700
ab.	Podiatry			
			2008-09	2009-10
	Restricted Funds		22,900	23,200
ac.	Private Investigators			
			2008-09	2009-10
	Restricted Funds		80,000	80,000
ad.	Licensed Professional Counselors			
			2008-09	2009-10
	Restricted Funds		126,800	126,800
ae.	Proprietary Education			
			2008-09	2009-10
	Restricted Funds		172,800	172,800
af.	Examiners of Psychology			
			2008-09	2009-10
	Restricted Funds		191,100	191,100
ag.	Real Estate Appraisers			

	2008-09	2009-10	
Restricted Funds	616,400	622,700	
ah. Real Estate Commission			
	2008-09	2009-10	
Restricted Funds	2,541,600	2,574,900	
ai. Respiratory Care			
	2008-09	2009-10	
Restricted Funds	181,100	181,100	
aj. Social Work			
	2008-09	2009-10	
Restricted Funds	145,300	145,300	
ak. Speech-Language Pathology and Audiology			
	2008-09	2009-10	
Restricted Funds	112,200	112,200	
al. Veterinary Examiners			
	2008-09	2009-10	
Restricted Funds	237,800	237,800	
TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS			
	2007-08	2008-09	2009-10
Restricted Funds	43,300	19,739,200	19,959,300
28. KENTUCKY RIVER AUTHORITY			
		2008-09	2009-10
General Fund		304,700	1,078,800
Restricted Funds		4,442,500	4,065,100
TOTAL		4,747,200	5,143,900

(1) **Water Withdrawal Fees:** The water withdrawal fees imposed by the Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding KRS 151.710(10), Tier I water withdrawal fees shall be used to support the operations of the Authority and for contractual services for water supply and quality studies.

(2) **Debt Service:** Included in the above General Fund appropriation is \$774,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

29. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2008-09	2009-10
General Fund	109,623,000	111,003,200

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,531,000 in fiscal year 2008-2009 and \$8,437,000 in fiscal year 2009-2010 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Growth Nickel Levy:** The Facilities Support Program of Kentucky is fully funded in the 2008-2010 fiscal biennium. Notwithstanding KRS 157.621(3), local school districts may exercise authority expressed in KRS 157.621(1) and (2).

(3) School Facility Revenue: A local board of education may commit an equivalent tax rate not to exceed five cents in addition to the taxes levied in KRS 157.440(1)(b). Receipts from the levy shall be committed to debt service, new facilities, or major renovations of existing school facilities. The tax rate levied by the local board of education under this provision shall be made no later than October 1 of each odd-numbered year and shall not be equalized with state funding. The levy shall be subject to recall.

(4) Urgent Need School Trust Fund: The Urgent Need School Trust Fund is established in the Finance and Administration Cabinet for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Need School Trust Fund shall be administered by the School Facilities Construction Commission. The fund may receive state appropriations, contributions, and grants from any source which shall be credited to the trust fund and invested until needed. All interest earned on the fund shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund shall not lapse but shall carry forward at the end of each fiscal year.

(5) Additional Offers of Assistance: Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is authorized to make an additional \$150,000,000 in offers of assistance during the 2008-2010 biennium in anticipation of debt service availability during the 2010-2012 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2008-2010 biennium.

(6) Use of Local District Capital Outlay Funds: Notwithstanding KRS 157.420(4) and (6), a local district may submit a request to the Commissioner of Education to use capital outlay funds for maintenance expenditures or for the purchase of property insurance in fiscal year 2008-2009 and fiscal year 2009-2010 without forfeiture of the district's participation in the School Facilities Construction Commission Program, ~~if the district's general fund carryover in the prior fiscal year is less than two percent.~~ (Veto No. 2)

(7) 2006-2008 Offers of Assistance and Additional Offers of Assistance: Notwithstanding KRS 157.420(4), 157.620, and 157.622, the \$5,000,000 grant from the 2006-2008 appropriation in 2006 Ky. Acts ch. 252, Part II, to the School Facilities Construction Commission awarded to the Graves County School District to address the facility needs at Fancy Farm Elementary shall be used to construct a new elementary school in the community of Fancy Farm with a student capacity no greater than 300 students, consistent with the Graves County District Facility Plan in effect at the time the grant was awarded, notwithstanding any actions of the Kentucky Board of Education, the Graves County Board of Education, or the School Facilities Construction Commission to the contrary. The original award of \$5,000,000 shall not be prorated and the full amount of the award shall be expended on this project. The time limit established by the School Facilities Construction Commission for the utilization by a school district receiving a grant of funds based on the procedures developed by the Urgent Need School Trust Fund Advisory Committee, established in 2006 Ky. Acts ch. 252, Part I, A., 29., (4), shall be extended by the length of time the recipient school district was prevented or delayed from utilizing the grant during the pendency of a legal action which would affect the use of the grant.

(8) Prior Offers of Assistance: Notwithstanding KRS 157.420(4), 157.620, and 157.622, a district that has received an offer of assistance relating to a Category 5 school shall not be required to use the offer of assistance for any specific project identified at the time of the original award, except as proscribed in subsection (7) of this section, but may use the offer of assistance on any project on the district's approved facility plan that relates to a Category 5 school.

30. TEACHERS' RETIREMENT SYSTEM

	2008-09	2009-10
General Fund	177,360,200	201,252,600
Restricted Funds	10,102,600	10,851,000
TOTAL	187,462,800	212,103,600

(1) State Retirement Obligations: Notwithstanding KRS 161.550, General Fund moneys are appropriated to comply with the obligations of the state under the Teachers' Retirement System statutes as provided in KRS 161.220 to 161.716.

(2) Administrative Costs: In accordance with KRS 161.420, in each fiscal year an amount not greater than four percent of the receipts of the state accumulation fund shall be set aside into the expense fund or expended for the

administration of the retirement system. No General Fund moneys are provided in fiscal year 2008-2009 or fiscal year 2009-2010 for the cost of administration.

(3) Amortization of Sick Leave: Included in the above General Fund appropriation is \$5,684,000 in fiscal year 2008-2009 and \$11,965,300 in fiscal year 2009-2010 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick leave, for members retiring during the 2008-2010 fiscal biennium.

(4) State Medical Insurance Fund Stabilization Contribution: Notwithstanding KRS 161.420 and 161.550, a portion of the state employer contribution in a sufficient amount shall be allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State Accumulation Fund. Also included in the above General Fund appropriation is \$18,210,700 in fiscal year 2009-2010 to amortize the cost of the State Medical Insurance Fund Stabilization Contribution with the remainder to be amortized under the schedule set forth in KRS 161.553.

(5) Dependent Subsidy for Retirees under age 65: Notwithstanding KRS 161.675(4)(a) and (b), from July 1, 2008, through June 30, 2010, for all retirees under the age of 65 who participate in the Kentucky Group Health Insurance Program through the Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System shall pay the same dependent subsidy that Executive Branch agencies pay for their active employees who have similar coverage. The dependent subsidy is not subject to KRS 161.714.

(6) Highly Skilled Educators' Retirement Benefits: Salary supplements received by persons selected as highly skilled educators on or after July 1, 2000, shall not be included in the total salary compensation for any retirement benefits to which the employee may be entitled.

(7) Supplemental Health Insurance Funding: Notwithstanding KRS 161.675(4)(a) and (b), included in the above General Fund appropriation is \$50,000 in each fiscal year to enable the retirement system to provide a subsidy from July 1, 2008, through June 30, 2010, for those retired state members over age 65 that insure their spouses under age 65 through the state health insurance plan. The amount of the subsidy for those over age 65 shall not exceed the amount of the subsidy for members under age 65 that choose couple, family, or parent plus coverage. The spousal subsidy is not subject to KRS 161.714.

31. JUDGMENTS

	2008-09	2009-10
General Fund	-0-	-0-

(1) Payment of Judgments and Carry Forward of General Fund Appropriation Balance: The above appropriation is for the payment of judgments as may be rendered against the Commonwealth by courts and orders of the State Personnel Board and, where applicable, shall be subject to the provisions of KRS Chapter 45, and for the payment of medical malpractice judgments against the University of Kentucky and the University of Louisville in accordance with KRS 164.892 and 164.941. Notwithstanding KRS 45.229, any remaining appropriation in the Judgments account at the end of fiscal year 2007-2008 or fiscal year 2008-2009 shall not lapse but shall be carried forward.

Funds required to pay the costs of items included within the Judgments are appropriated, and any required expenditure over the above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

32. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

	2008-09	2009-10
General Fund	6,267,500	6,267,500

(1) Funding Sources for Appropriations Not Otherwise Classified: Funds required to pay the costs of items included within the Appropriations Not Otherwise Classified are appropriated. Any required expenditure over the above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the Judgments budget unit appropriation or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

The above appropriation is for the payment of Attorney General Expense, Board of Claims Award, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded, Involuntary Commitments - ICF/MR, Frankfort in Lieu

of Taxes, Frankfort Cemetery, Police Officer, Firefighter, and National Guard and Reserve Survivor Benefits, Medical Malpractice Liability Insurance Reimbursement, and Blanket Employee Bonds.

(2) **Repayment of Awards or Judgments:** Funds are appropriated from the General Fund for the repayment of awards or judgments made by the Board of Claims against departments, boards, commissions, and other agencies maintained by appropriations out of the General Fund. However, awards under \$5,000 shall be paid from funds available for the operations of the agency.

(3) **Guardian Ad Litem Fees:** Included in the above appropriation is funding for fees to be paid to each guardian ad litem appointed by the court pursuant to KRS 311.732. The fee shall be fixed by the court and shall not exceed \$500.

(4) **Reissuance of Uncashed Checks:** Checks written by the State Treasurer and not cashed within the statutory period may be presented to the State Treasurer for reissuance in accordance with KRS 41.370.

(5) **Police Officer, Firefighter, and Active Duty National Guard and Reserve Survivor Benefits:** Funds are appropriated for payment of benefits for state and local police officers and firefighters in accordance with KRS 61.315 and 95A.070.

TOTAL - GENERAL GOVERNMENT

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	35,041,000	34,917,600
General Fund	300,000	566,324,800	599,728,900
Restricted Funds	2,005,800	160,826,100	158,848,200
Federal Funds	-0-	196,061,700	192,164,300
Road Fund	-0-	500,000	500,000
TOTAL	2,305,800	958,753,600	986,159,000

B. COMMERCE CABINET

Budget Units

1. SECRETARY

	2008-09	2009-10
General Fund	3,777,700	2,896,700
Restricted Funds	1,017,100	1,046,700
TOTAL	4,794,800	3,943,400

(1) **Outdoor Drama Grants:** Included in the above General Fund appropriation is \$405,000 in each fiscal year for the purpose of supporting the following grants: Someday Outdoor Drama, \$20,000 in each fiscal year; Stephen Foster, \$81,000 in each fiscal year; Pioneer School of Drama, \$28,500 in each fiscal year; Music Theater of Louisville, \$9,000 in each fiscal year; Pine Knob Theater, \$29,500 in each fiscal year; Kincaid Regional Theater, \$27,500 in each fiscal year; Twilight Cabaret, \$9,000 in each fiscal year; Horse Cave Theater, \$60,000 in each fiscal year; Jenny Wiley, \$39,500 in each fiscal year; Indian Fort Drama of Berea, \$25,000 in each fiscal year; Fort Harrod Drama Productions, \$41,000 in each fiscal year; Greenbo Lake State Resort Park, \$10,000 in each fiscal year; and Russell County Ruscotown Players Production, \$25,000 in each fiscal year.

(2) **2008 Ryder Cup:** Included in the above General Fund appropriation is \$950,000 in fiscal year 2008-2009 to support PGA security requirements in the amount of \$250,000 and PGA fees in the amount of \$700,000 pursuant to the 2008 Ryder Cup Trade Agreement.

2. ARTISANS CENTER

	2008-09	2009-10
General Fund	358,200	358,200
Restricted Funds	1,784,600	1,795,700

Road Fund	350,000	350,000
TOTAL	2,492,800	2,503,900

3. TOURISM

	2007-08	2008-09	2009-10
General Fund	-0-	4,368,400	4,368,400
Restricted Funds	39,200	9,710,500	9,633,300
TOTAL	39,200	14,078,900	14,001,700

(1) **Tourism Marketing and Development:** Included in the above Restricted Funds appropriation is \$500,000 in fiscal year 2008-2009 and \$500,000 in fiscal year 2009-2010 for Tourism Marketing and Development on behalf of the coal-producing counties. Fees for professional artists and entertainers performing on the Kentucky Music Trail may be paid from the Tourism Marketing Program.

(2) **Bluegrass State Games:** Included in the above General Fund appropriation is \$50,000 in each fiscal year for the Bluegrass State Games.

4. PARKS

	2007-08	2008-09	2009-10
General Fund	5,000,000	30,045,900	30,315,900
Restricted Funds	-0-	56,957,600	57,197,600
TOTAL	5,000,000	87,003,500	87,513,500

(1) **Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

(2) **Debt Service:** Included in the above General Fund appropriation is \$270,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. HORSE PARK COMMISSION

	2007-08	2008-09	2009-10
General Fund	-0-	1,448,200	1,448,200
Restricted Funds	114,700	7,200,100	7,322,900
TOTAL	114,700	8,648,300	8,771,100

6. STATE FAIR BOARD

	2008-09	2009-10
General Fund	-0-	181,000
Restricted Funds	38,804,400	39,345,000
TOTAL	38,804,400	39,526,000

(1) **Debt Service:** Included in the above Restricted Funds appropriation is \$4,424,400 in fiscal year 2008-2009 and \$4,424,400 in fiscal year 2009-2010 for previously issued bonds.

(2) **Debt Service:** Included in the above General Fund appropriation is \$181,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

7. FISH AND WILDLIFE RESOURCES

	2008-09	2009-10
Restricted Funds	31,401,800	31,975,200
Federal Funds	13,486,000	13,562,800

TOTAL	44,887,800	45,538,000
8. HISTORICAL SOCIETY		
	2008-09	2009-10
General Fund	7,154,200	7,154,200
Restricted Funds	757,000	907,500
TOTAL	7,911,200	8,061,700

9. ARTS COUNCIL

	2008-09	2009-10
General Fund	3,719,500	3,831,400
Restricted Funds	332,700	215,800
Federal Funds	739,300	705,000
TOTAL	4,791,500	4,752,200

(1) **Open Meetings:** Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of \$25,000 or less as a result of appropriations or grants from state or local governmental units, shall be exempt from the requirements of KRS 61.800 to 61.850.

(2) **Open Records:** Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of \$25,000 or less as a result of appropriations or grants from state or local governmental units shall be exempt from the requirements of KRS 61.870 to 61.884.

10. HERITAGE COUNCIL

	2007-08	2008-09	2009-10
General Fund	-0-	908,100	952,100
Restricted Funds	40,000	320,300	255,300
Federal Funds	-0-	752,300	752,300
TOTAL	40,000	1,980,700	1,959,700

11. KENTUCKY CENTER FOR THE ARTS

	2008-09	2009-10
General Fund	1,112,700	1,509,700

(1) **Debt Service:** Included in the above General Fund appropriation is \$397,000 in fiscal year 2009-2010 for debt service to support new bond funds as set forth in Part II, Capital Projects Budget, of this Act.

TOTAL - COMMERCE CABINET

	2007-08	2008-09	2009-10
General Fund	5,000,000	52,892,900	53,015,800
Restricted Funds	193,900	148,286,100	149,695,000
Federal Funds	-0-	14,977,600	15,020,100
Road Fund	-0-	350,000	350,000
TOTAL	5,193,900	216,506,600	218,080,900

C. ECONOMIC DEVELOPMENT CABINET**Budget Units****1. SECRETARY**

	2008-09	2009-10
General Fund	16,024,900	16,140,400
Restricted Funds	1,211,300	1,211,300
TOTAL	17,236,200	17,351,700

(1) Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on the balances in the High-Tech Construction/Investment Pool and loan repayments received by the High-Tech Construction/Investment Pool shall be used to support the Department for Commercialization and Innovation and are appropriated in addition to amounts appropriated above.

(2) Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is \$420,800 in fiscal year 2008-2009 and \$420,800 in fiscal year 2009-2010 for the Louisville Waterfront Development Corporation.

~~**(3) Use of New Economy Funds:** Notwithstanding KRS 154.12-278, funds totaling \$1,200,000 in each fiscal year from the High Tech Investment Pool shall be used for a grant to administer the ConnectKentucky program. (Veto No. 3)~~

2. NEW BUSINESS DEVELOPMENT

	2008-09	2009-10
General Fund	1,321,800	1,330,300
Restricted Funds	300,000	300,000
TOTAL	1,621,800	1,630,300

3. FINANCIAL INCENTIVES

	2008-09	2009-10
General Fund	5,186,400	7,410,500
Restricted Funds	1,744,300	1,781,200
TOTAL	6,930,700	9,191,700

(1) Debt Service: Included in the above General Fund appropriation is \$2,210,000 in fiscal year 2009-2010 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2008-2009 and for fiscal year 2009-2010 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward.

(3) Metropolitan College: Included in the above General Fund appropriation is \$1,992,300 in each fiscal year for the Metropolitan College program where participants attend the University of Louisville or the Jefferson Community and Technical College.

4. EXISTING BUSINESS DEVELOPMENT

	2008-09	2009-10
General Fund	3,343,900	3,420,900
Federal Funds	199,900	204,300
TOTAL	3,543,800	3,625,200

TOTAL - ECONOMIC DEVELOPMENT CABINET

	2008-09	2009-10
General Fund	25,877,000	28,302,100
Restricted Funds	3,255,600	3,292,500
Federal Funds	199,900	204,300

TOTAL	29,332,500	31,798,900
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D. DEPARTMENT OF EDUCATION**Budget Units****1. EXECUTIVE POLICY AND MANAGEMENT**

	2008-09	2009-10
General Fund	702,600	729,000

(1) **Employment of Personnel:** Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky.

(2) **Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market.

2. OPERATIONS AND SUPPORT SERVICES

	2008-09	2009-10
General Fund (Tobacco)	-0-	91,000
General Fund	46,275,400	46,766,500
Restricted Funds	2,210,100	2,210,100
Federal Funds	8,527,800	8,527,800
TOTAL	57,013,300	57,595,400

(1) **Debt Service:** (a) Included in the above General Fund appropriation is \$270,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(b) Included in the above General Fund (Tobacco) appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the FFA Leadership Training Center Renovation as set forth in Part II, Capital Projects Budget, of this Act. Future debt service payments for the FFA Leadership Training Center Renovation shall be provided from the General Fund. It is the intent of the General Assembly that in fiscal year 2010-2011 and fiscal year 2011-2012, the debt service shall be provided from the General Fund.

(2) **School Technology in Coal Counties:** Notwithstanding KRS 42.4588(2) and (4), included in the above General Fund appropriation is \$2,500,000 in each fiscal year from the Local Government Economic Development Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of Education shall use the appropriation in this subsection to continue the Coal County Computing program in conjunction with the Cabinet for Economic Development through its Department of Commercialization and Innovation.

(3) **Education Technology Program:** Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program.

3. LEARNING AND RESULTS SERVICES

	2008-09	2009-10
General Fund (Tobacco)	1,525,000	1,525,000
General Fund	839,471,500	886,864,700
Restricted Funds	2,621,200	2,621,200
Federal Funds	718,019,000	718,019,000
TOTAL	1,561,636,700	1,609,029,900

(1) **Funding for Employer Health and Life Insurance:** If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support

Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to approval of the Governor upon the written recommendation of the Secretary of the Finance and Administration Cabinet pursuant to the written request of the Commissioner of Education. The per-month per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance.

(2) Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is \$7,223,900 in fiscal year 2008-2009 and \$7,523,700 in fiscal year 2009-2010 for the Kentucky School for the Blind, and \$9,896,200 in fiscal year 2008-2009 and \$10,201,100 in fiscal year 2009-2010 for the Kentucky School for the Deaf.

(3) Kentucky Education Technology System: (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds.

(b) The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools.

(4) Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2008-2009 and in fiscal year 2009-2010 to the Cabinet for Health and Family Services consistent with KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this paragraph to the Legislative Research Commission.

(5) Health Insurance: Included in the above General Fund appropriation is \$531,455,000 in fiscal year 2008-2009 and \$577,713,700 in fiscal year 2009-2010 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(6) Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2008-2010 fiscal biennium:

- (a) \$13,228,700 in each fiscal year for the Extended School Services Program;
- (b) \$57,145,000 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;
- (d) \$6,242,700 in each fiscal year for the Professional Development Program;
- (e) \$4,709,300 in each fiscal year for the Safe Schools Program;
- (f) \$1,400,000 in each fiscal year for ACT and WorkKeys testing;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,400,000 in each fiscal year for the Collaborative Center for Literacy Development;
- (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (k) \$2,100,000 in each fiscal year for the Community Education Program;
- (l) \$720,900 in each fiscal year for the Dropout Prevention Program;

- (m) \$22,558,100 in each fiscal year for the Early Reading Incentive Grant/Read to Achieve Program;
- (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (o) \$4,276,700 in each fiscal year for the School Food Services match;
- (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- (t) \$11,757,600 in each fiscal year for the Locally Operated Vocational Schools;
- (u) \$610,300 in each fiscal year for the Writing Program;
- (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- (w) \$2,378,700 in each fiscal year for Local School District Life Insurance;
- (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (y) \$6,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (z) \$387,500 in each fiscal year for the Middle School Academic Center;
- (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ab) \$994,700 in each fiscal year for the Professional Growth Fund;
- (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ad) The allocations referenced in subsection (5) of this section for Local School District Health Insurance;
- (ae) \$100,000 in each fiscal year for a specialized tutoring program for students with learning disabilities from Appalachian counties;
- (af) \$430,000 in each fiscal year for the Partnership for Student Success Program;
- (ag) \$5,649,800 in each fiscal year for the Highly Skilled Educator Program; and
- (ah) \$1,507,900 in each fiscal year for the Commonwealth School Improvement Fund.

(7) Program Flexibility: Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, four programs (Professional Development, Extended School Services, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population. Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, local school districts may use funds from the Professional Development, Extended School Services, Textbooks, and Safe Schools programs to supplement the Preschool program in fiscal year 2008-2009 and in fiscal year 2009-2010.

(8) Publishing Requirements: Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.

(9) Locally Operated Vocational Programs: Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance, if approved by the Commissioner of Education.

(10) Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, and to

maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this subsection. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement.

(11) Highly Skilled Educators: Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110).

(12) Commonwealth School Improvement Fund: Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

(13) Surplus Property: Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly.

(14) Allocation of Safe School Funds: Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

(15) Advisory Council for Gifted and Talented Education: Notwithstanding KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented Education may be reappointed but shall not serve more than three consecutive terms. Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted Education shall be a voting member of the State Advisory Council for Gifted and Talented Education.

(16) Program Administration: The Department of Education is authorized to expend grant funds for costs related to the administration of programs for which it is responsible. The department may expend no more than five percent of each grant for these purposes and these expenditures shall be approved by the Office of the State Budget Director.

(17) Local District Grant Fund Carry Forward: Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2008-2009 shall be carried forward to fiscal year 2009-2010. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2008-2009 shall be carried forward to fiscal year 2009-2010.

(18) Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs.

(19) Georgia Chaffee Teenage Parent Program: Included in the above General Fund appropriation is \$250,000 in each fiscal year for the Georgia Chaffee Teenage Parent Program.

(20) ACT/WorkKeys Testing: Notwithstanding KRS 158.6453, the payment by the Department of Education of the cost of the WorkKeys assessment for fiscal year 2008-2009 and fiscal year 2009-2010 shall be limited to students in grade 12. Notwithstanding KRS 158.6459, the payment of a second ACT examination by the Department of Education for students participating in accelerated learning for fiscal year 2008-2009 and fiscal year 2009-2010 shall be limited to students eligible for free or reduced-price meals. The school shall maintain the student's learning plan and provide evidence of consultation among parents, teachers, and the student.

4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2008-09	2009-10
General Fund	2,958,306,400	2,973,536,100

(1) **Common School Fund Earnings:** Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program.

(2) **Base SEEK Allotments:** Notwithstanding KRS 157.420(2), the above appropriation includes \$2,297,779,600 in fiscal year 2008-2009 and \$2,312,856,500 in fiscal year 2009-2010 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$214,752,800 in each fiscal year for pupil transportation.

(3) **Tier I Component:** Included in the above appropriation is \$176,342,800 in fiscal year 2008-2009 and \$171,207,000 in fiscal year 2009-2010 for the Tier I component as established by KRS 157.440.

(4) **Vocational Transportation:** Included in the above appropriation is \$2,416,900 in each fiscal year for vocational transportation.

(5) **Secondary Vocational Education:** Included in the above appropriation is \$23,289,000 in each fiscal year to provide secondary vocational education in state-operated vocational schools.

(6) **Teachers' Retirement System Employer Match:** Included in the above appropriation is \$353,283,000 in fiscal year 2008-2009 and \$362,692,700 in fiscal year 2009-2010 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550.

(7) **Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above appropriation is \$2,750,000 in fiscal year 2008-2009 and \$3,000,000 in fiscal year 2009-2010 for the purpose of providing salary supplements for public school teachers attaining certification by the National Board for Professional Teaching Standards.

(8) **Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,866 per student in average daily attendance in fiscal year 2008-2009 and \$3,909 per student in average daily attendance in fiscal year 2009-2010 as well as to meet the other requirements of KRS 157.360.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with the approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430.

(9) **Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before March 1 of each year, the chief state school officer shall determine the exact amount of the public common school fund to which each district is entitled, and the remainder of the amount due each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter.

(10) **SEEK Adjustment Factors:** Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient.

(11) **Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above appropriation is \$76,535,400 in fiscal year 2008-2009 and \$73,040,000 in fiscal year 2009-2010 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$14,117,300 in fiscal year 2008-2009 and \$13,015,300 in fiscal year 2009-2010 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of January 1, 2008; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2003-2004 or any

fiscal year thereafter through fiscal year 2007-2008; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this subsection by January 1, 2008.

(12) Retroactive Equalized Facility Funding: Included in the above appropriation is \$5,477,300 in fiscal year 2008-2009 and \$6,021,600 in fiscal year 2009-2010 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall by January 1, 2008, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b). For the 2008-2010 fiscal biennium, equalization shall be provided to districts that levied the tax rate subject to recall after June 30, 2007, at 25 percent of the calculated equalization funding in fiscal year 2008-2009 and 50 percent of the calculated equalization funding in fiscal year 2009-2010. It is the intent of the 2008 General Assembly that any local school district receiving partial equalization under this subsection in the 2008-2010 fiscal biennium shall receive full calculated equalization in the 2010-2012 fiscal biennium and thereafter.

(13) Equalized Facility Funding: Included in the above appropriation is \$6,315,100 in fiscal year 2008-2009 and \$5,997,100 in fiscal year 2009-2010 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2006 Ky. Acts ch. 252, Part I, D., 4.; (c) The district will not receive retroactive equalized facility funding as set forth in this Act; and (d) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b). Notwithstanding any other provision of this subsection, any local school district receiving equalized facility funding on the effective date of this Act from the Kentucky Department of Education or from the School Facilities Construction Commission shall continue to receive equalized facility funding for the 2008-2010 fiscal biennium. No new districts shall be added to this program in the 2008-2010 fiscal biennium. Local school districts receiving equalized facility funding under this subsection shall not enter into a bond issue during the 2008-2010 fiscal biennium which includes any funding from this program for scheduled amortization payments after June 30, 2025.

(14) Instructional Days: (a) Notwithstanding KRS 158.070 and 2006 Ky. Acts ch. 252, Part I, D., 4., (16), the school term for fiscal year 2007-2008 and each fiscal year thereafter shall include the equivalent of 177 six-hour instructional days and shall include no less than two six-hour instructional days in addition to those included in the 2005-2006 school calendar as approved by the Kentucky Department of Education. Districts may exceed 177 six-hour instructional days.

(b) The Commissioner of Education may approve a waiver of the requirements of paragraph (a) of this subsection for school districts that have developed and implemented innovative alternative school calendars for fiscal year 2007-2008 and for each year thereafter. The Commissioner of Education may approve a waiver of the requirements of paragraph (a) of this subsection for school districts that have experienced an unanticipated hardship in fiscal year 2007-2008.

(c) Prior to the approval of school calendars for fiscal year 2008-2009, the Kentucky Board of Education shall by administrative regulation establish procedures by which the Commissioner of Education may approve innovative alternative school calendars.

(d) No later than October 31, 2008, the Department of Education shall report to the Interim Joint Committee on Education the Kentucky Core Content Test results, norm referenced test results, EXPLORE test results, PLAN test results, and ACT test results for each school district with a school calendar of less than 177 actual school days.

(15) Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2008-2009, local school districts shall provide all certified staff and classified staff a salary or compensation increase of not less than one percent and, during fiscal year 2009-2010, local school districts shall provide all certified staff and classified staff a salary or compensation increase, in addition to the increase provided in fiscal year 2008-2009, of not less than one percent. The salary increases in fiscal year 2008-2009 and fiscal year 2009-2010 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2008-2009 and fiscal year 2009-2010 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications.

(16) Use of Excess SEEK Funds: If excess funds are available after the final SEEK calculation in fiscal year 2008-2009 and fiscal year 2009-2010, the calculated state SEEK portion shall be the calculated base SEEK funding minus the local effort required pursuant to KRS 157.390(5). The value of real estate used in the calculation shall be the lesser of the current year assessment or the prior year assessment increased by four percent plus the value of current year new property. The provisions of this subsection shall only be implemented if funding is available after any identified need is met pursuant to Part I, D., 3., (1), of this Act.

(17) Use of SEEK Funds: To receive funds under the SEEK program, district number 301 shall maintain operations of school number 170 during the time this budget is in effect.

TOTAL - DEPARTMENT OF EDUCATION

	2008-09	2009-10
General Fund (Tobacco)	1,525,000	1,616,000
General Fund	3,844,755,900	3,907,896,300
Restricted Funds	4,831,300	4,831,300
Federal Funds	726,546,800	726,546,800
TOTAL	4,577,659,000	4,640,890,400

E. EDUCATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2008-09	2009-10
General Fund	3,249,200	3,249,200
Restricted Funds	6,040,200	6,155,500
Federal Funds	190,000	190,000
TOTAL	9,479,400	9,594,700

(1) East Kentucky Science Center: Included in the above General Fund appropriation is up to \$192,200 in fiscal year 2008-2009 and \$192,200 in fiscal year 2009-2010 for the East Kentucky Science Center.

2. DEAF AND HARD OF HEARING

	2007-08	2008-09	2009-10
General Fund	100,000	929,000	929,000
Restricted Funds	-0-	457,000	457,000
TOTAL	100,000	1,386,000	1,386,000

3. KENTUCKY EDUCATIONAL TELEVISION

	2008-09	2009-10
General Fund	13,242,800	13,242,800
Restricted Funds	1,527,400	1,554,100
Federal Funds	700,000	700,000
TOTAL	15,470,200	15,496,900

4. ENVIRONMENTAL EDUCATION COUNCIL

	2008-09	2009-10
Restricted Funds	529,800	542,600
TOTAL	529,800	542,600

5. LIBRARIES AND ARCHIVES**a. General Operations**

	2008-09	2009-10
General Fund	6,754,900	6,766,900
Restricted Funds	1,399,800	1,433,600
Federal Funds	2,125,100	2,165,300
TOTAL	10,279,800	10,365,800

(1) **Local Records Grant Program:** Notwithstanding KRS 142.010(5), included in the above General Fund appropriation are amounts for the Local Records Grant program.

(2) **Collaboration with Public Entities:** The Department of Libraries and Archives shall collaborate with Kentucky's public colleges, universities, and libraries to explore alternatives to meet the archival needs of the Commonwealth.

b. Direct Local Aid

	2008-09	2009-10
General Fund	6,175,400	6,175,400
Restricted Funds	1,261,700	1,156,500
Federal Funds	724,000	724,000
TOTAL	8,161,100	8,055,900

(1) **Per Capita Grants:** Notwithstanding KRS 171.201(2)(b), the department shall distribute the per capita grants within the available appropriated amounts

(2) **Public Library Facilities Construction Fund:** Notwithstanding KRS 142.010(5), included in the above appropriations are funds up to \$255,000 for existing construction debt assistance grants in both fiscal years.

TOTAL - LIBRARIES AND ARCHIVES

	2008-09	2009-10
General Fund	12,930,300	12,942,300
Restricted Funds	2,661,500	2,590,100
Federal Funds	2,849,100	2,889,300
TOTAL	18,440,900	18,421,700

6. OFFICE FOR THE BLIND

	2008-09	2009-10
General Fund	1,328,100	1,328,100
Restricted Funds	1,487,400	1,530,700
Federal Funds	7,852,200	7,899,200
TOTAL	10,667,700	10,758,000

7. EMPLOYMENT AND TRAINING

	2008-09	2009-10
Restricted Funds	2,665,800	2,368,800
Federal Funds	668,384,400	666,007,100
TOTAL	671,050,200	668,375,900

(1) **Unemployment Insurance Penalty and Interest Account:** Notwithstanding KRS 341.835, up to \$3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund may be used during each fiscal year by the Office of Employment and Training to operate employment, training, and unemployment insurance programs and up to \$750,000 shall be transferred in fiscal year 2008-2009 and fiscal year 2009-2010 to the General Administration and Program Support budget unit of the Education Cabinet to aid in the support of the Office of Employment and Training programs.

8. CAREER AND TECHNICAL EDUCATION

	2008-09	2009-10
General Fund	26,628,300	26,778,300
Restricted Funds	21,132,100	20,526,100
Federal Funds	15,153,900	15,153,900
TOTAL	62,914,300	62,458,300

(1) **Participation in the Education Technology Program by Area Vocational Education Centers:** Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds. The School Facilities Construction Commission shall include Area Vocational Education Centers in any offers of assistance to local school districts for technology assistance during the 2008-2010 fiscal biennium.

(2) **Transfer of State-Operated Secondary Vocational Education and Technology Centers:** (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045, 151B.050, 151B.055, and 151B.070, effective at the beginning of fiscal year 2008-2009, a local board of education may submit a request to the Executive Director of the Office of Career and Technical Education to assume authority for the management and control of a state-operated secondary vocational education and technology center. Upon agreement between the Executive Director of the Office of Career and Technical Education and the local board of education for the transfer of a state-operated secondary vocational education and technology center, all personnel, equipment, and supplies shall be transferred to the local board of education and shall only be utilized for the operation of the locally operated vocational center. The transfer of management and control of the secondary area vocational education and technology center shall be considered a permanent transfer to the local district.

(b) A certified employee who is affected by a transfer to the local board of education under paragraph (a) shall be granted a one year limited contract by the local board of education and shall be employed on the local district salary schedule. A classified employee shall be guaranteed employment equal to his or her present status for at least one complete school term. A transferred employee shall be provided the benefits of comparable employees in the district and shall be subject to all rules and policies of the local board of education, including but not limited to disciplinary and personnel actions that are the same as those that may be exercised by the district for any other employee in the district during a contract period.

(c) A transferred employee who has accrued annual leave and compensatory time shall be paid a lump sum for the accrued time at the effective date of the transfer by the Office of Career and Technical Education. The employee shall be granted credit for accrued sick leave up to the maximum allowed for transfers for teachers between school districts. Sick leave credit shall be awarded to a classified employee based on the local board policy. Any excess sick leave that a classified or certified employee has earned that the district will not accept in the transfer may be requested to be held in escrow by the appropriate state personnel system under KRS Chapter 18A or 151B, and the sick leave balance shall be restored to the employee if the employee returns to a state government position.

(d) An employee who is to be transferred to a local board of education under provisions of this subsection but who chooses not to accept a one year limited contract with the board shall be separated from the state system and the employee's position shall be abolished. The employee may apply for any state position for which the employee is qualified but shall not be granted priority over other applicants for a position because the employee's position was abolished due to a transfer of the vocational education and technology center. An employee who refuses a contract with the local board shall be provided a lump-sum payment for accrued annual leave and compensatory time, and the

employee's sick leave balance shall be placed in escrow by the appropriate state personnel system under KRS Chapter 18A or 151B. The sick leave balance shall be restored to the employee if the employee returns to a state government position.

(e) A certified employee, other than a principal, who has earned continuing status in the state certified personnel system under KRS Chapter 151B may be granted tenure under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall apply.

(f) An employee of the Office of Career and Technical Education who is transferred to the local school district and who occupies a position covered by the Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System.

(g) General Fund moneys previously appropriated to the Office of Career and Technical Education for support of the transferred state-operated vocational technical school shall be appropriated to the Kentucky Department of Education for support of the local board of education center operations effective at the beginning of fiscal year 2008-2009. In addition, the local board of education shall receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program funds from the Kentucky Department of Education that are generated from students enrolled in the center.

9. VOCATIONAL REHABILITATION

	2008-09	2009-10
General Fund	12,794,700	12,794,700
Restricted Funds	2,576,900	2,525,200
Federal Funds	42,978,300	42,600,000
TOTAL	58,349,900	57,919,900

(1) **Interpreter Services:** Included in the above General Fund appropriation is \$450,000 in each fiscal year to provide accessibility services for deaf and hard of hearing students in postsecondary education institutions.

10. EDUCATION PROFESSIONAL STANDARDS BOARD

	2008-09	2009-10
General Fund	8,973,000	9,032,600
Restricted Funds	1,297,400	1,397,400
Federal Funds	122,200	122,200
TOTAL	10,392,600	10,552,200

(1) **National Board of Teaching Standards Certification:** Notwithstanding KRS 161.134, up to \$800,000 in fiscal year 2008-2009 and \$800,000 in fiscal year 2009-2010 is provided for National Board of Teaching Standards Certification from the General Fund.

(2) **Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Education Professional Standards Board shall have the sole authority to determine the employees of the Education Professional Standards Board staff who are exempt from the classified service and to set their compensation comparable to the competitive market.

(3) **Kentucky Principal Internship Program:** Notwithstanding KRS 161.027, no funds are provided in the above appropriations for the operational costs of the Kentucky Principal Internship Program in the 2008-2010 fiscal biennium.

TOTAL - EDUCATION CABINET

	2007-08	2008-09	2009-10
General Fund	100,000	80,075,400	80,297,000
Restricted Funds	-0-	40,375,500	39,647,500

Federal Funds	-0-	738,230,100	735,561,700
TOTAL	100,000	858,681,000	855,506,200

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2008-09	2009-10
General Fund	7,517,000	8,001,000
Restricted Funds	6,560,900	5,963,200
Federal Funds	1,554,600	1,566,400
TOTAL	15,632,500	15,530,600

(1) **Debt Service:** Included in the above General Fund appropriation is \$442,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Use of Rockwell Settlement Funds:** Pursuant to KRS 48.005(5), \$1,500,000 in fiscal year 2007-2008 shall be transferred from the Rockwell International Corporation NR Damage Fund to the City of Russellville to acquire, restore, or replace natural resources in accordance with the Agreed Order to construct a park along Town Branch Creek in Russellville.

2. ENVIRONMENTAL PROTECTION

	2008-09	2009-10
General Fund	22,283,600	23,639,800
Restricted Funds	34,923,900	34,974,000
Federal Funds	20,802,400	20,558,600
Road Fund	300,000	300,000
TOTAL	78,309,900	79,472,400

(1) **Municipal Solid Waste Landfill Inspectors:** Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth.

(2) **Debt Service:** Included in the above General Fund appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Kentucky Pride Program:** Included in the above Restricted Funds appropriation is \$14,750,000 in each fiscal year for the Kentucky Pride Program.

3. NATURAL RESOURCES

	2008-09	2009-10
General Fund (Tobacco)	9,000,000	9,000,000
General Fund	11,760,700	14,135,200
Restricted Funds	7,144,600	5,072,900
Federal Funds	7,253,000	7,253,000
TOTAL	35,158,300	35,461,100

(1) **Emergency Forest Fire Suppression:** Not less than \$240,000 of the above General Fund appropriation for each fiscal year shall be set aside for emergency forest fire suppression. There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures provided in this Act, which are required as a result of emergency fire suppression activities in excess of \$240,000. Fire suppression costs in excess of \$240,000 annually

shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Use of Settlement Funds:** Pursuant to KRS 48.005(5), \$1,000,000 shall be transferred from the Martin County Damage Trust Fund and \$1,000,000 shall be transferred from the Rockwell International Corporation NR Damage Fund in fiscal year 2008-2009 to the Division of Forestry for purposes of acquisition, restoration, or replacement of natural resources as required by the settlements' respective Agreed Orders.

(3) **Forestry Tree Nurseries:** Included in the above Restricted Funds appropriation is \$250,000 in each fiscal year for the Department for Natural Resources' tree nursery programs in Morgan County and Marshall County ~~which shall maintain normal business operations through the biennium~~. (Veto No. 4)

4. MINE RECLAMATION AND ENFORCEMENT

	2008-09	2009-10
General Fund	9,531,000	9,689,500
Restricted Funds	7,604,400	9,712,900
Federal Funds	19,203,500	19,773,200
TOTAL	36,338,900	39,175,600

(1) **Return of Permit and Acreage Fees:** Included in the above General Fund appropriation is \$600,000 in each fiscal year for the return of permit and acreage fees under KRS 350.139. Any required expenditure for this purpose in excess of this amount in either fiscal year is appropriated to the department.

(2) **Temporary Deposit Escrow Funds:** Notwithstanding KRS 350.060, 350.070, and 350.139 and pursuant to KRS 350.163 and 350.465(3)(k), \$268,200 in fiscal year 2008-2009 and \$300,000 in fiscal year 2009-2010 shall be transferred from the Temporary Deposit Escrow account to the Division of Permits.

5. ABANDONED MINE LAND RECLAMATION PROJECTS

	2008-09	2009-10
Federal Funds	22,000,000	29,000,000

6. ENVIRONMENTAL QUALITY COMMISSION

	2008-09	2009-10
Restricted Funds	232,100	239,100
TOTAL	232,100	239,100

7. KENTUCKY NATURE PRESERVES COMMISSION

	2008-09	2009-10
General Fund	1,181,100	1,181,100
Restricted Funds	355,300	355,300
Federal Funds	100,200	45,600
TOTAL	1,636,600	1,582,000

8. PUBLIC PROTECTION COMMISSIONER

	2008-09	2009-10
Restricted Funds	884,000	900,300

9. BOXING AND WRESTLING AUTHORITY

	2008-09	2009-10
Restricted Funds	100,000	100,000

10. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND

	2008-09	2009-10
General Fund	-0-	1,679,000
Restricted Funds	29,183,100	29,261,000
TOTAL	29,183,100	30,940,000

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,679,000 in fiscal year 2009-2010 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the above Restricted Funds appropriation in fiscal year 2008-2009 is \$25,000,000 for underground storage tank fund payments from new bonds as set forth in Part II, Capital Projects Budget, of this Act.

11. ALCOHOLIC BEVERAGE CONTROL

	2008-09	2009-10
General Fund	965,000	965,000
Restricted Funds	4,196,800	4,350,300
TOTAL	5,161,800	5,315,300

12. CHARITABLE GAMING

	2008-09	2009-10
Restricted Funds	3,057,600	3,092,900
TOTAL	3,057,600	3,092,900

13. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

	2008-09	2009-10
General Fund	740,000	740,000
Restricted Funds	1,684,200	1,715,300
Federal Funds	540,100	540,100
TOTAL	2,964,300	2,995,400

14. FINANCIAL INSTITUTIONS

	2008-09	2009-10
Restricted Funds	9,213,100	9,213,200

15. HORSE RACING AUTHORITY

	2008-09	2009-10
General Fund	443,700	443,700
Restricted Funds	28,010,000	27,934,600
TOTAL	28,453,700	28,378,300

~~[(1) **Racing Dates' Fees and Assessments:** The Horse Racing Authority may impose a fee or assessment only on thoroughbred racetracks with an average daily handle, as defined in KRS 138.510(1), equal to or above \$1,200,000, and the fee or assessment imposed shall not exceed the daily assessment or fee charged per day, per racetrack in fiscal year 2005-2006. The Horse Racing Authority shall not impose a fee or assessment on racetracks with an average daily handle, as defined in KRS 138.510(1), below \$1,200,000.] (Veto No. 5)~~

16. HOUSING, BUILDINGS AND CONSTRUCTION

	2008-09	2009-10
General Fund	2,321,000	2,321,000
Restricted Funds	15,826,400	17,292,500

TOTAL	18,147,400	19,613,500
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(1) **Funding Flexibility:** Notwithstanding KRS 198B.090(10), 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1)(2), 236.130(3), and 318.136, the Office of Housing, Buildings and Construction may expend, with the approval of any affected boards, any Restricted Funds for programs administered by the office. The office shall return any funds transferred from a board back to the board within the fiscal biennium.

(2) **HVAC Permitting and Inspecting:** Notwithstanding 2007 Ky. Acts ch. 86, secs. 11 and 12, the effective date of 2007 Ky. Acts ch. 86, secs. 1, 3, 4, 6, 9, and 10 shall be July 1, 2010, and the effective date of 2007 Ky. Acts ch. 86, secs. 2, 5, 7, and 8 shall be January 1, 2011.

17. INSURANCE

	2008-09	2009-10
General Fund (Tobacco)	19,551,300	19,881,900
Restricted Funds	20,358,300	20,651,000
TOTAL	39,909,600	40,532,900

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$19,551,300 in fiscal year 2008-2009 and \$19,881,900 in fiscal year 2009-2010 for the Kentucky Access Program.

18. MINE SAFETY REVIEW COMMISSION

	2008-09	2009-10
General Fund	183,900	187,100
Restricted Funds	5,000	5,500
TOTAL	188,900	192,600

19. MINE SAFETY AND LICENSING

	2008-09	2009-10
General Fund	13,464,400	13,790,200
Restricted Funds	1,947,500	1,952,000
Federal Funds	631,100	631,100
TOTAL	16,043,000	16,373,300

20. PUBLIC SERVICE COMMISSION

	2008-09	2009-10
General Fund	13,000,000	13,000,000
Restricted Funds	840,900	840,900
Federal Funds	218,300	218,300
TOTAL	14,059,200	14,059,200

(1) **Debt Service:** Included in the above General Fund appropriation is \$589,000 in fiscal year 2008-2009 and \$589,000 in fiscal year 2009-2010 for debt service for previously issued bonds.

(2) **Lapse of General Fund Appropriation Balance:** Notwithstanding KRS 278.150(3), \$2,860,700 in fiscal year 2008-2009 and \$2,610,700 in fiscal year 2009-2010 shall lapse to the credit of the General Fund.

(3) **Telecommunication Access Program:** Notwithstanding KRS 278.5499, the funding mechanism for the telecommunication device for the deaf distribution program shall allocate not more than two cents per access line per month.

21. TAX APPEALS

2008-09	2009-10
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General Fund	439,800	439,800
22. LABOR		

	2008-09	2009-10
General Fund	2,121,100	2,121,300
Restricted Funds	93,911,300	94,777,300
Federal Funds	3,239,200	3,236,400
TOTAL	99,271,600	100,135,000

23. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	2008-09	2009-10
Restricted Funds	495,300	505,800

24. WORKERS' COMPENSATION BOARD

	2008-09	2009-10
Restricted Funds	949,200	969,000

25. WORKERS' COMPENSATION FUNDING COMMISSION

	2008-09	2009-10
Restricted Funds	107,987,800	108,468,400

(1) **Commission Funding:** Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2008-2009 and fiscal year 2009-2010.

(2) **Mine Safety Funding:** Notwithstanding KRS 342.122(1)(a), \$952,000 in each year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support mine safety compliance, education, and training in the Office of Mine Safety and Licensing.

TOTAL - ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

	2008-09	2009-10
General Fund (Tobacco)	28,551,300	28,881,900
General Fund	85,952,300	92,333,700
Restricted Funds	375,471,700	378,347,400
Federal Funds	75,542,400	82,822,700
Road Fund	300,000	300,000
TOTAL	565,817,700	582,685,700

G. FINANCE AND ADMINISTRATION CABINET**Budget Units****1. GENERAL ADMINISTRATION**

	2008-09	2009-10
General Fund	8,309,200	8,446,500
Restricted Funds	31,617,300	33,843,300
Road Fund	400,000	400,000
TOTAL	40,326,500	42,689,800

(1) **State Motor Vehicle Fleet:** The Secretary of the Finance and Administration Cabinet shall restrict permanently assigned vehicles to only Constitutional Officers, the Court of Justice, Executive Cabinet Secretaries, law enforcement, or for other public safety purposes. A report listing the recipients of permanently assigned vehicles from the State Motor Vehicle Fleet shall be submitted to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

~~[(2) **Conveyance of Property:** Notwithstanding KRS Chapter 45A, the Secretary of the Finance and Administration Cabinet shall convey to Kenton County, Kentucky any reverter interest it may have in the real estate located at 34 West Fifth Street, Covington, Kentucky.] (Veto No. 6)~~

2. CONTROLLER

	2008-09	2009-10
General Fund	9,196,800	9,224,300
Restricted Funds	7,325,900	7,255,100
Federal Funds	1,000,000	1,000,000
TOTAL	17,522,700	17,479,400

(1) **Social Security Contingent Liability Fund:** Any expenditures that may be required by KRS 61.470 are hereby deemed necessary government expenses and shall be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the General Government, Judgments budget unit appropriation, or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

3. DEBT SERVICE

	2008-09	2009-10
General Fund (Tobacco)	15,416,500	15,417,900
General Fund	412,196,000	404,968,100
TOTAL	427,612,500	420,386,000

(1) **New Debt Service:** Included in the above General Fund appropriation is \$1,200,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for budget units within the Finance and Administration Cabinet.

(2) **Tobacco Settlement Funds - Debt Service:** To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

4. FACILITIES AND SUPPORT SERVICES

	2008-09	2009-10
General Fund	6,193,400	6,294,600
Restricted Funds	34,455,700	34,785,400
TOTAL	40,649,100	41,080,000

5. COUNTY COSTS

	2008-09	2009-10
General Fund	16,581,500	16,581,500
Restricted Funds	1,932,100	1,932,000
TOTAL	18,513,600	18,513,500

(1) **County Costs:** Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet, subject to the conditions and procedures provided in this Act.

6. COMMONWEALTH OFFICE OF TECHNOLOGY

	2008-09	2009-10
Restricted Funds	66,265,600	67,182,100
Federal Funds	400,000	400,000
TOTAL	66,665,600	67,582,100

(1) **Computer Services Fund Receipts:** The Secretary of the Finance and Administration Cabinet shall provide a listing of fee receipts from the Executive, Judicial, and Legislative Branches of government itemized by appropriation units; cost allocation methodology; and a report detailing the rebate of excess fee receipts to the agencies to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

7. REVENUE

	2008-09	2009-10
General Fund (Tobacco)	275,000	275,000
General Fund	69,397,300	71,363,400
Restricted Funds	7,216,300	7,201,700
Road Fund	2,325,000	2,325,000
TOTAL	79,213,600	81,165,100

(1) **Insurance Surcharge Rate:** Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2008-2010 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2007-2008 and 2008-2009 as provided by the General Assembly in this Act.

(2) **Road Fund Compliance and Motor Vehicle Property Tax Programs:** The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose.

(3) **Operations of Revenue:** Notwithstanding KRS 132.672, 136.652, 160.6154, and 365.390(2), funds may be expended in support of the operations of the Department of Revenue.

8. PROPERTY VALUATION ADMINISTRATORS

	2008-09	2009-10
General Fund	35,345,100	35,354,200
Restricted Funds	3,500,000	3,500,000
TOTAL	38,845,100	38,854,200

(1) **Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597, the property valuation administrators are authorized to take necessary actions to manage expenditures within the appropriated amounts contained in this Act.

TOTAL - FINANCE AND ADMINISTRATION CABINET

	2008-09	2009-10
General Fund (Tobacco)	15,691,500	15,692,900
General Fund	557,219,300	552,232,600
Restricted Funds	152,312,900	155,699,600

Federal Funds	1,400,000	1,400,000
Road Fund	2,725,000	2,725,000
TOTAL	729,348,700	727,750,100

H. HEALTH AND FAMILY SERVICES CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2008-09	2009-10
General Fund (Tobacco)	2,793,000	2,840,300
General Fund	33,076,700	34,526,100
Restricted Funds	10,311,100	10,311,100
Federal Funds	37,948,700	38,330,500
TOTAL	84,129,500	86,008,000

(1) **Maximizing Federal Funds:** Pursuant to compliance with the State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet for Health and Family Services shall maximize Federal Funds for programs within the Cabinet.

(2) **Human Services Transportation Delivery:** Notwithstanding KRS 281.014, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee.

(3) **Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Human Support Services, Commission for Children with Special Health Care Needs, Department for Disability Determination Services, Department for Community Based Services, Department for Medicaid Services, Department for Mental Health and Mental Retardation Services, and the Department for Public Health shall be authorized to establish and fill such positions as are 100 percent federally funded for salary and fringe benefits.

(4) **Debt Service:** Included in the above General Fund appropriation is \$204,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(5) **Transfer of Funds Between Appropriation Units of the Cabinet:** The Secretary of the Cabinet for Health and Family Services may, with the prior approval of the State Budget Director and prior notice to the Interim Joint Committee on Appropriations and Revenue, transfer General Fund moneys appropriated in this Act from one appropriation unit within the cabinet to another Cabinet for Health and Family Services unit to address projected funding shortfalls and other program reasons in the best interest of the citizens of the Commonwealth.

2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	2008-09	2009-10
General Fund (Tobacco)	352,000	352,000
General Fund	5,719,000	6,038,400
Restricted Funds	6,204,900	6,204,900
Federal Funds	4,178,700	4,178,700
TOTAL	16,454,600	16,774,000

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$352,000 for Universal Newborn Hearing Screening and Vision Screening in each fiscal year.

3. MEDICAID SERVICES

a. Medicaid Administration

2008-09	2009-10
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General Fund	36,488,600	36,488,600
Restricted Funds	13,080,000	13,080,000
Federal Funds	48,571,500	48,571,500
TOTAL	98,140,100	98,140,100

(1) Transfer of Excess Administrative Funds for Medicaid Benefits: If any portion of the above General Fund appropriation in either fiscal year is deemed to be in excess of the necessary expenses for administration of the Department, the amount may be used for Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. In no instance shall these excess funds be used without prior written approval of the State Budget Director to:

- (a) Establish a new program;
- (b) Expand the services of an existing program; or
- (c) Increase rates or payment levels in an existing program.

Any transfer authorized under this subsection shall be approved by the Secretary of the Finance and Administration Cabinet upon recommendation of the State Budget Director.

(2) Medicaid Service Category Expenditure Information: No Medicaid managed care contract shall be valid and no payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Cabinet for Health and Family Services shall be made, unless the Medicaid managed care contract contains a provision that the contractor shall collect Medicaid expenditure data by the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services, including mandated and optional Medicaid services, special expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Interim Joint Committee on Appropriations and Revenue on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request.

b. Medicaid Benefits

	2007-08	2008-09	2009-10
General Fund	112,000,000	1,187,211,700	1,282,652,600
Restricted Funds	5,821,700	386,664,800	366,616,100
Federal Funds	185,455,300	3,528,485,300	3,717,468,800
TOTAL	303,277,000	5,102,361,800	5,366,737,500

(1) Supports for Community Living Slots: Included in the above appropriation is \$809,500 in General Fund moneys and \$1,890,500 in Federal Funds in fiscal year 2008-2009 to support 50 additional Supports for Community Living slots and \$1,913,600 in General Fund moneys and \$4,486,400 in Federal Funds in fiscal year 2009-2010 to support 50 additional Supports for Community Living slots for a total of 100 additional slots over the 2008-2010 fiscal biennium.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose.

(2) Michelle P. Waiver: Included in the above appropriation is \$5,246,500 in General Fund moneys and \$12,253,500 in Federal Funds in fiscal year 2008-2009 and \$5,232,500 in General Fund moneys and \$12,267,200 in Federal Funds in fiscal year 2009-2010 to support the Michelle P. waiver program.

(3) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2008-2009 shall not lapse but shall be carried forward into the next fiscal year.

(4) **Disproportionate Share Hospital Program:** Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law.

(5) **Hospital Indigent Patient Billing:** Hospitals shall not bill patients for services if the services have been reported to the Cabinet and the hospital has received disproportionate share payments for the specific services.

(6) **Provider Tax Information:** Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that it has paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for Medicaid Services during the same period the provider tax was paid. Providers who fail to meet this requirement shall be excluded from the Disproportionate Share Hospital and Medicaid Programs. The Cabinet for Health and Family Services shall include this provision in facilities' annual licensure inspections.

(7) **Quality and Charity Care Trust Fund:** No hospital shall be reimbursed from both the Quality and Charity Care Trust Fund and the Disproportionate Share Hospital Program for the same service to the same patient. Any hospital that willfully violates this provision shall be subject to a penalty equal to three times the amount of the improper charge to the funds, which shall be credited to the General Fund. The Secretary of the Cabinet for Health and Family Services shall have the authority to secure the patient information as needed from the participating facilities in order to determine compliance and enforce this provision. Each facility billing and receiving reimbursements from the Quality and Charity Care Trust Fund shall be required to identify each patient by Social Security number and indicate whether the patient is classified as indigent or medically needy. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement so agree, the General Fund appropriation to fulfill the Commonwealth's contractual obligation relating to the Quality and Charity Care Trust Agreement or any portion thereof, together with any other funds paid to the Quality and Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be transferred to the Department for Medicaid Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant to its contractual provisions.

(8) **Kentucky Children's Health Insurance Program (KCHIP):** The Secretary of the Cabinet for Health and Family Services may transfer funds from Medicaid Benefits to the KCHIP General Fund or Restricted Funds appropriations to be used to match the Federal Funds allocation. These transfers may be made to cover both additional regular allocations and redistribution from the federal government. The Secretary shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to the transfer, the Secretary shall make the appropriate interim appropriation increase requests pursuant to KRS 48.630.

(9) **Intergovernmental Transfers (IGT's):** Any funds received through an IGT agreement between the Department for Medicaid Services and other governmental entities, in accordance with a federally approved State Plan amendment, shall be used to provide for the health and welfare of the citizens of the Commonwealth through the provision of Medicaid Benefits. Revenues from IGT's are contingent upon agreement by the parties and, when negotiated, the Secretary of the Cabinet for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630.

(10) **Medicaid Budget Analysis Reports:** The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur.

(11) **Medicaid Benefits Budget Deficit:** In the event Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Cabinet for Health and Family Services shall be empowered to recommend that reimbursement rates, optional services, eligibles, or programs be reduced or maintained at levels existing at the time of the projected deficit in order to avoid a budget deficit. The projected deficit shall be confirmed by the Office of State Budget Director. No service, eligible, or program reductions shall be implemented by the

Cabinet for Health and Family Services without written notice of such action to the Interim Joint Committee on Appropriations and Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and Family Services shall be reported, upon request, at the next meeting of the Interim Joint Committee on Appropriations and Revenue.

(12) Medicaid Benefits Budget Surplus: In the event Medicaid Benefits expenditures are less than available funds, the Secretary of the Cabinet for Health and Family Services may recommend the utilization of available funds to increase reimbursement rates, support program administration, or expand the Medicaid Program or the number of eligibles. No reimbursement rate, service, eligible, or program shall be increased without written approval of the State Budget Director and a report to the Interim Joint Committee on Appropriations and Revenue.

(13) Transfer of Medicaid Benefits Funds: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid program may be transferred from Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. The Secretary shall recommend any proposed transfer to the State Budget Director for approval prior to transfer. Such action shall be reported by the Cabinet for Health and Family Services to the Interim Joint Committee on Appropriations and Revenue.

(14) Critical Access Hospitals: Beginning with the effective date of this Act through June 30, 2010, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2008 with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

(15) Medicaid Copayments: Notwithstanding KRS 205.6312, the Department for Medicaid Services may impose copayments for services rendered to Medicaid recipients not to exceed the amounts permitted by federal authority.

(16) Acquired Brain Injury Long Term Care Waiver Program: Included in the above appropriation is \$1,948,700 in General Fund moneys and \$4,551,300 in Federal Funds in fiscal year 2008-2009 to support 50 individuals and \$5,606,300 in General Fund moneys and \$13,143,700 in Federal Funds in fiscal year 2009-2010 to support 100 additional individuals for a total of 150 slots over the 2008-2010 biennium.

(17) Medicaid Pharmacy: Notwithstanding KRS 205.6312(4), a pharmacy provider participating in the Medical Assistance Program shall not be required to serve an eligible recipient if the recipient does not make the required copayment at the time of service, except for an initial encounter when a recipient presents a condition which could result in harm to the recipient if left untreated, in which case the pharmacist shall dispense a 72 hour emergency supply of the required medicine. The recipient may then return to the pharmacy with the necessary copayment to obtain the remainder of the prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of both the emergency supply and the remainder of the prescription.

(18) Urban Trauma Center: Included in the above appropriation is funding to provide for payments for costs associated with operating an urban trauma center hospital as defined in 907 KAR 1:013. Payments are conditional upon availability of state matching funds and the ability to receive federal financial participation for such payments.

(19) Medicaid State Match for Preventive Services By Local and District Health Departments: Included in the above appropriation in each year of the fiscal biennium are the total state matching funds required to fully support preventive health services provided to Medicaid recipients through local and district health departments. Such services shall continue, at a minimum, at the current level.

(20) Appeals: An appeal from denial of a service or services provided by a Medicaid managed care organization for medical necessity, or denial, limitation, or termination of a health care service in a case involving a medical or surgical specialty or subspecialty, shall, upon request of the recipient, authorized person, or provider, include a review by a board-eligible or board-certified physician in the appropriate specialty or subspecialty area; except in the case of a health care service rendered by a chiropractor or optometrist, in which case, the denial shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The physician reviewer shall not have participated in the initial review and denial of service and shall not be the provider of service or services under consideration in the appeal.

TOTAL - MEDICAID SERVICES

2007-08

2008-09

2009-10

General Fund	112,000,000	1,223,700,300	1,319,141,200
Restricted Funds	5,821,700	399,744,800	379,696,100
Federal Funds	185,455,300	3,577,056,800	3,766,040,300
TOTAL	303,277,000	5,200,501,900	5,464,877,600

4. MENTAL HEALTH AND MENTAL RETARDATION SERVICES

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	975,000	975,000
General Fund	4,409,600	199,831,300	199,035,300
Restricted Funds	-0-	227,844,600	229,704,900
Federal Funds	-0-	43,120,600	39,920,600
TOTAL	4,409,600	471,771,500	469,635,800

(1) **Disproportionate Share Hospital Funds:** Mental health disproportionate share funds are budgeted at the maximum amounts permitted by the Federal Balanced Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection Act of 2000 and the Medicare Modernization Act of 2003, in the amount of \$34,567,300 in each fiscal year.

(2) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(3) **Replacement of Eastern State Hospital:** The Commonwealth recognizes the statutory role of community mental health/mental retardation boards in providing mental health and mental retardation services across the Commonwealth. Notwithstanding any other provision of law to the contrary, the Secretary of the Cabinet for Health and Family Services shall solicit a proposal from the Bluegrass Regional Mental Health and Mental Retardation (MH/MR) Board, Inc. to operate a new Eastern State Facility constructed to replace the existing Eastern State Hospital facility.

Notwithstanding any other provision of law to the contrary, upon a finding by the secretary that the proposal meets programmatic requirements for the anticipated population and its needs and upon a further finding that the financial provisions are satisfactory, the cabinet may enter into a contractual arrangement with Bluegrass Regional MH/MR Board, Inc. to operate the facility without soliciting competing proposals.

The replacement of the Eastern State Hospital facility as set forth in Part II, Capital Projects Budget, of this Act shall include the establishment of a 12 bed post-acute intensive rehabilitation unit for acquired brain injured individuals that shall provide on-going active therapy aimed at maximizing recovery and at returning patients to home, work, or school, similar to programs in Carbondale, Illinois and Irving, Texas.

(4) **Prior Notice Process for Changes to the Operations of Central State Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled:** Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and 210.045(2), the 60 day notice requirement contained in KRS 210.045 shall be suspended until July 1, 2010, for changes to Central State Hospital ICF MR/DD as referenced in subsection (5) of this section. However, the remaining provisions of KRS 210.045 shall continue to be in effect.

(5) **Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled:** The Cabinet for Health and Family Services shall procure, through the process established by KRS Chapter 45A, a contractual arrangement for a nonstate agency to construct residential units to accommodate the transfer of licensed ICF MR/DD beds from and associated patients at Central State Hospital to the Hazelwood campus. This contract shall include the construction of an outpatient psychiatric and medical health clinic and an outpatient psychiatric dental clinic on the campus of Hazelwood ICF MR/DD.

Included in the above General Fund appropriation is \$400,000 in fiscal year 2008-2009 for site preparation for the Hazelwood ICF MR/DD project and \$884,000 in fiscal year 2009-2010 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(6) **Rental Payments:** If the new mental health facility to replace Eastern State Hospital as authorized in this Act is occupied by the Cabinet for Health and Family Services during the 2008-2010 fiscal biennium, all associated rental payments shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(7) **Glasgow State Nursing Facility:** The Secretary of the Cabinet for Health and Family Services shall develop and submit a plan by December 1, 2008, to the Legislative Research Commission, for referral to the appropriate committee, to replace Glasgow State Nursing Facility. Should such plan call for the facility to be located elsewhere, before any action to relocate the associated beds and patients shall occur, justification of cost and economic effects on the Glasgow community shall be addressed.

5. PUBLIC HEALTH

	2008-09	2009-10
General Fund (Tobacco)	16,856,300	17,078,900
General Fund	71,409,200	71,609,200
Restricted Funds	85,038,600	85,100,800
Federal Funds	184,332,900	184,604,000
TOTAL	357,637,000	358,392,900

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in each fiscal year for the Health Access Nurturing Development Services Program, \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives, \$2,313,400 in each fiscal year for Universal Children's Immunizations, \$400,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in fiscal year 2009-2010 for Early Childhood Mental Health, \$510,500 in each fiscal year for Early Childhood Oral Health, \$1,000,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program, and \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for the Reach Out and Read Program.

(2) **Local and District Health Department Payments:** The Department for Public Health shall not impose a cap or other restriction on the number or amount of services that a local or district health department may provide. The Department for Public Health shall submit all requests for payment for services provided to the Department for Medicaid Services that are submitted by a local or district health department.

(3) **Medicaid State Match for Preventive Services Through Local and District Health Departments:** Included in the Medicaid Benefits appropriation as set forth in Part I, H., 3., b., of this Act is the total General Fund state matching dollars required in each fiscal year to fully support preventive health services provided to Medicaid recipients through local and district health departments.

(4) **Kentucky Prescription Drug Patient Assistance Program:** Included in the above General Fund appropriation is \$400,000 in fiscal year 2008-2009 and \$600,000 in fiscal year 2009-2010 to continue the Kentucky Prescription Drug Patient Assistance Program. The purpose of these funds shall be to consolidate all programs in the Cabinet for Health and Family Services that assist individuals in obtaining free or reduced price prescription drugs and to make at least \$150,000 in grants available each year of the biennium to local agencies and organizations that are providing these services in a manner that has the potential for expansion or adoption on a statewide basis. Progress in implementing this system, including the amount of free drugs retained by each local agency or organization, shall be reported on a semi-annual basis to the Interim Joint Committees on Appropriations and Revenue and Health and Welfare.

(5) **Colon Cancer Screening Program:** The Department for Public Health shall explore the possibility of establishing a colon cancer screening program to provide screening services to uninsured individuals age 50 to 64 and others at high risk. The Secretary of the Cabinet for Health and Family Services shall determine if funding is available for this program.

6. HEALTH POLICY

	2008-09	2009-10
General Fund	553,000	583,300

Restricted Funds	578,700	578,700
TOTAL	1,131,700	1,162,000

(1) **Voluntary Relinquishment of a Certificate of Need or Licensure:** Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility, revocation of a certificate of need, or revocation of licensure, the beds, equipment, and services provided by the closed facility shall be reserved for applications for any certificate of need to reestablish the same services, in whole or part, in the same county as the closed health facility.

7. HUMAN SUPPORT SERVICES

	2008-09	2009-10
General Fund (Tobacco)	175,000	175,000
General Fund	7,534,600	7,555,300
Restricted Funds	626,000	626,000
Federal Funds	3,902,700	3,909,700
TOTAL	12,238,300	12,266,000

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for the Children's Advocacy Centers.

8. OMBUDSMAN

	2008-09	2009-10
General Fund	3,287,400	3,391,200
Restricted Funds	17,000	17,000
Federal Funds	2,126,000	2,192,900
TOTAL	5,430,400	5,601,100

9. DISABILITY DETERMINATION SERVICES

	2008-09	2009-10
Restricted Funds	65,800	65,800
Federal Funds	50,432,900	51,465,200
TOTAL	50,498,700	51,531,000

10. COMMUNITY BASED SERVICES

	2008-09	2009-10
General Fund (Tobacco)	8,970,400	9,220,400
General Fund	346,147,200	350,145,700
Restricted Funds	141,311,600	143,498,700
Federal Funds	533,312,100	536,884,300
TOTAL	1,029,741,300	1,039,749,100

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program.

(2) **Debt Service:** Included in the above General Fund appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Private Child Care Provider Reimbursement Rates:** Included in the above appropriation is \$3,800,000 in General Fund moneys, \$2,684,100 in Restricted Funds, and \$836,100 in Federal Funds in each fiscal year to continue private child care provider fiscal year 2007-2008 reimbursement rates.

11. AGING AND INDEPENDENT LIVING

	2008-09	2009-10
General Fund	32,878,100	32,914,800
Restricted Funds	2,515,600	2,515,600
Federal Funds	20,337,000	20,375,000
TOTAL	55,730,700	55,805,400

(1) **Local Match Requirements:** Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2007-2008. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match assurance.

TOTAL - HEALTH AND FAMILY SERVICES CABINET

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	30,121,700	30,641,600
General Fund	116,409,600	1,924,136,800	2,024,940,500
Restricted Funds	5,821,700	874,258,700	858,319,600
Federal Funds	185,455,300	4,456,748,400	4,647,901,200
TOTAL	307,686,600	7,285,265,600	7,561,802,900

I. JUSTICE AND PUBLIC SAFETY CABINET**Budget Units****1. JUSTICE ADMINISTRATION**

	2008-09	2009-10
General Fund (Tobacco)	1,923,400	1,923,400
General Fund	11,746,800	11,884,200
Restricted Funds	5,750,800	5,757,000
Federal Funds	8,999,200	9,008,500
TOTAL	28,420,200	28,573,100

(1) **Office of Drug Control Policy:** Included in the above Restricted Funds appropriation is \$1,800,000 in fiscal year 2008-2009 and \$1,800,000 in fiscal year 2009-2010 for regional Drug Courts in Kentucky's coal-producing counties.

(2) **Operation Unite:** Included in the above Restricted Funds appropriation is \$2,000,000 in each fiscal year for Operation Unite.

(3) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy.

(4) **Parole Board Members:** To efficiently utilize the parole process for nonviolent offenders, included in the above General Fund appropriation is \$200,000 in each fiscal year to add two full-time members and the necessary support staff to the Parole Board.

(5) **Parole Board Membership:** Notwithstanding KRS 439.320(1), the Governor shall appoint two additional full-time members to the Parole Board within 30 days of the effective date of this Act. The two full-time members shall be confirmed by the Senate in accordance with KRS 11.160.

(6) **Review of Cases:** Notwithstanding 501 KAR 1:30 Section 3(1)(a), a nonviolent offender convicted of a Class D felony with an aggregate sentence of one to five years confined to a state penal institution or county jail shall have his or her case reviewed by the Parole Board after serving 15 percent or two months of the original sentence, whichever is longer.

(7) **Civil Legal Services for Indigents:** Included in the above General Fund appropriation is \$500,000 in fiscal year 2008-2009 and \$500,000 in fiscal year 2009-2010 to provide free legal services for indigents.

2. CRIMINAL JUSTICE TRAINING

	2007-08	2008-09	2009-10
Restricted Funds	-0-	50,514,400	52,525,700
Federal Funds	55,700	1,957,400	1,962,900
TOTAL	55,700	52,471,800	54,488,600

(1) **Kentucky Law Enforcement Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$49,436,400 in fiscal year 2008-2009 and \$51,440,100 in fiscal year 2009-2010 for the Kentucky Law Enforcement Foundation Program Fund.

(2) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$3,100 in fiscal year 2008-2009 and \$3,100 in fiscal year 2009-2010 for each participant for training incentive payments.

(3) **Training Incentive Stipends - Justice and Public Safety Cabinet Personnel:** Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2) and (4), included in the above Restricted Funds appropriation is sufficient funding for a \$3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous devices investigators, Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement officers.

3. JUVENILE JUSTICE

	2008-09	2009-10
General Fund	85,248,600	87,468,800
Restricted Funds	15,879,700	16,948,100
Federal Funds	13,696,100	13,698,300
TOTAL	114,824,400	118,115,200

(1) **Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the above General Fund appropriation is \$300,000 in each fiscal year of the biennium for the support of the Mary Kendall Homes and \$300,000 in each fiscal year of the biennium for the support of Gateway Juvenile Diversion.

4. STATE POLICE

	2007-08	2008-09	2009-10
General Fund	2,583,400	68,591,800	73,926,400
Restricted Funds	4,434,500	17,031,600	17,079,900
Federal Funds	712,000	8,669,800	8,691,400
Road Fund	-0-	60,000,000	60,000,000
TOTAL	7,729,900	154,293,200	159,697,700

(1) **Call to Extraordinary Duty:** There is appropriated from the General Fund to the Department of Kentucky State Police, subject to the conditions and procedures provided in this Act, funds which are required as a result of the Governor's call of the Kentucky State Police to extraordinary duty when an emergency situation has been declared to exist by the Governor. Funding is authorized to be provided from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **State Police Personnel Training Incentive:** Included in the above Restricted Funds appropriation is sufficient funding for a \$3,100 annual training incentive stipend for state troopers, arson investigators, hazardous devices investigators, and legislative security specialists.

(3) **Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 160.151(1)(c), 189A.050(3)(a), and 237.110(15), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police.

(4) **Dispatcher Training Incentive:** Included in the above General Fund appropriation is sufficient funding for a \$3,100 annual training incentive stipend for dispatchers.

5. CORRECTIONS

a. Corrections Management

	2008-09	2009-10
General Fund	6,468,900	6,888,900
Restricted Funds	135,100	135,100
TOTAL	6,604,000	7,024,000

(1) **Debt Service:** Included in the above General Fund appropriation is \$270,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Appropriations Adjustments:** The General Assembly has determined that the Department of Corrections shall be permitted to adjust appropriations between the Community Services and Local Facilities budget unit and the Adult Correctional Institutions budget unit in fiscal year 2008-2009 and in fiscal year 2009-2010. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases or decreases shall be permitted. Any appropriations transferred or otherwise directed between these appropriation units shall be documented and justified in writing. No adjustments may be made except upon the prior written concurrence of the State Budget Director. The State Budget Director shall report the adjustments and the necessity of the adjustments to the Interim Joint Committee on Appropriations and Revenue.

(3) **Jailer Mental Health Screening Training:** The Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan, include in its duties recommendations for improvements in identifying, treating, housing, and transporting prisoners in jails and juveniles in detention centers with mental illness. Items to be reviewed shall include but not be limited to recommendations for statutory and regulatory changes, training and treatment funding, cost sharing, housing and transportation costs, appropriate treatment sites, and training requirements for local jailers and other officers of the court who may come in contact with persons incarcerated or in detention but deemed mentally ill.

The training shall continue to be delivered by Regional Mental Health/Mental Retardation Board staff to new jailers and new jail staff, except administrative support, on screening and responding to the needs of inmates with mental illness within six months of employment. Treatment services may also be provided for within this funding allocation.

b. Adult Correctional Institutions

	2007-08	2008-09	2009-10
General Fund	19,276,500	256,090,700	268,179,800
Restricted Funds	-0-	19,534,100	19,534,100
Federal Funds	45,500	1,903,700	1,903,700
TOTAL	19,322,000	277,528,500	289,617,600

(1) **Time Credit for Program Completion:** Notwithstanding KRS 197.045(1), the Department of Corrections shall provide an educational good time credit of 90 days to any prisoner who successfully receives a graduate equivalency diploma or a high school diploma, a two or four year certification in applied sciences, or a technical education diploma as provided and defined by the department, or completes a drug treatment program or

other treatment program as defined by the department that requires participation in the program of six months or more.

(2) **Meritorious Credit:** Notwithstanding KRS 197.045(3), an inmate may, at the discretion of the Commissioner of the Department of Corrections, be allowed a deduction from a sentence not to exceed seven days per month served for meritorious behavior, and may be allowed an additional deduction up to seven days per month served for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs.

(3) **Education Programs at Department of Corrections Facilities:** The Kentucky Community and Technical College System (KCTCS) shall provide adult basic education classes for the Department of Corrections which are aimed toward acquiring a general educational diploma (GED) and various technical trades aimed toward providing students with certifications and/or diplomas upon completion of qualifying examinations. The Department of Corrections may use training from providers other than KCTCS only in instances where a clearly defined educational or training need cannot be adequately addressed by KCTCS.

(4) **Canteen Fund Proceeds:** The Department of Corrections shall file semiannual reports with the Interim Joint Committee on Appropriations and Revenue detailing the revenues and expenditures from the Canteen Fund for each state-operated prison, private prison, and the central office of the department. The first report shall be due August 1, 2008, and shall provide financial information for the period of January 1, 2008, through June 30, 2008. Thereafter reports shall be filed every six months from the August 1, 2008, date.

(5) **Expungement of Dismissed Inmate Disciplinary Reports at Department of Corrections Institutions:** The warden of each Department of Corrections institution shall expunge inmate prison disciplinary reports that have been dismissed or otherwise ordered void, and shall further remove any reference to dismissed or voided disciplinary reports from inmate records.

(6) **Correctional Facility Expansion:** The Secretary of the Justice and Public Safety Cabinet shall develop and submit a plan to the Legislative Research Commission, for referral to the appropriate committee, which demonstrates the number of additional beds to be built by expanding any existing correctional facility, along with a proposal to decommission the same or a larger number of beds within the current system and reduce the population by the same number and classification of inmates that will inhabit any new or expanded facility. The Department of Corrections shall conduct a study to assess which existing facility would be best suited for expansion based on a cost benefit analysis, population assessment, and classification projection.

c. Community Services and Local Facilities

	2007-08	2008-09	2009-10
General Fund	5,033,800	146,076,800	149,410,300
Restricted Funds	-0-	2,799,800	2,796,500
Federal Funds	-0-	65,000	15,000
TOTAL	5,033,800	148,941,600	152,221,800

(1) **Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2008-2009 and fiscal year 2009-2010, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

(2) **Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$2,430,800 in fiscal year 2008-2009 and \$2,427,500 in fiscal year 2009-2010 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support consistent with contractual covenants in accordance with bond indentures of the Authority.

(3) **Substance Abuse Treatment Programs:** Included in the above General Fund appropriation is \$4,500,000 in additional funds in fiscal year 2008-2009 and \$5,000,000 in fiscal year 2009-2010 to provide substance abuse treatment for state felons housed in county jails and for the development and establishment of a secured

substance abuse recovery program for persons suffering from substance abuse who have been charged with a felony offense.

(4) Probation and Parole Credit: Notwithstanding KRS 439.344, the period of time spent on parole shall count as a part of the prisoner's remaining unexpired sentence when it is used to determine a parolee's eligibility for a final discharge from parole as set out in subsection (5) of this section or when a parolee is returned as a parole violator for a violation other than a new felony conviction.

(5) Minimum Expiration of Sentence: Notwithstanding KRS 439.354, a final discharge shall be issued when the prisoner has been out of prison on parole a sufficient period of time to have been eligible for discharge from prison by minimum expiration of sentence had he not been paroled, provided before this date he had not absconded from parole supervision or that a warrant for parole violation had not been issued by the board.

(6) Home Incarceration: Notwithstanding KRS 532.260(1)(b), any person convicted of a nonviolent, nonsexual Class C or Class D felony who is serving a sentence in a state-operated prison, contract facility, or county jail may, at the discretion of the Commissioner of the Department of Corrections, be eligible to serve his or her sentence outside the walls of the detention facility under the terms of home incarceration using an approved monitoring device as defined in KRS 532.200, if the felon has 180 days or less to serve on his or her sentence or, at the discretion of the Commissioner and the approval by the Secretary of the Justice and Public Safety Cabinet, if the felon has more than 180 days to serve on his or her sentence. Any person serving a sentence on home incarceration may, at the discretion of the Commissioner of the Department of Corrections, be allowed to leave his or her premises for gainful employment, and a reasonable and appropriate amount of the wages earned each pay period shall be used to pay restitution or child support as required by the court.

(7) Administration of Home Incarceration: The Department of Corrections may enter into agreements with private vendors, county jails, or other competent providers to administer and monitor offenders placed under home incarceration.

(8) Additional Savings from Home Incarceration: If actions resulting from subsection (6) of this section achieve more savings than are contemplated in the appropriations provided in this Act, funds may be expended by the Department of Corrections to increase funding for drug treatment programs in county jails and for a secured substance abuse recovery program.

d. Local Jail Support

	2008-09	2009-10
General Fund	15,940,000	15,940,000

(1) Inmate Medical Care Expenses: Included in the above General Fund appropriation is \$931,100 in fiscal year 2008-2009 and \$931,100 in fiscal year 2009-2010 for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and \$295,900 in fiscal year 2008-2009 and \$295,900 in fiscal year 2009-2010, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim which exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold. In no event shall this apply to expenses of an elective, as opposed to emergency, basis, and expenses shall be paid according to the Kentucky Medical Assistance Schedule.

(2) Local Jail Support: Included in the above General Fund appropriation is \$960,000 in each fiscal year of the biennium to provide a monthly payment of an annual amount of \$20,000 to each county with a life safety jail or a closed jail. The payment shall be in addition to the monthly payment required by KRS 441.206(2).

TOTAL - CORRECTIONS

	2007-08	2008-09	2009-10
General Fund	24,310,300	424,576,400	440,419,000
Restricted Funds	-0-	22,469,000	22,465,700
Federal Funds	45,500	1,968,700	1,918,700
TOTAL	24,355,800	449,014,100	464,803,400

6. VEHICLE ENFORCEMENT

	2008-09	2009-10
Restricted Funds	1,461,600	1,461,600
Federal Funds	6,071,000	6,054,200
Road Fund	13,881,500	13,881,500
TOTAL	21,414,100	21,397,300

(1) **Vehicle Enforcement Officers' Training Incentive:** Included in the above Restricted Funds appropriation is sufficient funding to provide a \$3,100 annual training incentive stipend for vehicle enforcement officers.

7. PUBLIC ADVOCACY

	2007-08	2008-09	2009-10
General Fund	1,801,000	31,741,100	35,679,400
Restricted Funds	35,200	4,301,900	4,300,000
Federal Funds	-0-	1,783,300	1,661,100
TOTAL	1,836,200	37,826,300	41,640,500

(1) **Compensatory Leave Conversion to Sick Leave:** If the Department of Public Advocacy determines that internal budgetary pressures warrant further austerity measures, the Public Advocate may institute a policy to suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

(2) **Lexington Public Defender's Office:** Included in the above General Fund appropriation is \$1,570,000 in fiscal year 2007-2008 and \$1,570,000 in each fiscal year of the 2008-2010 biennium for the operation of the Lexington Public Defender's Office.

TOTAL - JUSTICE AND PUBLIC SAFETY CABINET

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	1,923,400	1,923,400
General Fund	28,694,700	621,904,700	649,377,800
Restricted Funds	4,469,700	117,409,000	120,538,000
Federal Funds	813,200	43,145,500	42,995,100
Road Fund	-0-	73,881,500	73,881,500
TOTAL	33,977,600	858,264,100	888,715,800

J. PERSONNEL CABINET**Budget Units****1. GENERAL OPERATIONS**

	2008-09	2009-10
Restricted Funds	22,114,700	21,605,000
TOTAL	22,114,700	21,605,000

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2008-09	2009-10
Restricted Funds	6,930,400	7,236,200

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2008-09	2009-10
Restricted Funds	25,136,100	26,710,700

4. STATE SALARY AND COMPENSATION FUND

	2008-09	2009-10
General Fund	13,994,300	29,562,200

(1) **Kentucky Retirement System Employer Contribution Supplement:** The above General Fund appropriation provides a pool of funds to be allocated and distributed to employers of members of the Kentucky Employees Retirement System in hazardous and nonhazardous positions and employers of members of the State Police Retirement System to provide the required General Fund match for the increased employer contribution rates contained in and in accordance with the procedures contained in Part IV, State Salary/Compensation and Employment Policy, of this Act. The Secretary of the Personnel Cabinet shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue of the distribution of funds from this appropriation.

~~[(2) **Use of Funds:** No funds shall be distributed from the Kentucky Retirement System Employer Contribution Supplement of the State Salary and Compensation Fund, as set forth in subsection (1) of this section, unless the 2008 General Assembly adopts the provisions contained in 08 RS HB 600/SCS. If the funds appropriated to the State Salary and Compensation Fund are prohibited from distribution as a Kentucky Retirement System Employer Contribution Supplement those funds shall be transferred to the Budget Reserve Trust Fund at the end of each fiscal year.] (Veto No. 7)~~

5. STATE GROUP HEALTH INSURANCE FUND

	2008-09	2009-10
General Fund	2,080,700	2,080,700

(1) **Group Health Insurance:** The above General Fund appropriation is provided to support a dependent subsidy for full-time employees of quasi-governmental employers, excluding state agencies, participating in the State Group Health Insurance program. To participate in this fund, each quasi-governmental employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees.

TOTAL - PERSONNEL CABINET

	2008-09	2009-10
General Fund	16,075,000	31,642,900
Restricted Funds	54,181,200	55,551,900
TOTAL	70,256,200	87,194,800

K. POSTSECONDARY EDUCATION

Budget Units

1. COUNCIL ON POSTSECONDARY EDUCATION

	2008-09	2009-10
General Fund (Tobacco)	5,586,100	6,656,600
General Fund	53,946,000	59,089,800
Restricted Funds	8,753,200	8,928,600
Federal Funds	19,099,400	19,099,400
TOTAL	87,384,700	93,774,400

(1) **Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2007-2008 and fiscal year 2008-2009 to the Adult Education and Literacy Funding Program shall not lapse and shall carry forward.

Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2007-2008 and fiscal year 2008-2009 to the Science and Technology Funding Program shall not lapse and shall carry forward.

(2) Strategic Investment and Incentive Trust Funds Interest Income: Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, interest earnings in the amount of \$343,900 in fiscal year 2008-2009 and \$343,900 in fiscal year 2009-2010 shall be transferred from Strategic Investment and Incentive Trust Fund accounts included under these statutes to Agency Revenue accounts within the Council on Postsecondary Education budget unit in the following amounts and for the following specified purposes: \$105,500 in each fiscal year for the Minority Student College Preparation Program, \$188,400 in each fiscal year for the Southern Regional Board Doctoral Scholars Program, and \$50,000 in each fiscal year for the P-16 Council.

(3) Interest Earnings Transfer from the Strategic Investment and Incentive Trust Fund Accounts: Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the Strategic Investment and Incentive Trust Fund accounts in excess of appropriated amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

(4) Ovarian Cancer: Notwithstanding KRS 164.476, General Fund (Tobacco) moneys in the amount of \$975,000 in each fiscal year shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky. Of that amount, \$200,000 in each fiscal year shall be allotted for serum Ca-125 tests for women in families at or below 200 percent of the federal poverty level for whom the test has been prescribed by a health care practitioner.

(5) Debt Service: (a) Included in the above General Fund appropriation is \$4,936,000 in fiscal year 2009-2010 for new debt service to support new bonds for postsecondary education budget units as set forth in Part II, Capital Projects Budget, of this Act, except as provided in paragraph (b) of this subsection.

(b) Included in the above General Fund (Tobacco) appropriation is \$885,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Expand and Upgrade LDDC Phase II project and \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Renovate 4-H Camps project as set forth in Part II, J., 8., of this Act.

(c) Future debt service payments for the Renovate 4-H Camps project shall be provided from the General Fund. It is the intent of the General Assembly that in fiscal years 2010-2011 and 2011-2012, the debt service shall be provided from the General Fund.

(6) Allocation of Funds: The Council on Postsecondary Education shall allocate the funds provided in the above appropriation in a manner that maximizes the opportunity to receive federal matching funds.

(7) Postsecondary Education Debt: Notwithstanding KRS 45.750 to 45.810, in order to lower the cost of borrowing, any university that has issued or caused to be issued debt obligations through a not-for-profit corporation or a municipality or county government for which the rental or use payments of the university substantially meet the debt service requirements of those debt obligations is authorized to refinance those debt obligations if the principal amount of the debt obligations is not increased and the rental payments of the university are not increased. Any funds used by a university to meet debt obligations issued by a university pursuant to this subsection shall be subject to interception of state-appropriated funds pursuant to KRS 164A.608.

(8) Research Challenge Trust Fund: (a) The \$50,000,000 of General Fund-supported bond funds in fiscal year 2008-2009 for the Research Challenge Trust Fund provided in Part II, Capital Projects Budget, of this Act, shall be used to support the Endowment Match Program and the Research Capital Match Program as established in subsection (9) of this section.

(b) The combined funds for the Endowment Match Program and the Research Capital Match Program shall be apportioned between the University of Kentucky and the University of Louisville in accordance with KRS 164.7917(1)(c). Notwithstanding KRS 164.7917(2), prior to the issuance of bonds to support the Research Challenge Trust Fund, the Board of Trustees of each institution shall determine the allocation of funds to be used for the Endowment Match Program and the Research Capital Match Program and report that action to the Secretary of the Finance and Administration Cabinet, the President of the Council on Postsecondary Education, the Capital Projects and Bond Oversight Committee, and the Interim Joint Committee on Appropriations and Revenue.

(9) Research Capital Match Program: In accordance with KRS 164.7917(1)(a), the Council on Postsecondary Education shall create within the Research Challenge Trust Fund a separate, subsidiary Research

Capital Match Program and related account. The program shall provide funds to the University of Kentucky and the University of Louisville for research-related capital projects, including but not limited to laboratory renovation, fit-out of new and existing research space, and renovation of other research-related space. The Council on Postsecondary Education shall conduct the application, review, and award process in accordance with KRS 164.7917(2), except that, notwithstanding KRS 164.7917(2), the Research Capital Match Program funds provided to an institution shall be subject to a dollar-for-dollar match requirement. The council shall report awards under the Research Capital Match Program to the Secretary of the Finance and Administration Cabinet, the Capital Projects and Bond Oversight Committee, and the Interim Joint Committee on Appropriations and Revenue.

(10) Investment Disbursal of Research Challenge Trust Fund Proceeds: (a) The proceeds of the Research Challenge Trust Fund provided in Part II, Capital Projects Budget, of this Act shall be invested at the direction of the Council on Postsecondary Education.

(b) Upon receipt of certification from the president of a university stating that a formal commitment has been secured to provide the required matching funds under the Endowment Match Program, the council shall transfer funds from the Research Challenge Trust Fund Account to the university for management and investment by the university foundation, if a foundation has previously been created to manage and invest private gifts and donations on behalf of the university, otherwise by the university itself. Funds transferred to a university for the Endowment Match Program shall not be managed or invested by an independent board or foundation separate from the foundation previously created to manage and invest funds on behalf of the university. Only the investment earnings from the endowment created or expanded with funds from the Research Challenge Trust Fund and the required matching funds may be expended.

(c) Upon making an award to a university under the Research Capital Match Program in accordance with subsection (9) of this section, the Council shall transfer the funds from the Research Challenge Trust Fund Account to the university.

(11) Regional University Excellence Trust Fund: (a) The proceeds of the \$10,000,000 authorized in Part II, Capital Projects Budget, of this Act for the Regional University Excellence Trust Fund, shall be deposited in Regional University Trust Fund accounts for each institution as provided in KRS 164.7919(1)(a) and (b) and invested at the direction of the Council on Postsecondary Education until such time as the council receives a certification from the President of Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, or Western Kentucky University stating that a formal commitment has been secured by the university to provide the required matching funds.

(b) Upon receipt of the certification of the matching fund commitment, the council shall transfer the endowment funds from the account to the university for management and investment by the university foundation, if a foundation has been previously created to manage and invest private gifts and donations on behalf of the university, otherwise by the university itself. Funds transferred to a university for the Regional University Excellence Trust Fund Program shall not be managed or invested by an independent board or foundation separate from the foundation previously created to manage and invest funds on behalf of the university. Only the investment earnings from the endowments created or expanded with funds from the Regional University Excellence Trust Fund and the required matching funds may be expended.

(c) If 08 RS SB 157 is enacted and becomes law, then it is the General Assembly's intent that the "Regional University Excellence Trust Fund," as used in this Act, means the "Comprehensive University Excellence Trust Fund."

(12) Washington, D.C. Internship Program: Included in the above General Fund appropriation is \$100,000 in each fiscal year for scholarships to the Washington Center for Internships and Academic Seminars.

(13) Adult Education: Included in the above General Fund appropriation is \$23,526,000 in fiscal year 2008-2009 and \$23,526,000 in fiscal year 2009-2010 for the Kentucky Adult Education Funding Program.

(14) Contract Spaces: Included in the above General Fund appropriation is \$4,280,100 in fiscal year 2008-2009 and \$4,442,500 in fiscal year 2009-2010 for the Contract Spaces Program.

(15) Veterinary Medicine: If sufficient General Fund is not provided to fully fund 154 veterinary slots, the Council on Postsecondary Education shall fully fund the 154 slots out of the Council's base budget.

(16) Tuition at a Public Postsecondary Institution: An institution within the postsecondary education system as defined in KRS 164.001(16) that provides in-state tuition for nonresident children of graduates of the institution may provide the same in-state tuition for nonresident siblings of graduates.

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2008-09	2009-10
General Fund (Tobacco)	1,000,000	1,000,000
General Fund	180,992,100	183,809,000
Restricted Funds	31,312,900	30,218,600
Federal Funds	1,568,000	1,568,000
TOTAL	214,873,000	216,595,600

(1) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$60,262,000 in fiscal year 2008-2009 and \$60,262,000 in fiscal year 2009-2010 for the College Access Program.

(2) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$32,476,200 in fiscal year 2008-2009 and \$32,476,200 in fiscal year 2009-2010 for the Kentucky Tuition Grant Program.

(3) Teacher Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$1,777,100 in fiscal year 2008-2009 and \$1,777,100 in fiscal year 2009-2010 for the Teacher Scholarship Program.

(4) Kentucky National Guard Tuition Assistance Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$2,390,500 in fiscal year 2008-2009 and \$2,906,500 in fiscal year 2009-2010 for the National Guard Tuition Assistance Program. Included in the above Restricted Funds appropriation is \$2,354,000 in fiscal year 2008-2009 and \$1,838,000 in fiscal year 2009-2010 for the Kentucky National Guard Tuition Assistance Program. Notwithstanding KRS 164.7891, all repayments and interest deposited into the Osteopathic Medicine Scholarship Program shall be transferred to the Kentucky National Guard Tuition Assistance Program.

(5) Kentucky Education Excellence Scholarships (KEES): Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$82,205,900 in fiscal year 2008-2009 and \$84,506,800 in fiscal year 2009-2010 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is \$9,579,600 in fiscal year 2008-2009 and \$8,541,600 in fiscal year 2009-2010 for KEES.

(6) Work Study: Included in the above General Fund appropriation is \$850,000 in fiscal year 2008-2009 and \$850,000 in fiscal year 2009-2010 for the Work Study Program.

(7) Excess Lottery Revenues: Lottery revenues transferred to the Kentucky Higher Education Assistance Authority in excess of the sum of the General Fund amounts set forth in subsections (1), (2), (3), (4), and (5) of this section shall be allocated in accordance with KRS 154A.130(4)(b) and Part III, 34., of this Act. If the amount allocated to the KEES program exceeds the amount needed to fully fund KEES at the statutory individual award amounts, all excess funds shall be transferred to the KEES Reserve Trust Fund.

3. EASTERN KENTUCKY UNIVERSITY

	2008-09	2009-10
General Fund	77,245,100	77,999,500
Restricted Funds	134,387,500	142,755,500
Federal Funds	84,429,000	89,494,700
TOTAL	296,061,600	310,249,700

(1) Debt Service: Included in the above General Fund appropriation is \$2,009,400 in fiscal year 2008-2009 and \$2,029,200 in fiscal year 2009-2010 for debt service for previously issued bonds.

(2) **Community Operations Board:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2008-2009 and \$200,000 in fiscal year 2009-2010 to provide funds to the Community Operations Board for personnel and programmatic operations of the conferencing, meeting, and community areas, and the performing arts center located in Business/Technology Center, Phase II. The Business/Technology Center, Phase II shall be governed by the Community Operations Board. Members of the board shall serve without compensation and shall not be reimbursed for expenses incurred in performance of their duties. The board shall establish policies and procedures for board operations and for facility use. The board shall make all decisions regarding use of the Business/Technology Center, Phase II including the conferencing and community areas and the performing arts center and shall make all decisions regarding personnel and programmatic operations of the conferencing and community areas and the performing arts center. The board is attached to Eastern Kentucky University for administrative purposes and the university shall provide all facility maintenance and operations costs.

4. KENTUCKY STATE UNIVERSITY

	2008-09	2009-10
General Fund	26,927,100	27,180,100
Restricted Funds	20,520,900	20,520,900
Federal Funds	15,219,100	15,219,100
TOTAL	62,667,100	62,920,100

(1) **Debt Service:** Included in the above General Fund appropriation is \$909,900 in fiscal year 2008-2009 and \$908,900 in fiscal year 2009-2010 for debt service for previously issued bonds.

5. MOREHEAD STATE UNIVERSITY

	2008-09	2009-10
General Fund	46,682,100	47,002,000
Restricted Funds	74,170,500	78,125,000
Federal Funds	60,092,700	60,557,700
TOTAL	180,945,300	185,684,700

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,140,600 in fiscal year 2008-2009 and \$1,015,800 in fiscal year 2009-2010 for debt service for previously issued bonds.

6. MURRAY STATE UNIVERSITY

	2008-09	2009-10
General Fund	52,943,200	53,460,200
Restricted Funds	88,589,400	92,929,200
Federal Funds	12,542,800	12,934,400
TOTAL	154,075,400	159,323,800

7. NORTHERN KENTUCKY UNIVERSITY

	2008-09	2009-10
General Fund	54,922,000	55,442,300
Restricted Funds	145,519,600	157,370,300
Federal Funds	15,831,200	18,431,200
TOTAL	216,272,800	231,243,800

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,608,500 in fiscal year 2008-2009 and \$2,618,000 in fiscal year 2009-2010 for debt service for previously issued bonds.

8. UNIVERSITY OF KENTUCKY

	2008-09	2009-10
General Fund (Tobacco)	250,000	250,000
General Fund	321,252,600	324,366,500
Restricted Funds	1,613,017,100	1,686,297,400
Federal Funds	199,845,100	209,837,400
TOTAL	2,134,364,800	2,220,751,300

(1) **Debt Service:** Included in the above General Fund appropriation is \$4,649,100 in fiscal year 2008-2009 and \$4,682,400 in fiscal year 2009-2010 for debt service for previously issued bonds for the University of Kentucky and for Lexington Community College.

(2) **Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4588(2) and (4), included in the above General Fund appropriation is \$300,000 in each fiscal year for the Mining Engineering Scholarship from coal severance tax revenues of the General Fund.

(3) **Robinson Scholars Program:** Notwithstanding KRS 45.4592, included in the above General Fund appropriation is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 from the Local Government Economic Development Fund for the Robinson Scholars Program.

9. UNIVERSITY OF LOUISVILLE

	2008-09	2009-10
General Fund	185,423,000	186,787,700
Restricted Funds	581,119,400	602,808,300
Federal Funds	119,679,900	123,628,500
TOTAL	886,222,300	913,224,500

(1) **Debt Service:** Included in the above General Fund appropriation is \$7,500,600 in fiscal year 2008-2009 and \$7,348,800 in fiscal year 2009-2010 for debt service for previously issued bonds.

(2) **Quality and Charity Care Trust Agreement:** Included in the above General Fund appropriation is \$20,246,500 in fiscal year 2008-2009 and \$20,204,000 in fiscal year 2009-2010 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished via the Quality and Charity Care Trust Agreement. The amount in fiscal year 2008-2009 includes \$403,600 to accommodate underfunding provided in fiscal year 2007-2008.

Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality and Charity Trust Agreement in fiscal year 2008-2009 shall not lapse but shall carry forward.

10. WESTERN KENTUCKY UNIVERSITY

	2008-09	2009-10
General Fund	82,296,300	83,371,600
Restricted Funds	206,289,900	217,857,100
Federal Funds	38,898,000	41,424,000
TOTAL	327,484,200	342,652,700

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,670,000 in fiscal year 2008-2009 and \$1,958,100 in fiscal year 2009-2010 for debt service for previously issued bonds.

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2008-09	2009-10
General Fund	219,317,600	224,429,700
Restricted Funds	306,312,100	319,979,700
Federal Funds	153,788,100	165,492,200

TOTAL	679,417,800	709,901,600
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(1) Firefighters Foundation Program Fund: Included in the above Restricted Funds appropriation is \$29,331,400 in fiscal year 2008-2009 and \$30,364,600 in fiscal year 2009-2010 for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.250(1), supplemental payments for each qualified professional firefighter under the Firefighters Foundation Program Fund shall be \$3,100 in fiscal year 2008-2009 and \$3,100 in fiscal year 2009-2010. Notwithstanding KRS 95A.200 to 95A.300, \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 from the Firefighters Foundation Program Fund is authorized to be expended on firefighter training, equipment, and support activities. Notwithstanding KRS 95A.200 to 95A.300, an additional \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 from the Firefighters Foundation Program Fund is authorized to be spent on a comprehensive physical aptitude test program for firefighters.

(2) Firefighters Training Center Fund: Notwithstanding KRS 95A.200 to 95A.265, \$500,000 in Restricted Funds is provided in each fiscal year of the 2008-2010 fiscal biennium for the Firefighters Training Center Fund.

(3) Conveyance of Property: (a) Notwithstanding KRS 164A.575 or KRS Chapter 45A, the Kentucky Community and Technical College System may convey fee simple title to certain of its real property located within the City of Covington, Kentucky, to the Gateway Community and Technical College Foundation, a Kentucky not-for-profit corporation, for future consideration as determined reasonable by the President of the Kentucky Community and Technical College System who is hereby authorized to execute all necessary documents and take all necessary action to complete the foregoing conveyance. All moneys accruing to the Kentucky Community and Technical College System as a result of the conveyance shall be used to support capital construction projects on the Covington campus of the Gateway Community and Technical College. The Kentucky Community and Technical College System shall report a capital construction project that uses funds received from the conveyance to the Capital Projects and Bond Oversight Committee.

(b) Notwithstanding KRS 164A.575 or KRS Chapter 45A, the Kentucky Community and Technical College System may convey to the Hopkins County Board of Education fee simple title to certain of its real property and improvements that will become surplus to Madisonville Community College upon the completion of construction of the new Energy and Advanced Technology Center facility on the main campus of the college. The conveyance shall be completed at a price that is acceptable to both parties at fair market value. Madisonville Community College shall receive for college use the proceeds from the conveyance of the real property and improvements.

(4) Salary Increases: It is the intent of the 2008 General Assembly that employees of the Kentucky Community and Technical College System (KCTCS) who are in the University of Kentucky personnel system shall be treated the same, with respect to compensation plans and salary increases implemented by KCTCS, as all other employees of KCTCS. Specifically, KCTCS shall not utilize the practice of providing lower salary increases to KCTCS employees who are in the University of Kentucky personnel system in order to offset money paid to the University of Kentucky for the cost of providing health insurance to these employees.

KCTCS shall make no distinction in compensation plans or salary increases among its employees based upon the personnel system to which they belong, except that KCTCS may make up the lower salary increases given in the past to those employees of KCTCS in the University of Kentucky personnel system which were based upon reimbursing the University of Kentucky for the cost of providing health insurance.

TOTAL - POSTSECONDARY EDUCATION

	2008-09	2009-10
General Fund (Tobacco)	6,836,100	7,906,600
General Fund	1,301,947,100	1,322,938,400
Restricted Funds	3,209,992,500	3,357,790,600
Federal Funds	720,993,300	757,686,600
TOTAL	5,239,769,000	5,446,322,200

L. TRANSPORTATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND SUPPORT

	2008-09	2009-10
Restricted Funds	48,900	22,000
Federal Funds	7,808,300	5,966,500
Road Fund	74,390,100	74,769,900
TOTAL	82,247,300	80,758,400

(1) Biennial Highway Construction Programs: The Secretary of the Transportation Cabinet is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2008-2010 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2008-2009 through fiscal year 2013-2014 as identified by the 2008 General Assembly. This document shall mirror in data type and format the fiscal year 2006-2012 Recommended Six-Year Highway Plan as submitted to the 2006 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2008 Regular Session of the General Assembly.

The Secretary of the Transportation Cabinet is further directed to report quarterly to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation all activity, as prescribed by KRS 176.430, relating to all projects with open activity conducted by the Transportation Cabinet during the biennium, including the year each project phase was enacted in a Six-Year Highway Plan. Pursuant to KRS 48.800(5), the Transportation Cabinet shall submit the electronic quarterly report in a format prescribed by the Legislative Research Commission.

(2) Debt Service: Included in the above Road Fund appropriation is \$7,303,300 in fiscal year 2008-2009 and \$7,287,900 in fiscal year 2009-2010 for debt service on previously authorized bonds for the new Transportation Cabinet office building and parking structure.

(3) Adopt-A-Highway Litter Program: The Transportation Cabinet and the Environmental and Public Protection Cabinet may receive, accept, and solicit grants, contributions of money, property, labor, or other things of value from any governmental agency, individual, nonprofit organization, or private business to be used for the Adopt-a-Highway Litter Program or other statewide litter programs. Any contribution of this nature shall be deemed to be a contribution to a state agency for a public purpose and shall be treated as Restricted Funds under KRS Chapter 45 and reported according to KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter 11A.

(4) SAFE Patrol Program: The Transportation Cabinet shall continue the SAFE Patrol Program at the current service level. The primary mission of the cabinet's SAFE Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only assistance services on interstates, parkways, and other limited-access highways.

2. AVIATION

	2008-09	2009-10
Restricted Funds	3,691,800	3,723,500
Federal Funds	15,000	15,000
Road Fund	11,414,100	11,313,300
Highway Bond	60,000,000	-0-
TOTAL	75,120,900	15,051,800

(1) Operational Costs: Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

(2) Aviation Plan Project Report: The Secretary of the Transportation Cabinet is directed to report quarterly to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation all activity relating to all aviation projects with open activity conducted by the Transportation Cabinet during the biennium, including the year each project phase was enacted in a Six-Year Aviation Plan. The Transportation Cabinet shall submit the electronic quarterly report in a format prescribed by the Legislative Research Commission.

(3) **Six-Year Aviation Plan:** The Transportation Cabinet's Aviation Development Program shall prioritize and fund airport projects from appropriated Road Fund resources in the designated fiscal year as included in the 2008-2014 Six-Year Aviation Plan.

(4) **Economic Development Road Bond Debt Service:** Included in the above Road Fund appropriation is \$2,652,000 in fiscal year 2008-2009 and \$5,304,000 in fiscal year 2009-2010 for Economic Development Road lease-rental payments relating to projects financed by \$60,000,000 in Economic Development Road Revenue Bonds.

3. DEBT SERVICE

	2008-09	2009-10
Road Fund	148,513,000	136,599,000

(1) **Resource Recovery Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$9,086,400 in fiscal year 2008-2009 for Resource Recovery Road lease-rental payments. The Secretary of the Transportation Cabinet shall use Road Fund resources to meet the lease-rental payments to the Kentucky Turnpike Authority for Resource Recovery Road projects in the amount certified by the Transportation Cabinet, pursuant to KRS 143.090. However, if Road Fund resources are not sufficient to meet lease-rental payments, the additional amount required to meet the obligation shall be transferred from the proceeds of the tax levied on the severance or processing of coal by KRS 143.020.

(2) **Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$139,426,600 in fiscal year 2008-2009 and \$134,389,000 in fiscal year 2009-2010 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

(3) **Economic Development Road Bond Debt Service:** Included in the above Road Fund appropriation is \$2,210,000 in fiscal year 2009-2010 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$50,000,000 in Economic Development Road Revenue Bonds.

(4) **Excess Lease-Rental Payments:** Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction Account.

(5) **Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2008-2010 fiscal biennium.

4. HIGHWAYS

	2007-08	2008-09	2009-10
General Fund	-0-	-0-	442,000
Restricted Funds	37,960,400	79,076,700	80,181,800
Federal Funds	4,216,800	686,029,100	720,009,500
Road Fund	98,100	680,624,200	755,167,500
Highway Bond	-0-	50,000,000	-0-
TOTAL	42,275,300	1,495,730,000	1,555,800,800

(1) **Debt Service:** Included in the above Federal Funds appropriation is \$44,323,900 in fiscal year 2008-2009 and \$43,901,500 in fiscal year 2009-2010 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) **State Supported Construction Programs:** Included in the above Road Fund appropriation is \$289,434,000 in fiscal year 2008-2009 and \$334,358,400 in fiscal year 2009-2010 for the State Supported Construction Program.

(3) **State Resurfacing Program:** Included in the State Supported Construction Program in subsection (2) of this section is \$97,000,000 in fiscal year 2008-2009 and \$107,000,000 in fiscal year 2009-2010 from the Road Fund for the State Resurfacing Program.

(4) **Biennial Highway Construction Program:** Included in the State Supported Construction Program in subsection (2) of this section is \$161,434,000 in fiscal year 2008-2009 and \$196,358,400 in fiscal year 2009-2010 from the Road Fund for state construction projects in the fiscal biennium 2008-2010 Biennial Highway Construction Program. ~~[Notwithstanding KRS 224.43-505, no funds to support the Kentucky Pride Fund are included in the above Road Fund appropriation.] (Veto No. 8)~~

(5) **Highway Construction Contingency Account:** Included in the State Supported Construction Program in subsection (2) of this section is \$31,000,000 in fiscal year 2008-2009 and \$31,000,000 in fiscal year 2009-2010 for the Highway Construction Contingency Account. ~~[Included in the above Road Fund appropriation is \$5,000,000 in each fiscal year to support the Kentucky Pride Fund created in KRS 224.43-505.] (Veto No. 8)~~ The Transportation Cabinet may deposit \$4,000,000 from the Highway Construction Contingency Account in each fiscal year to the Industrial Road Access Account within the Transportation Cabinet. The Industrial Road Access Account funds are designated to be used solely by the Secretary of the Economic Development Cabinet. These funds may be expended, encumbered, or committed only upon the direction of the Secretary of the Economic Development Cabinet to the Secretary of the Transportation Cabinet. The Secretary of the Economic Development Cabinet may request from the Secretary of the Transportation Cabinet additional funds to be deposited to the Industrial Road Access Account if the funds are necessary to meet specific economic development opportunities in a local community. Notwithstanding KRS 45.229, any funds not expended from the Industrial Road Access Account prior to June 30, 2009, shall not lapse to the State Highway Construction Program, but shall remain in the Industrial Road Access Account and carry forward into fiscal year 2009-2010. Included in the above Road Fund appropriation is \$98,000 in fiscal year 2008-2009 for use by Mammoth Caves National Park to provide a 20 percent state-funded match for federal funds designated for planning and for design phases for dredging and reconstruction and improvements to the Green River Ferry loading ramps for year-round operation of the ferry.

(6) **2008-2010 Biennial Highway Construction Plan:** Projects in the enacted 2006-2008 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2008-2010 fiscal biennium.

(7) **Kentucky Transportation Center:** Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is \$290,000 in fiscal year 2008-2009 and \$290,000 in fiscal year 2009-2010 for the Kentucky Transportation Center.

(8) **New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3), included in the above Restricted Funds appropriation is \$1,500,000 in fiscal year 2008-2009 and \$1,500,000 in fiscal year 2009-2010 from the sale of surplus equipment to purchase new highway equipment.

(9) **State Match Provisions:** The Transportation Cabinet is authorized to utilize state construction moneys or Toll Credits to match federal highway moneys.

(10) **Federal Aid Highway Funds:** If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific money shall be used on the project identified; (b) All projects identified for federal funding in the fiscal biennium 2008-2010 Biennial Highway Construction Plan shall be given first priority; and (c) All other funds shall be used to ensure that projects in the fiscal biennium 2008-2010 Biennial Highway Construction Plan are funded.

(11) **Road Fund Cash Management:** The Secretary of the Transportation Cabinet is authorized to continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2008-2010 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary is directed to continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided.

(12) **Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229, unexpended Road Fund appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2007-2008 and in fiscal year 2008-2009 shall not lapse but shall carry forward. Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2007-2008 and in fiscal year 2008-2009, up to the amount of ending cash balances and grant balances shall not lapse but shall carry forward.

(13) Kentucky Pride Program Report: The Environmental and Public Protection Cabinet shall provide to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation a program and financial status report of all expenditures related to the Kentucky Pride Fund. The status report shall be provided to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation no later than October 1 of each year.

(14) Miscellaneous Road Fund Projects: (a) The Transportation Cabinet may undertake the following miscellaneous road projects using the Highway Construction Contingency appropriation contained therein:

1. Fayette County Traffic Control Device: Install a traffic light at the intersection of Georgetown Road and Spurr Road for \$50,000 from Road Fund resources in fiscal year 2008-2009;

2. Fayette County Traffic Control Device: Install a left turn signal at the intersection of Russell Cave Road and Asbury Lane for \$6,000 from Road Fund resources in fiscal year 2008-2009;

3. Fayette County Traffic Control Device: Install a left turn signal at the intersection of Broadway and Third Street for \$6,000 from Road Fund resources in fiscal year 2008-2009;

4. Jefferson County Traffic Control Device: Install a left turn signal on both sides of the traffic control signal at the intersection of Eastern Parkway and Bardstown Road for \$12,000 from Road Fund resources in fiscal year 2008-2009;

5. Jefferson County Traffic Control Device: Install a right turn lane at Terry Road and Greenwood Road for \$75,000 from Road Fund resources in fiscal year 2008-2009;

6. Jefferson County Traffic Control Device: Install a left turn lane at St. Andrews Church Road and St. Anthony Road for \$150,000 from Road Fund resources in fiscal year 2008-2009;

7. Jefferson County Railroad Crossing: Reimburse \$80,000 to Louisville Metro Government, from Road Fund resources in fiscal year 2008-2009, for improvements to the Norfolk Southern Railroad crossing on Breckenridge Lane near the intersection of Breckenridge Lane and Six Mile Lane. The improvements shall include the rehabilitation and beautification of all sidewalks, drainage, landscaping, replacement or refurbishing of handrails, curbs, and retaining walls;

8. Kenton County Traffic Control Device: Install a traffic light at the intersection of Adela Street and Oak Street in Ludlow for \$22,000 from Road Fund resources in fiscal year 2008-2009;

9. Kenton County Sidewalks: Construct sidewalks on the northwest side of Adela Street from the Ludlow Independent School District to City Park in Ludlow for \$50,000 from Road Fund resources in fiscal year 2008-2009;

10. Kenton County Sidewalk and Brick Repair: Provide for transportation enhancement and beautification by repairing or replacing the historic brick and sidewalk located in the 500 block of Linden Street from Adela Street to Helen Street for \$100,000 from Road Fund resources in fiscal year 2008-2009; and

11. Clark County Traffic Control Device: Install a four-way traffic signal at the intersection of KY 1958 and KY 1960.

(b) The Transportation Cabinet shall follow the original plans for Scott County Project Number 7-102.10 as identified in the 2008-2014 Highway Road Plan. The Georgetown Northwest Bypass shall extend directly northward from the existing US 60/US 460 bypass intersection before proceeding to the existing KY 32. With the safety and protection of school children being of the utmost concern to the citizens of the Commonwealth, the Transportation Cabinet shall require the Georgetown Northwest Bypass project to provide adequate ingress to and egress from Western Elementary School.

(15) Wetland Restoration Debt Service: Included in the above appropriation is \$442,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(16) Innovative Financing: The Secretary of the Transportation Cabinet, or his or her designee, shall be authorized to update the initial financial plan utilizing toll revenues as an available funding source for the Louisville-Southern Indiana Ohio River Bridges Project.

(17) Interlocal Cooperative Agreement: Any local government may be permitted to enter into an interlocal cooperative agreement with the Transportation Cabinet to maintain traffic control devices on state-maintained roads

within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the contracted cost of such maintenance. The agreement may permit local governments to make temporary repairs to state-maintained road surfaces within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the contracted cost of the temporary repairs. The Transportation Cabinet shall report all interlocal cooperative agreements entered into under this subsection to the Interim Joint Committee on Transportation within seven days of the agreement being finalized. The report shall include the local government requesting the assistance from the Cabinet, the scope and estimated cost of the service or repair, and the reasons for the necessity of the agreement.

5. JUDGMENTS

(1) **Payment of Judgments:** Road Fund resources required to pay judgments shall be transferred from the State Construction Account at the time when actual payments must be disbursed from the State Treasury.

6. PUBLIC TRANSPORTATION

	2007-08	2008-09	2009-10
General Fund	-0-	5,178,200	5,178,200
Restricted Funds	-0-	505,600	522,500
Federal Funds	33,600	30,907,800	30,944,100
TOTAL	33,600	36,591,600	36,644,800

(1) **Toll Credits:** The Transportation Cabinet is authorized to maximize to the extent necessary the use of Toll Credits to match Federal Funds for transit systems capital grants.

(2) **Nonpublic School Transportation:** Included in the above General Fund appropriation is \$2,950,000 in fiscal year 2008-2009 and \$2,950,000 in fiscal year 2009-2010 for nonpublic school transportation.

7. REVENUE SHARING

	2008-09	2009-10
Road Fund	287,698,900	318,070,100
TOTAL	287,698,900	318,070,100

(1) **County Road Aid Program:** Included in the above Road Fund appropriation is \$108,618,300 in fiscal year 2008-2009 and \$120,156,400 in fiscal year 2009-2010 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by \$38,000 in fiscal year 2008-2009 and \$38,000 in fiscal year 2009-2010, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(2) **Rural Secondary Program:** Included in the above Road Fund appropriation is \$131,766,500 in fiscal year 2008-2009 and \$145,763,600 in fiscal year 2009-2010 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. ~~These funds shall be set aside for the construction, reconstruction, and maintenance of state-maintained secondary and rural roads and for no other purpose, and shall be expended for these purposes by the Transportation Cabinet according to the terms and conditions prescribed in KRS 177.320 to 177.360.~~ (Veto No. 9) Notwithstanding KRS 177.320(1), the above amounts have been reduced by \$46,000 in fiscal year 2008-2009 and \$46,000 in fiscal year 2009-2010, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(3) **Municipal Road Aid Program:** Included in the above Road Fund appropriation is \$45,702,800 in fiscal year 2008-2009 and \$50,557,600 in fiscal year 2009-2010 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been reduced by \$16,000 in fiscal year 2008-2009 and \$16,000 in fiscal year 2009-2010, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(4) **Energy Recovery Road Fund:** Included in the above Road Fund appropriation is \$913,000 in fiscal year 2008-2009 and \$903,000 in fiscal year 2009-2010 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

8. VEHICLE REGULATION

	2008-09	2009-10
Restricted Funds	9,756,300	8,503,500
Federal Funds	640,600	640,600
Road Fund	26,417,600	27,277,100
TOTAL	36,814,500	36,421,200

(1) **Debt Service:** Included in the above Road Fund appropriation is \$3,357,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

TOTAL - TRANSPORTATION CABINET

	2007-08	2008-09	2009-10
General Fund	-0-	5,178,200	5,620,200
Restricted Funds	37,960,400	93,079,300	92,953,300
Federal Funds	4,250,400	725,400,800	757,575,700
Road Fund	98,100	1,229,057,900	1,323,196,900
Highway Bond	-0-	110,000,000	-0-
TOTAL	42,308,900	2,162,716,200	2,179,346,100

PART II

CAPITAL PROJECTS BUDGET

(1) **Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2008-2010 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) **Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; or (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; or (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

(3) **Bond Proceeds Investment Income:** Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b) and 48.720 or any other provision of this Act, any funds appropriated but not required to pay debt service because of this fund source substitution shall be credited to the Statewide Deferred Maintenance Fund account each year. Unneeded debt service resulting from any other circumstance shall lapse in accordance with KRS 48.010(13)(b) and 48.720 and any other provision of this Act except for the following: if the fund balance in the Emergency Repair, Maintenance, and Replacement Account falls below \$5,000,000 in fiscal year 2008-2009, any debt service lapse necessary to bring the fund balance to \$5,000,000 in that fiscal year may be credited to the Emergency Repair, Maintenance, and Replacement Account. No transfer to the Emergency Repair, Maintenance, and Replacement Account, or the Statewide Deferred Maintenance Fund account, shall be made based on the above provisions if the lapse from other General Fund accounts is insufficient to meet appropriations approved in other Parts of this Act.

(4) **Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are

appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects, and Broadband Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Kentucky Center for the Arts Major Maintenance Renovation Pool; Bond-funded maintenance pools; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee no later than 30 days after the allocation associated with the project or equipment item is made. The report shall identify the need for, and provide a brief description of, each project or equipment item.

(5) Bond Issues for Tobacco and Non-Coal Producing Counties: Any authorized bond project from the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties may be financed from any associated bond issue for the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties.

(6) Capital Construction and Equipment Purchase Contingency Account: If funds in the Capital Construction and Equipment Purchase Contingency Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(7) Emergency Repair, Maintenance, and Replacement Account: If funds in the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(8) Council on Postsecondary Education - Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

(9) Military Affairs - Source of Funds for Maintenance Projects: Royalties received from the sale of natural resources at the Wendell H. Ford Regional Training Center in excess of the amount included in the 2008-2010 enacted budget to be deposited in the General Fund, up to \$250,000 in each fiscal year, shall be deposited to a capital maintenance pool for the Department of Military Affairs and used to match federal funds received for maintenance, renovation, and repair of the Department's facilities and major items of equipment.

(10) Payments for Wetland Restoration: Obligations due from the Department of Highways from state funds for fees to the fund established by KRS 150.225(3) shall be deposited into an Other Special Revenue Fund established within the Transportation Cabinet. Payments in satisfaction of these obligations shall be made from the capital project appropriation in Part II, K., 1., 017. of this Act.

A. GENERAL GOVERNMENT

Budget Units	2008-09	2009-10
1. HOMELAND SECURITY		
001. Strategic Voice Mutual Aid System		
Federal Funds	11,261,400	-0-
002. Mobile Communication Centers		
Federal Funds	1,624,300	-0-
2. DEPARTMENT OF VETERANS' AFFAIRS		

- 001.** Maintenance Pool - 2008-2010
- | | | |
|-------------------|---------|---------|
| Investment Income | 100,000 | 100,000 |
|-------------------|---------|---------|
- 002.** Construct State Veterans' Cemetery - Southeast Kentucky (Leslie County)
Reauthorization (\$200,000 General Fund, \$6,000,000 Federal Funds)
- 003.** State Veterans' Cemetery - Northeast Kentucky (Greenup County) Phase II

(1) State Veterans' Cemetery - Northeast Kentucky (Greenup County) Phase II: The Department of Veterans' Affairs is authorized to transfer \$200,000 in General Fund moneys authorized for the Construct State Veterans' Cemetery - Southeast Kentucky (Leslie County) project as set forth in 002. of this section to the State Veterans' Cemetery - Northeast Kentucky (Greenup County) Phase II project, if the State Veterans' Cemetery - Northeast Kentucky (Greenup County) Phase II project receives federal approval prior to the Construct State Veterans' Cemetery - Southeast Kentucky (Leslie County) project.

If the \$200,000 in General Fund moneys is transferred to the State Veterans' Cemetery - Northeast Kentucky (Greenup County) Phase II project, the Department of Veterans' Affairs is authorized to expend \$200,000 for the purchase of land, site preparation, or other associated costs for the Construct State Veterans' Cemetery - Southeast Kentucky (Leslie County) project and it shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

- 004.** Construct Fourth State Veterans' Nursing Home
- | | | |
|---------------|------------|-----|
| Federal Funds | 19,500,000 | -0- |
| Bond Funds | 10,500,000 | -0- |
| TOTAL | 30,000,000 | -0- |

(1) Fourth State Veterans' Nursing Home: No bonds shall be sold for this project until it has been approved by the United States Department of Veterans' Affairs and the Commonwealth has been notified by the United States Department of Veterans' Affairs that federal funds are available to support this construction.

3. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

- 001.** Kentucky Agriculture Heritage Center
- | | | |
|------------|------------|-----|
| Bond Funds | 10,000,000 | -0- |
|------------|------------|-----|

(1) Kentucky Agriculture Heritage Center: The bonds shall be issued by the Kentucky Asset/Liability Commission or any other applicable state entity authorized by law to issue bonds, as designated by the Secretary of the Finance and Administration Cabinet.

4. KENTUCKY INFRASTRUCTURE AUTHORITY

- 001.** KIA Fund F - Drinking Water Revolving Loan Program
- | | | |
|--------------|------------|-----|
| Bond Funds | 4,000,000 | -0- |
| Agency Bonds | 30,000,000 | -0- |
| TOTAL | 34,000,000 | -0- |

(1) Permitted Use of Funds: The bond funds shall be used to meet the state match requirement for federal funds for the Drinking Water Revolving Loan Program.

(2) Agency Bond Debt Service: The Kentucky Infrastructure Authority is hereby authorized to expend loan repayment receipts on deposit at the trustee bank for the Drinking Water Revolving Loan Program to support the KIA Fund F Agency Bonds authorized above for projects as provided pursuant to KRS 224A.1115.

- 002.** KIA Fund A - Federally Assisted Wastewater Program
- | | | |
|--------------|-------------|-----|
| Bond Funds | 4,000,000 | -0- |
| Agency Bonds | 200,000,000 | -0- |
| TOTAL | 204,000,000 | -0- |

(1) **Permitted Use of Funds:** The bond funds shall be used to meet the state match requirement for federal funds for the Wastewater Revolving Loan Program.

(2) **Agency Bond Debt Service:** The Kentucky Infrastructure Authority is hereby authorized to expend loan repayment receipts on deposit at the trustee bank for the Wastewater Revolving Loan Program to support the KIA Fund A Agency Bonds authorized above for projects as provided pursuant to KRS 224A.111.

003. Hardin County Water District #2 - WX21093035 - Louisville Water
Wholesale Interconnect Project Reauthorization and Reallocation (\$500,000
Bond Funds)

(1) **Reauthorization and Reallocation:** The above project is authorized from a reallocation of the Hardin County Water District #2 - WX21093009 - Cecilia Water Storage Tank project as set forth in 2006 Ky. Acts ch. 252, Part II, O., Hardin County, 009.

5. MILITARY AFFAIRS

001. Construct Phase VII Wendell H. Ford Regional Training Center		
Federal Funds	20,000,000	-0-
002. Maintenance Pool - 2008-2010		
Federal Funds	1,000,000	1,000,000
Investment Income	1,000,000	1,000,000
TOTAL	2,000,000	2,000,000
003. Renovate Bluegrass Station Infrastructure		
Agency Bonds	4,400,000	-0-
004. Construct Pole Barns at Bluegrass Station		
Restricted Funds	2,200,000	-0-
005. Bluegrass Station Maintenance Pool 2008-2010		
Restricted Funds	1,000,000	1,000,000
006. Expansion of Military Dining Facility Wendell H. Ford Regional Training Center		
Federal Funds	1,300,000	-0-
007. Construct Field Maintenance Shop 8 Conversion		
Federal Funds	1,200,000	-0-
008. Construct Field Maintenance Shop 1 Conversion		
Federal Funds	1,200,000	-0-
009. Construct Multi-Purpose Machine Gun Range Wendell H. Ford Regional Training Center		
Federal Funds	850,000	-0-
010. Purchase Land for Northern Kentucky National Guard Armory		
Agency Bonds	3,000,000	-0-

(1) **Capitalized Interest:** The Department of Military Affairs is authorized to capitalize interest prior to the issuance of the above Agency Bonds for a period not to exceed 18 months.

6. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

001. Flood Control Matching Fund

Bond Funds	2,200,000	-0-
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002. Franklin County - Lease

003. City of Brownsville - Building Improvement Reauthorization (\$200,000 General Fund)

(1) Reauthorization: The above project from 2006 Ky. Acts ch. 252, Part II, P., Edmonson County, 001., is reauthorized for the 2008-2010 biennium.

004. Times Star Commons - Planning Reauthorization (\$750,000 Bond Funds and \$250,000 General Fund)

(1) Reauthorization and Purpose of Funds: Notwithstanding any statutory provision or agreement between a state agency and a local government to the contrary, any fund balance remaining for grants to the City of Covington for Timestar Commons planning as appropriated in 2006 Ky. Acts ch. 252, Part I, A., 11., (10) and for the City of Covington - Times Star Commons - Planning in 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 002., shall be reauthorized. The funds appropriated for the aforementioned projects and the City of Covington - Times Star Commons - Planning in 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 001., may be used for land acquisition.

7. ATTORNEY GENERAL

001. Franklin County - Lease

8. UNIFIED PROSECUTORIAL SYSTEM

a. Commonwealth's Attorneys

001. Jefferson County - Lease

9. TREASURY

001. Lease-Purchase of Xerox Laser Printers

Investment Income	141,000	141,000
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10. AGRICULTURE

001. Animal Shelters

Bond Funds	3,000,000	-0-
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002. Franklin County - Lease

11. KENTUCKY RETIREMENT SYSTEMS

001. Kentucky Retirement Systems Line of Business Project - Additional

Restricted Funds	2,700,000	-0-
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002. Franklin County - Lease - Perimeter Park West

12. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Nursing

001. Jefferson County - Lease

13. KENTUCKY RIVER AUTHORITY

001. Kentucky River Locks and Dams Maintenance and Renovation Pool - Additional

Bond Funds	17,500,000	-0-
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002. Dam 10 Design and Interim Stabilization - Additional

Restricted Funds	625,000	250,000
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14. SCHOOL FACILITIES CONSTRUCTION COMMISSION

001.	Offers of Assistance - 2006-2008		
	Bond Funds	100,000,000	-0-
002.	Urgent Needs School Trust Fund Reauthorization (\$11,800,000 Bond Funds)		
003.	School Facilities Construction Commission Reauthorization (\$130,800,000 Bond Funds)		
004.	Category 5 School Buildings Reauthorization (\$12,000,000 Bond Funds)		

B. COMMERCE CABINET

Budget Units	2008-09	2009-10
1. PARKS		
001.	Maintenance Pool - 2008-2010	
	Bond Funds	4,000,000
	Investment Income	-0-
	TOTAL	2,000,000
2. HORSE PARK COMMISSION		
001.	Maintenance Pool - 2008-2010	
	Investment Income	575,000
3. STATE FAIR BOARD		
001.	Upgrade HVAC Systems	
	Bond Funds	2,000,000
002.	Maintenance Pool - 2008-2010	
	Restricted Funds	1,000,000
4. FISH AND WILDLIFE RESOURCES		
001.	Fees-in-Lieu-of Stream Mitigation Projects Pool	
	Restricted Funds	5,000,000
002.	Maintenance Pool - 2008-2010	
	Restricted Funds	600,000
003.	Boating and Fishing Access Pool	
	Federal Funds	500,000
004.	Land Acquisition Pool	
	Restricted Funds	1,000,000
5. HISTORICAL SOCIETY		
001.	Kentucky History Center - Purchase Casework Reauthorization (\$250,000 Capital Construction Surplus)	
6. KENTUCKY CENTER FOR THE ARTS		
001.	Maintenance Pool - 2008-2010	
	Investment Income	160,000
002.	Major Maintenance Renovation Pool	
	Bond Funds	8,954,000

(1) **Capitalized Interest:** The Kentucky Center for the Arts is authorized to capitalize interest prior to the issuance of the above Bond Funds for a period not to exceed 18 months.

C. ECONOMIC DEVELOPMENT CABINET

(1) **Economic Development Bond Issues:** Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact.

(2) **Use of New Economy Funds:** Notwithstanding 2006 Ky. Acts ch. 252, Part II, C., the \$20,000,000 in the New Economy High-Tech Construction/Investment Pool is available for projects and loans approved by the Kentucky Economic Development Finance Authority under the terms and conditions of KRS 154.12-100 as well as for projects in the high-tech construction pool and the high-tech investment pool in KRS 154.12-278.

Budget Units	2008-09	2009-10
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1. FINANCIAL INCENTIVES

001. Economic Development Bonds

Bond Funds	50,000,000	-0-
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(1) **Economic Development Bonds:** Included in the above Economic Development Bonds is \$1,889,500 in fiscal year 2009-2010 for the Hardin County Board of Education for renovation and construction projects identified in the local district facilities plan approved by the Kentucky Department of Education. Prior to the disbursement of these funds, the Hardin County Board of Education must levy an additional five cent equivalent tax rate under the provisions of KRS 157.621 that is dedicated to facilities renovation and construction. The Commissioner of Education must certify that the projected increase in students is a result of the Base Realignment and Closure (BRAC) 2005 issued by the United States Department of Defense pursuant to the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 100-526, Part A of Title XXIX of 104 Stat.1808, 10 U.S.C. sec. 2687 note.

002. Economic Development Bond Pool - 2004-2006 Reauthorization

(\$12,324,500 Bond Funds)

D. DEPARTMENT OF EDUCATION

Budget Units	2008-09	2009-10
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1. OPERATIONS AND SUPPORT SERVICES

001. Maintenance Pool - 2008-2010

Investment Income	675,000	675,000
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002. Student Data Management System - Phase 2

Bond Funds	4,000,000	-0-
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003. FFA Leadership Training Center Renovation

Bond Funds	2,000,000	-0-
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E. EDUCATION CABINET

Budget Units	2008-09	2009-10
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1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

001. Maintenance Pool - 2008-2010

Investment Income	300,000	300,000
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2. KENTUCKY EDUCATIONAL TELEVISION

001. Maintenance Pool - 2008-2010		
Investment Income	100,000	100,000

3. VOCATIONAL REHABILITATION

001. Fayette County - Lease

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Units	2008-09	2009-10
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Kentucky Heritage Land Conservation Fund - Additional		
Restricted Funds	3,000,000	3,000,000
Federal Funds	1,000,000	1,000,000
Bond Funds	10,000,000	-0-
TOTAL	14,000,000	4,000,000
002. Maintenance Pool - 2008-2010		
Investment Income	200,000	200,000
2. ENVIRONMENTAL PROTECTION		
001. Hazardous Waste Management Fund - 2008-2010		
Restricted Funds	2,100,000	2,100,000
002. State-Owned Dam Repair - 2008-2010		
Bond Funds	2,000,000	-0-
003. State-Funded Leaking Underground Storage Tanks - 2008-2010		
Restricted Funds	500,000	500,000
004. Franklin County - Lease		
005. Franklin County - Lease		
3. MINE RECLAMATION AND ENFORCEMENT		
001. Franklin County - Lease		
4. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND		
001. Petroleum Storage Tank Environmental Assurance Fund		
Bond Funds	25,000,000	-0-
5. HOUSING, BUILDINGS AND CONSTRUCTION		
001. Franklin County - Lease		
6. INSURANCE		
001. Franklin County - Lease		
7. LABOR		
001. Franklin County - Lease		
002. Franklin County - Lease		

G. FINANCE AND ADMINISTRATION CABINET

Budget Units	2008-09	2009-10
1. CONTROLLER		

001.	Statewide Budget System Upgrade		
	Restricted Funds	1,005,000	-0-
002.	Investment Management System Upgrade		
	Restricted Funds	600,000	-0-
2.	FACILITIES AND SUPPORT SERVICES		
001.	Maintenance Pool - 2008-2010		
	Bond Funds	6,000,000	-0-
002.	Emergency Repair, Maintenance, and Replacement Account		
	Capital Construction Surplus	2,500,000	-0-
3.	COMMONWEALTH OFFICE OF TECHNOLOGY		
	(1) Transfer of Restricted Funds from Operating Budget: For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed.		
001.	Public Safety Communications Infrastructure - KEWS - Additional		
	Bond Funds	18,000,000	-0-
002.	Enterprise Infrastructure - 2008-2010		
	Restricted Funds	2,400,000	2,400,000
003.	Enterprise Data Integration - 2008-2010		
	Restricted Funds	250,000	250,000
004.	Enterprise Application Integration - 2008-2010		
	Restricted Funds	125,000	125,000
005.	Enterprise Security and Identity Management - 2008-2010		
	Restricted Funds	125,000	125,000
006.	Franklin County - Lease - 100 Fair Oaks		
4.	KENTUCKY LOTTERY CORPORATION		
001.	Potential Buyout of On-line Gaming System		
	Other Funds	10,000,000	-0-
002.	Contingency on Property Adjacent to New Headquarters		
	Other Funds	4,250,000	-0-
003.	Data Processing, Telecommunications, and Related Equipment		
	Other Funds	3,000,000	-0-
004.	Instant Ticket Vending Machines		
	Other Funds	2,000,000	-0-
005.	Network Storage and Associated Infrastructures		
	Other Funds	350,000	-0-

H. HEALTH AND FAMILY SERVICES CABINET

Budget Units	2008-09	2009-10
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		

001. Maintenance Pool - 2008-2010		
Bond Funds	3,000,000	-0-

2. MENTAL HEALTH AND MENTAL RETARDATION SERVICES

001. Fayette County - Lease

002. Franklin County - Lease

003. Construct Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled

Bond Funds	10,000,000	-0-
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(1) **Site Preparation:** The Part I, Operating Budget, for Mental Health/Mental Retardation includes \$400,000 in General Fund support in fiscal year 2008-2009 for site preparation of the Hazelwood ICF MR/DD as set forth in Part I, H., 4., (5), of this Act.

004. Construct Replacement of Eastern State Hospital

Other Funds	129,005,000	-0-
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(1) **Property Lease:** The Finance and Administration Cabinet and the Cabinet for Health and Family Services are authorized to execute a long-term lease with the University of Kentucky for property at the University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington, Kentucky for the sum of one dollar per year for 99 years, on which to locate a new mental health facility to replace Eastern State Hospital.

(2) **Financing, Design and Construction, and Lease-Rental Payments:** The Finance and Administration Cabinet is authorized to enter into an agreement with the Lexington-Fayette Urban-County Government, or its public properties corporation, to provide the financing for a new mental health facility to replace Eastern State Hospital. The Finance and Administration Cabinet, on behalf of the Cabinet for Health and Family Services, shall procure the design and construction of a new mental health facility to replace Eastern State Hospital. The Cabinet for Health and Family Services is authorized to make lease-rental payments to the Lexington-Fayette Urban-County Government, or its public properties corporation, upon the cabinet's occupancy of the new mental health facility.

(3) **Agreement Approval:** Subsections (1) and (2) above are contingent upon the execution and approval by the University of Kentucky Board of Trustees, the Secretary of the Finance and Administration Cabinet on behalf of the Cabinet for Health and Family Services, and the Lexington-Fayette Urban-County Government, or its public properties corporation, of all contractual agreements required by subsections (1) and (2) above. The executed agreements shall be reported to the Interim Joint Committee on Appropriations and Revenue and the Capital Projects and Bond Oversight Committee.

(4) **Vacate Facilities:** The Kentucky Community and Technical College System is authorized to vacate the property on the current Bluegrass Community and Technical College, Cooper Drive Campus, located in Lexington, Kentucky, as determined and agreed to by the University of Kentucky and the Kentucky Community and Technical College System.

(5) **Transfer of Existing Property:** The Finance and Administration Cabinet is authorized to transfer the state property known as Eastern State Hospital, occupied by the Cabinet for Health and Family Services on West Fourth Street in Lexington, Kentucky, to the Kentucky Community and Technical College System at an appropriate time consistent with the relocation of the Cabinet for Health and Family Services' programs from that property to the new mental health facility, as determined by the Secretary of the Finance and Administration Cabinet.

(6) **Project Status Report:** Within 90 days of the effective date of this Act, the Finance and Administration Cabinet shall report the status of the Replacement of Eastern State Hospital project to the Interim Joint Committee on Appropriations and Revenue. Project status reports to the Interim Joint Committee on Appropriations and Revenue shall be required every six months thereafter, until project completion.

4. DISABILITY DETERMINATION SERVICES

001. Franklin County - Lease

5. COMMUNITY BASED SERVICES

001. Brooklawn Child and Family Services		
Bond Funds	2,000,000	-0-

(1) **Permitted Uses:** The above appropriation shall be used to purchase, build, renovate, or make improvements for residential housing of children who are in or have completed the treatment program.

- 002.** Boone County - Lease
- 003.** Boyd County - Lease
- 004.** Johnson County - Lease
- 005.** Fayette County - Lease - Centre Parkway
- 006.** Shelby County - Lease
- 007.** Jefferson County - Lease
- 008.** Fayette County - Lease
- 009.** Kenton County - Lease - Madison Avenue
- 010.** Hardin County - Lease
- 011.** Campbell County - Lease
- 012.** Warren County - Lease
- 013.** Kenton County - Lease

I. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units	2008-09	2009-10
1. JUVENILE JUSTICE		
001. Maintenance Pool - 2008-2010		
Investment Income	250,000	250,000
2. STATE POLICE		
001. Maintenance Pool - 2008-2010		
Investment Income	300,000	300,000
3. CORRECTIONS		
a. Adult Correctional Institutions		
001. Maintenance Pool - 2008-2010		
Bond Funds	4,000,000	-0-
Investment Income	-0-	1,500,000
TOTAL	4,000,000	1,500,000
4. PUBLIC ADVOCACY		
001. Franklin County - Lease		

J. POSTSECONDARY EDUCATION

(1) **Lease-Purchase Agreements for Public Postsecondary Institutions:** Where applicable, authorization for a lease-purchase capital project for a public postsecondary institution as set forth in Part II, Capital Projects Budget, of this Act is provided pursuant to KRS 45.763.

(2) **Agency Bond-Funded Projects for Public Postsecondary Institutions:** The governing board of a public postsecondary institution shall certify in writing prior to issuance of Agency Bonds as set forth in Part II, Capital Projects Budget, of this Act that the project: (a) Will generate sufficient funds to retire the bonded indebtedness and pay for ongoing operating expenses; or (b) Will not result in an increase in tuition. The governing

board shall submit a copy of the certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

(3) Capital Projects at a Regional or Comprehensive Institution: A regional or comprehensive public postsecondary institution may fund a capital project with Regional University Excellence Trust Fund Bond Funds provided under Part II, J., 1., 003., of this Act and with other matching funds, if the Board of Regents of the institution authorizes the use of the funds for that purpose. The institution shall report the project to the Council on Postsecondary Education and the Secretary of the Finance and Administration Cabinet, and to the Capital Projects and Bond Oversight Committee pursuant to KRS Chapter 45.

Budget Units	2007-08	2008-09	2009-10
1. COUNCIL ON POSTSECONDARY EDUCATION			
001. Research Challenge Trust Fund			
Bond Funds	-0-	50,000,000	-0-
002. Capital Renewal and Maintenance Pool			
Bond Funds	-0-	13,927,000	-0-
(1) Capital Renewal and Maintenance Pool:			
The Capital Renewal and Maintenance Pool provides funding for individual projects at Kentucky's public postsecondary institutions to upgrade and replace building systems and infrastructure in education and general facilities. The individual projects funded from this pool shall be submitted by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously submitted by the institutions to the council. The council shall determine the allocation of the Capital Renewal and Maintenance Pool among the postsecondary education institutions and report that allocation to the Secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.			
003. Regional University Excellence Trust Fund			
Bond Funds	-0-	10,000,000	-0-
004. KYVC/KYVL Statewide Licenses Pool Phase I			
Restricted Funds	-0-	4,000,000	-0-
005. Purchase KYVL Research Data Bases Phase I			
Restricted Funds	-0-	3,500,000	-0-
006. Purchase P-20 Learning Object Repository Phase I			
Restricted Funds	-0-	2,000,000	-0-
007. Purchase Longitudinal Postsecondary Education Data Warehouse Phase I			
Restricted Funds	-0-	2,000,000	-0-
008. Complete Statewide Transfer System Phase II			
Restricted Funds	-0-	1,500,000	-0-
009. Purchase KYVL Integrated Library System - Additional			
Restricted Funds	-0-	1,000,000	-0-
010. Purchase Multi-Media Streaming System Phase I			
Restricted Funds	-0-	1,000,000	-0-
011. Purchase Mobile Learning Infrastructure Phase I			
Restricted Funds	-0-	1,000,000	-0-
012. Install Scholarly and Electronic Comm Repos Phase I			
Restricted Funds	-0-	750,000	-0-

013.	Purchase KYVL Portal - Statewide License Phase II			
	Restricted Funds	-0-	600,000	-0-
014.	Purchase KYVL Interlibrary Loan System - Additional Reauthorization (\$700,000 Restricted Funds)			
	Restricted Funds	-0-	550,000	-0-
015.	Expand GoHigher Portal			
	Restricted Funds	-0-	500,000	-0-
016.	Upgrade Council on Postsecondary Education Technology Infrastructure Phase I			
	Restricted Funds	-0-	500,000	-0-
017.	Expand UCAN System Statewide Phase I			
	Restricted Funds	-0-	500,000	-0-
018.	Install Assistive Technology for Teaching Phase I			
	Restricted Funds	-0-	500,000	-0-
019.	Purchase Statewide Lifelong Learning Portal Phase I			
	Restricted Funds	-0-	500,000	-0-
020.	Purchase Adult Education Skill/Mobile			
	Restricted Funds	-0-	500,000	-0-
021.	Purchase KYVL Interactive Library Tools			
	Restricted Funds	-0-	300,000	-0-
022.	Purchase Portable Training Labs			
	Restricted Funds	-0-	300,000	-0-
023.	Purchase Interactive Television (ITV) System - Additional Reauthorization (\$800,000 Restricted Funds)			
	Restricted Funds	-0-	200,000	-0-
024.	Install Web site ADA Compliance Restructuring Reauthorization (\$500,000 Restricted Funds)			
025.	Franklin County - Lease			
2.	KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION			
001.	Jefferson County - Lease			
002.	Upgrade Information Technology Systems			
	Federal Funds	-0-	850,000	-0-
3.	EASTERN KENTUCKY UNIVERSITY			
001.	Construct New Student Housing			
	Agency Bonds	-0-	21,000,000	-0-
002.	Miscellaneous Maintenance Pool			
	Restricted Funds	-0-	5,000,000	5,000,000
003.	Renovate Residence Hall			

	Agency Bonds	-0-	10,000,000	-0-
004.	EKU-UK Dairy Research Project (Meadowbrook Farm)			
	Agency Bonds	-0-	5,300,000	-0-
005.	Construct Aramark Food Service Projects			
	Other Funds	-0-	4,150,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
006.	Upgrade Administrative Computing System			
	Restricted Funds	-0-	1,650,000	1,500,000
007.	Purchase of Adjacent Property			
	Restricted Funds	-0-	3,000,000	-0-
008.	Renovate Baseball Complex			
	Other Funds	-0-	-0-	2,000,000
009.	Renovate Property			
	Restricted Funds	-0-	2,000,000	-0-
010.	Renovate Women's Softball Complex			
	Other Funds	-0-	1,500,000	-0-
011.	Construct E&G Life Safety Begley Elevator Reauthorization (\$750,000 Restricted Funds)			
012.	Library Studio for Academic Creativity - Additional Reauthorization (\$1,500,000 Restricted Funds)			
	Other Funds	-0-	2,800,000	-0-
013.	Purchase Minor Projects Equipment			
	Restricted Funds	-0-	500,000	-0-
014.	Expand and Renovate Presnell Building Reauthorization (\$2,200,000 Restricted Funds)			
015.	Expand Indoor Tennis Facility Reauthorization (\$1,100,000 Restricted Funds)			
016.	Guaranteed Energy Savings Performance Contracts			
017.	Construct Stratton Building Addition			
	Restricted Funds	-0-	5,500,000	-0-

(1) Program of Distinction: The above project will expand the Stratton Building to accommodate the needs of a Program of Distinction. Eastern Kentucky University may use Program of Distinction funds within its operating budget for the Restricted Funds authorization provided above.

(2) Sustainable Design and Construction: The above project shall be constructed observing sustainable design principles and construction methods, and shall utilize as many Leadership in Energy and Environment Design (LEED) concepts and approaches as are practicable.

4. KENTUCKY STATE UNIVERSITY

001.	Construct New Residence Hall			
	Other Funds	-0-	28,100,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

002.	Construct Parking Structure			
	Agency Bonds	-0-	7,000,000	-0-
003.	Expand/Renovate, Construct, or Acquire Existing Structure for the Betty White Nursing Complex			
	Agency Bonds	-0-	4,900,000	-0-
004.	Construct Aquaculture Academic Research Facility			
	Federal Funds	-0-	4,300,000	-0-
005.	Capital Renewal and Maintenance Projects Pool			
	Restricted Funds	-0-	4,162,000	-0-
006.	Replace Boiler and Add Pollution Control			
	Restricted Funds	-0-	2,516,000	-0-
007.	Acquire Land/Campus Master Plan			
	Restricted Funds	-0-	-0-	1,000,000
	Federal Funds	-0-	-0-	1,000,000
	TOTAL	-0-	-0-	2,000,000
008.	Roof Repair and Replacement Pool			
	Restricted Funds	-0-	1,855,000	-0-
009.	Life Safety Upgrade Pool			
	Restricted Funds	-0-	1,774,000	-0-
010.	Add New Chiller			
	Restricted Funds	-0-	1,445,000	-0-
011.	Athletics Project Pool			
	Restricted Funds	-0-	1,025,000	-0-
012.	Implement Emergency Notification System			
	Restricted Funds	-0-	1,000,000	-0-
013.	Upgrade On-line Security Reauthorization (\$1,500,000 Restricted Funds)			
014.	Guaranteed Energy Savings Performance Contracts			
5.	MOREHEAD STATE UNIVERSITY			
001.	Construct Campus Recreation Center			
	Agency Bonds	-0-	39,000,000	-0-
002.	Construct Athletic Administration and Sports Performance Building			
	Restricted Funds	-0-	19,201,000	-0-
	Other Funds	-0-	4,388,000	-0-
	TOTAL	-0-	23,589,000	-0-
003.	Construct Morehead/Rowan County Public Safety Complex			
	Federal Funds	-0-	10,853,000	-0-
004.	Replace Power Plant Pollution Control System and Boiler Tube			
	Bond Funds	5,700,000	-0-	-0-

005.	Renovate Mignon Tower Residence Hall			
	Agency Bonds	-0-	5,682,000	-0-
006.	Construct Center for the Performing Arts			
	Other Funds	-0-	5,000,000	-0-
007.	Renovate Alumni Tower Residence Hall			
	Agency Bonds	-0-	4,631,000	-0-
008.	Capital Renewal and Maintenance Pool - E&G			
	Restricted Funds	-0-	4,586,500	-0-
009.	Purchase Equipment for Center for Health, Education, and Research - Additional Reauthorization (\$24,500,000 Bond Funds and \$1,500,000 Federal Funds)			
	Restricted Funds	-0-	3,666,000	-0-
010.	Construct Business Continuance Datacenter			
	Agency Bonds	-0-	2,500,000	-0-
011.	Purchase Instructional Tech Initiatives			
	Restricted Funds	-0-	2,177,100	-0-
012.	Acquire Land Related to Master Plan			
	Restricted Funds	-0-	2,000,000	-0-
013.	Construct Honors College Facility			
	Restricted Funds	-0-	1,733,000	-0-
014.	Reconstruct Central Campus - Additional Reauthorization (\$780,000 Restricted Funds)			
	Restricted Funds	-0-	1,720,000	-0-
015.	Plan and Design Library Facility			
	Restricted Funds	-0-	1,350,000	-0-
016.	Upgrade and Expand Distance Learning - Additional Reauthorization (\$1,500,000 Restricted Funds)			
	Restricted Funds	-0-	750,000	-0-
017.	Purchase Bus			
	Restricted Funds	-0-	500,000	-0-
018.	Purchase Equipment for Molecular Biology Lab - Additional Reauthorization (\$474,000 Restricted Funds)			
	Restricted Funds	-0-	430,000	-0-
019.	Expand Life Safety Claypool - Young Building - Additional Reauthorization (\$600,000 Restricted Funds)			
	Restricted Funds	-0-	400,000	-0-
020.	Renovate Button Auditorium - Additional Reauthorization (\$3,000,000 Restricted Funds)			

	Restricted Funds	-0-	350,000	-0-
021.	Enhance Library Automation Resources - Additional Reauthorization (\$670,000 Restricted Funds)			
	Restricted Funds	-0-	330,000	-0-
022.	Upgrade Administrative Office Systems Reauthorization (\$2,500,000 Restricted Funds)			
023.	Comply with ADA - E&G Reauthorization (\$1,700,000 Restricted Funds)			
024.	Enhance Network/Infrastructure Resources Reauthorization (\$4,750,000 Restricted Funds)			
025.	Construct Space Science Center Star Theatre and Clean Room			
	Restricted Funds	-0-	9,641,000	-0-
026.	Construct Plant Facilities			
	Restricted Funds	-0-	6,750,000	-0-
027.	Upgrade Instructional PCs/LANS/Peripherals			
	Restricted Funds	-0-	5,000,000	-0-

6. MURRAY STATE UNIVERSITY

(1) **Purpose of Funds:** The funds appropriated for the Construct New Science Complex - Phase III in 2006 Ky. Acts ch. 252, Part II, K., 6., 024., may be used for the chemistry building, the engineering/physics building, and to replace Murray State University reserves that have previously been expended on the project in an amount not to exceed \$2,250,000.

001.	Construct College Courts Housing			
	Other Funds	-0-	17,900,000	-0-
(1)	Authorization: The above authorization is approved pursuant to KRS 45.763.			
002.	Replace Franklin Hall			
	Agency Bonds	-0-	15,000,000	-0-
003.	Complete Capital Renewal - E&G Pool < \$600,000			
	Restricted Funds	-0-	14,559,000	-0-
004.	Complete Capital Renewal - H&D Pool < \$600,000			
	Agency Bonds	-0-	7,617,000	-0-
005.	Construct Electrical Generation Plant			
	Other Funds	-0-	6,050,000	-0-
(1)	Authorization: The above authorization is approved pursuant to KRS 45.763.			
006.	Chemistry Instructional & Research Instruments			
	Restricted Funds	-0-	2,450,000	-0-
007.	College of Science Instructional/Research Equipment			
	Restricted Funds	-0-	2,000,000	-0-
008.	New Residential College - Richmond Hall - Additional Reauthorization (\$13,077,000 Agency Bonds)			
	Agency Bonds	-0-	1,923,000	-0-

009.	Complete Business and Research Center Tenant Space			
	Restricted Funds	-0-	1,800,000	-0-
010.	Acquire Land			
	Restricted Funds	-0-	1,000,000	-0-
011.	Renovate Buildings - H&D Pool < \$600,000			
	Agency Bonds	-0-	605,000	-0-
012.	Lease-Purchase of Fleet Vehicles			
	Other Funds	-0-	518,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

013. Guaranteed Energy Savings Performance Contracts

7. NORTHERN KENTUCKY UNIVERSITY

001.	Acquire and Renovate Residence Halls			
	Agency Bonds	23,500,000	-0-	-0-
002.	Construct Center for Informatics - Additional Reauthorization (\$35,500,000 Bond Funds)			
	Federal Funds	-0-	5,500,000	-0-
	Other Funds	-0-	10,000,000	-0-
	TOTAL	-0-	15,500,000	-0-
003.	Acquire Land/Master Plan - Additional Reauthorization (\$6,000,000 Restricted Funds)			
	Other Funds	-0-	12,000,000	-0-
004.	Construct New Baseball Stadium			
	Other Funds	-0-	8,400,000	-0-
005.	Renew/Expand Norse Commons			
	Agency Bonds	-0-	7,000,000	-0-
006.	Construct Soccer Stadium - Additional Reauthorization (\$5,500,000 Other Funds)			
	Other Funds	-0-	2,000,000	-0-
007.	Construct Track and Field Stadium - Additional Reauthorization (\$5,500,000 Other Funds)			
	Other Funds	-0-	1,000,000	-0-
008.	Renew Underground Electrical Infrastructure - Additional Reauthorization (\$4,800,000 Restricted Funds)			
	Restricted Funds	-0-	600,000	-0-
009.	Repair Structural Floor Heaving/E&G Buildings - Additional Reauthorization (\$4,000,000 Restricted Funds)			
	Restricted Funds	-0-	800,000	-0-

010. Renew E&G Fire Alarm and Security Phase I - Additional Reauthorization

	(\$1,400,000 Restricted Funds)			
	Restricted Funds	-0-	3,000,000	-0-
011.	E&G Minor Projects Pool			
	Restricted Funds	-0-	3,000,000	-0-
012.	Initiate Phase II of Master Plan			
	Restricted Funds	-0-	2,600,000	-0-
013.	Housing/Minor Projects Pool			
	Restricted Funds	-0-	2,200,000	-0-
014.	Renew/Renovate University Center Phase I - Additional Reauthorization (\$600,000 Restricted Funds)			
	Restricted Funds	-0-	1,400,000	-0-
015.	Enhance Softball Field			
	Restricted Funds	-0-	1,300,000	-0-
016.	Construct Central Plaza Phase II - Additional Reauthorization (\$4,900,000 Restricted Funds)			
	Other Funds	-0-	1,000,000	-0-
017.	Renew/Renovate Business Education Psychology Center Phase I			
	Restricted Funds	-0-	1,000,000	-0-
018.	Lease-Purchase Emergency Communications Project			
	Other Funds	1,000,000	-0-	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
019.	Renew Elevators Landrum and Administrative Center - Additional Reauthorization (\$990,000 Restricted Funds)			
020.	Lease-Purchase Minor Instructional Equipment Pool			
	Restricted Funds	-0-	988,000	-0-
021.	Replace Business Education Psychology Center Roof - Additional Reauthorization (\$680,000 Restricted Funds)			
	Restricted Funds	-0-	90,000	-0-
022.	Restore Albright Health Center Roof - Additional Reauthorization (\$680,000 Restricted Funds)			
	Restricted Funds	-0-	90,000	-0-
023.	Lease-Purchase Coach Bus			
	Restricted Funds	-0-	690,000	-0-
024.	Lease-Purchase Mobile TV Production Unit			
	Restricted Funds	-0-	650,000	-0-
025.	Improve Customer Service Systems and Technology			
	Restricted Funds	-0-	600,000	-0-
026.	Construct Intramural Fields - Additional Reauthorization (\$1,900,000			

	Restricted Funds)			
	Restricted Funds	-0-	400,000	-0-
027.	Lease-Purchase DNA Analyzer System			
	Restricted Funds	-0-	390,000	-0-
028.	Lease-Purchase Mobile Science Lab			
	Restricted Funds	-0-	320,000	-0-
029.	Lease-Purchase Large Format Color Press			
	Restricted Funds	-0-	310,000	-0-
030.	Lease-Purchase Field Emission Microscope			
	Restricted Funds	-0-	380,000	-0-
031.	Lease-Purchase ICP - Mass Spectrometer			
	Restricted Funds	-0-	300,000	-0-
032.	Lease-Purchase Materials Strength Testing Equipment			
	Restricted Funds	-0-	275,000	-0-
033.	Lease-Purchase FT - IR and Raman Microscope			
	Restricted Funds	-0-	275,000	-0-
034.	Lease-Purchase Opto - Paramagnetic Oscillator			
	Restricted Funds	-0-	250,000	-0-
035.	Lease-Purchase Direct Analysis Mass Spectrometer			
	Restricted Funds	-0-	250,000	-0-
036.	Lease-Purchase Concrete Testing Equipment			
	Restricted Funds	-0-	215,000	-0-
037.	Lease-Purchase Calorimetry Instrumentation			
	Restricted Funds	-0-	215,000	-0-
038.	Lease-Purchase Nursing Lab Equipment			
	Restricted Funds	-0-	200,000	-0-
039.	Enhance Information Technology Infrastructure Reauthorization (\$2,900,000 Restricted Funds)			
040.	Enhance Instructional Information Technology Reauthorization (\$3,800,000 Restricted Funds)			
041.	Design/Renovate Albright Health Center			
	Other Funds	-0-	3,000,000	-0-
042.	Relocate Early Childcare Center - Additional Reauthorization (\$1,000,000 Restricted Funds)			
	Other Funds	-0-	3,000,000	-0-
043.	Replace Admin Application System Phase III - Additional Reauthorization (\$11,750,000 Restricted Funds)			
	Other Funds	9,800,000	-0-	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

044.	Lease-Purchase Business Cont./Disaster Recovery			
	Other Funds	-0-	2,800,000	-0-
045.	Lease-Purchase Comm. and Network Infrastructure			
	Other Funds	-0-	2,000,000	-0-
046.	Construct New College of Business Building			
	Other Funds	-0-	10,000,000	-0-
047.	Guaranteed Energy Savings Performance Contracts			
048.	Kenton County - METS Lease			
049.	Lease - Academic Space Highland Heights			
050.	Renovate Old Science Building			
	Agency Bonds	-0-	27,500,000	-0-
051.	Construct Health Innovations Center			
	Agency Bonds	-0-	43,650,000	-0-
	Other Funds	-0-	4,850,000	-0-
	TOTAL	-0-	48,500,000	-0-

8. UNIVERSITY OF KENTUCKY

001.	Expand Patient Care Facility - Hospital Phase III			
	Restricted Funds	-0-	250,000,000	-0-
002.	Lease-Purchase New Housing			
	Other Funds	-0-	75,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

003.	Construct College of Medicine - Hospital Offices			
	Restricted Funds	-0-	66,341,000	-0-
004.	Repair, Upgrade and Expand Central Plants I			
	Restricted Funds	-0-	55,000,000	-0-
005.	Lease-Purchase Data Center			
	Restricted Funds	-0-	40,000,000	-0-
006.	Upgrade Reynolds Building			
	Restricted Funds	-0-	35,000,000	-0-
007.	Acquire Land			
	Restricted Funds	-0-	35,000,000	-0-
008.	Construct Parking Structure #9			
	Other Funds	-0-	34,310,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

009.	Upgrade, Renovate, Improve, or Expand Research Labs			
	Restricted Funds	-0-	33,500,000	-0-
010.	Construct Baseball Stadium and Clubhouse			

	Other Funds	-0-	31,900,000	-0-
011.	Capital Renewal Maintenance Pool			
	Restricted Funds	-0-	30,000,000	-0-
012.	Research Equipment Replacement Program			
	Restricted Funds	-0-	30,000,000	-0-
013.	Construct Cancer Treatment Facility - Hospital			
	Restricted Funds	-0-	27,338,000	-0-
014.	Repair, Upgrade, Improve Electrical Infrastructure			
	Restricted Funds	-0-	25,000,000	-0-
015.	Repair, Upgrade, Improve Mechanical Infrastructure			
	Restricted Funds	-0-	22,800,000	-0-
016.	Expand/Construct Parking Structure - Hospital			
	Restricted Funds	-0-	20,149,000	-0-
017.	Repair, Upgrade, Improve Building Mechanical Systems			
	Restricted Funds	-0-	20,000,000	-0-
018.	Lease-Purchase Digital Village Building 2			
	Restricted Funds	-0-	20,000,000	-0-
019.	Repair, Upgrade, Improve Building Systems - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
020.	Expand/ Renovate Ambulatory Care Facility - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
021.	Expand/Renovate Kentucky Clinic - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
022.	Lease-Purchase Pollution Controls			
	Restricted Funds	-0-	19,530,000	-0-
023.	Expand CRMS and Raymond Civil Engineering Building			
	Restricted Funds	-0-	18,550,000	-0-
024.	Construct Track and Field Facility			
	Other Funds	-0-	17,666,000	-0-
025.	Expand Pence Hall			
	Restricted Funds	-0-	16,000,000	-0-
026.	Construct/Purchase Good Samaritan Medical Office Building			
	Restricted Funds	-0-	15,730,000	-0-
027.	Upgrade Clinical Services - Hospital			
	Restricted Funds	-0-	15,000,000	-0-
028.	Construct/Renovate Imaging Services - Kentucky Clinic			
	Restricted Funds	-0-	15,000,000	-0-
029.	Expand and Upgrade LDDC Phase II			

	Bond Funds	-0-	20,000,000	-0-
030.	Construct Remote Cancer Clinic - Hospital			
	Restricted Funds	-0-	12,880,000	-0-
031.	Construct Medical Center Physical Plant Building			
	Restricted Funds	-0-	12,793,000	-0-
032.	Improve Life Safety Project Pool 1			
	Restricted Funds	-0-	12,760,000	-0-
033.	Purchase PACS System Pool			
	Restricted Funds	-0-	10,585,000	-0-
034.	Renovate/Upgrade Hospital Facilities			
	Restricted Funds	-0-	10,000,000	-0-
035.	Construct Equine Campus			
	Other Funds	-0-	10,000,000	-0-
036.	Lease-Purchase/ Upgrade Hospital IT Systems			
	Restricted Funds	-0-	10,000,000	-0-
037.	Lease-Purchase ERP Phase 3			
	Restricted Funds	-0-	10,000,000	-0-
038.	Implement Land Use Plan - Hospital			
	Restricted Funds	-0-	10,000,000	-0-
039.	Sanitary Sewer Expansion/Underground Utilities Expansion and Replacement			
	Agency Bonds	-0-	10,000,000	-0-
040.	Expand Coldstream Research Campus			
	Restricted Funds	-0-	10,000,000	-0-
041.	Construct Multi-Purpose Room/Stadium Kitchen Facility			
	Other Funds	-0-	8,000,000	-0-
042.	Renovate King Library South - 1962 Section			
	Restricted Funds	-0-	8,000,000	-0-
043.	Relocate Greenhouses			
	Restricted Funds	-0-	7,506,000	-0-
044.	Lease-Purchase Wireless/Cellular Infrastructure			
	Restricted Funds	-0-	7,000,000	-0-
045.	Construct Library Depository Facility			
	Restricted Funds	-0-	7,000,000	-0-
046.	Lease-Purchase Hospital Dining Facilities and Equipment			
	Restricted Funds	-0-	7,000,000	-0-
047.	Lease-Purchase High Performance Research Computers			
	Restricted Funds	-0-	6,500,000	-0-
048.	Lease-Purchase UK/UofL/Frankfort Research Network			

	Restricted Funds	-0-	6,000,000	-0-
049.	Expand and Renovate W. Kentucky Robinson Station			
	Restricted Funds	-0-	6,000,000	-0-
050.	Design Student Center Expansion/Renovation			
	Restricted Funds	-0-	6,000,000	-0-
051.	Expand CAER Laboratories			
	Restricted Funds	-0-	5,000,000	-0-
052.	Purchase Clinical Enterprise Data Center Hardware Pool			
	Restricted Funds	-0-	5,000,000	-0-
053.	Repair, Upgrade, Improve Building Shell Systems			
	Restricted Funds	-0-	5,000,000	-0-
054.	Renovate Slone Building, Phase I			
	Restricted Funds	-0-	5,000,000	-0-
055.	Purchase Telemedicine/Virtual ICU			
	Restricted Funds	-0-	5,000,000	-0-
056.	Construct Facilities Storage Building			
	Restricted Funds	-0-	4,806,000	-0-
057.	Expand KGS Well Sample and Core Repository			
	Restricted Funds	-0-	4,741,000	-0-
058.	Purchase Digital Medical Record Expansion			
	Restricted Funds	-0-	4,640,000	-0-
059.	Purchase Patient System Enterprise			
	Restricted Funds	-0-	4,640,000	-0-
060.	Convert Taylor Education Space to Offices and Classroom			
	Restricted Funds	-0-	4,500,000	-0-
061.	Renovate Mineral Industries Building			
	Restricted Funds	-0-	4,450,000	-0-
062.	Upgrade Clinic Enterprises Network - Hospital Pool			
	Restricted Funds	-0-	4,250,000	-0-
063.	Expand Ophthalmology Clinic - Hospital			
	Restricted Funds	-0-	4,185,000	-0-
064.	Construct Facilities Support Building - Hospital			
	Restricted Funds	-0-	4,000,000	-0-
065.	Renovate Memorial Coliseum Seating Area			
	Other Funds	-0-	4,000,000	-0-
066.	Renovate Funkhouser Tower			
	Restricted Funds	-0-	3,900,000	-0-
067.	Repair, Upgrade, Improve Building Electrical Systems			

	Restricted Funds	-0-	3,745,000	-0-
068.	Upgrade Support Services - Hospital			
	Restricted Funds	-0-	3,500,000	-0-
069.	Lease-Purchase Campus Infrastructure Upgrade			
	Restricted Funds	-0-	3,500,000	-0-
070.	Renovate Old Pharmacy Building for Biology, Design			
	Restricted Funds	-0-	3,500,000	-0-
071.	Lease-Purchase Large Scale Computing			
	Restricted Funds	-0-	3,500,000	-0-
072.	Lease-Purchase Data Center Hardware - Hospital Pool			
	Restricted Funds	-0-	3,350,000	-0-
073.	Renovate Dentistry Clinic in Kentucky Clinic			
	Restricted Funds	-0-	3,320,000	-0-
074.	Renovate/Expand DLAR Quarantine Facility Spindletop			
	Restricted Funds	-0-	3,288,000	-0-
075.	Relocate and Expand Dentistry Faculty Practice			
	Restricted Funds	-0-	3,100,000	-0-
076.	Renovate Nursing Building			
	Restricted Funds	-0-	1,988,000	-0-
	Federal Funds	-0-	1,100,000	-0-
	TOTAL	-0-	3,088,000	-0-
077.	Construct Golf Practice Area			
	Other Funds	-0-	3,000,000	-0-
078.	Renovate Dentistry Class Lab			
	Restricted Funds	-0-	3,000,000	-0-
079.	Construct Cancer Education Facility - Hospital			
	Restricted Funds	-0-	3,000,000	-0-
080.	Renovate Reynolds Building, Phase 1			
	Restricted Funds	-0-	3,000,000	-0-
081.	Purchase Registration and Scheduling System			
	Restricted Funds	-0-	3,000,000	-0-
082.	Purchase Upgrade - HIS Computing Facility			
	Restricted Funds	-0-	2,900,000	-0-
083.	Renovate Central Computing Facility			
	Restricted Funds	-0-	2,813,000	-0-
084.	Renovate Blazer Hall Cafeteria			
	Agency Bonds	-0-	2,800,000	-0-
085.	Construct Stadium Suite Addition			

	Other Funds	-0-	2,750,000	-0-
086.	Purchase Telephone System Replacement Pool			
	Restricted Funds	-0-	2,700,000	-0-
087.	Renovate Student Center Food Court			
	Agency Bonds	-0-	2,675,000	-0-
088.	Repair, Upgrade, Improve Building Elevator Systems			
	Restricted Funds	-0-	2,540,000	-0-
089.	Convert Hunt Morgan Space to Class Lab			
	Restricted Funds	-0-	2,500,000	-0-
090.	Renovate Teaching Space in the Chemistry/Physics Building			
	Restricted Funds	-0-	2,500,000	-0-
091.	Implement Medication Bar Coding System			
	Restricted Funds	-0-	2,500,000	-0-
092.	Renovate Diagnostic Treatment Services - Hospital			
	Restricted Funds	-0-	2,500,000	-0-
093.	Lease-Purchase Data Repository System			
	Restricted Funds	-0-	2,500,000	-0-
094.	Lease-Purchase Data Center Infrastructure			
	Restricted Funds	-0-	2,500,000	-0-
095.	Repair Stadium Structure			
	Other Funds	-0-	2,500,000	-0-
096.	Renovate Parking Structure #3 - Hospital			
	Restricted Funds	-0-	2,485,000	-0-
097.	Renovate Koinonia House			
	Restricted Funds	-0-	2,371,000	-0-
098.	Upgrade Critical Care Facility - Hospital			
	Restricted Funds	-0-	2,200,000	-0-
099.	Lease-Purchase Enterprise Storage System			
	Restricted Funds	-0-	2,200,000	-0-
100.	Repair, Upgrade, Improve Civil/Site Infrastructure			
	Restricted Funds	-0-	2,200,000	-0-
101.	Renovate Vivarium in Central DLAR Facility Phase II			
	Restricted Funds	-0-	2,176,000	-0-
102.	Renovate Space in McVey Hall			
	Restricted Funds	-0-	2,150,000	-0-
103.	Construct Hall of Fame Plaza			
	Other Funds	-0-	2,100,000	-0-
104.	Replace Radiology Information System			

	Restricted Funds	-0-	2,000,000	-0-
105.	Construct Physicians Services Facilities - Hospital			
	Restricted Funds	-0-	2,000,000	-0-
106.	Renovate Soccer Press Box/Seating Addition			
	Other Funds	-0-	2,000,000	-0-
107.	Lease-Purchase Remote Site Fiber			
	Restricted Funds	-0-	2,000,000	-0-
108.	Renovate Kitchen - Hospital			
	Restricted Funds	-0-	2,000,000	-0-
109.	Upgrade Surgical Services - Hospital			
	Restricted Funds	-0-	2,000,000	-0-
110.	Purchase Dentistry Billing System Phase III			
	Restricted Funds	-0-	2,000,000	-0-
111.	Lease-Purchase Data Storage Equipment and Software Pool			
	Restricted Funds	-0-	1,950,000	-0-
112.	Lease-Purchase Data Warehouse/Infrastructure			
	Restricted Funds	-0-	1,800,000	-0-
113.	Purchase Identity Management System			
	Restricted Funds	-0-	1,750,000	-0-
114.	Lease-Purchase Campus Call Center System			
	Restricted Funds	-0-	1,500,000	-0-
115.	Lease-Purchase Network Security Hardware			
	Restricted Funds	-0-	1,500,000	-0-
116.	Purchase Radiofrequency Identification System			
	Restricted Funds	-0-	1,500,000	-0-
117.	Purchase Managed Care Enterprise			
	Restricted Funds	-0-	1,160,000	-0-
118.	Purchase Upgraded Communication Infrastructure			
	Restricted Funds	-0-	1,014,000	-0-
119.	Renovate Office Space in Funkhouser			
	Restricted Funds	-0-	1,000,000	-0-
120.	Expand Clinical Enterprise Data Center Network Pool			
	Restricted Funds	-0-	1,000,000	-0-
121.	Renovate Third Floor Little Library			
	Restricted Funds	-0-	1,000,000	-0-
122.	Purchase Upgrade Integrated Library System			
	Restricted Funds	-0-	1,000,000	-0-
123.	Renovate Teaching Space in the Funkhouser Building			

	Restricted Funds	-0-	1,000,000	-0-
124.	Lease-Purchase UPS System			
	Restricted Funds	-0-	941,000	-0-
125.	Lease-Purchase Mainframe Computer - Hospital			
	Restricted Funds	-0-	800,000	-0-
126.	Purchase Upgrade for Servers			
	Restricted Funds	-0-	800,000	-0-
127.	Handicapped Access Pool			
	Restricted Funds	-0-	800,000	-0-
128.	Purchase Staff Scheduling System - Hospital			
	Restricted Funds	-0-	750,000	-0-
129.	Purchase Document Scanning System			
	Restricted Funds	-0-	700,000	-0-
130.	Purchase Paging Software - Hospital			
	Restricted Funds	-0-	700,000	-0-
131.	Purchase Police Communications Equipment			
	Restricted Funds	-0-	600,000	-0-
132.	Purchase Shelving for Storage Facility			
	Restricted Funds	-0-	525,000	-0-
133.	Install Emergency Generator Computing Facility			
	Restricted Funds	-0-	500,000	-0-
134.	Purchase Compact Shelving - Fine Arts Library			
	Restricted Funds	-0-	500,000	-0-
135.	Purchase Digital Imaging Equipment			
	Restricted Funds	-0-	311,000	-0-
136.	Purchase Electrospray LC Tandem Mass Spectrometer			
	Restricted Funds	-0-	290,000	-0-
137.	Purchase 400 MHz NMR Spectrometer			
	Restricted Funds	-0-	275,000	-0-
138.	Purchase Precision Machining System			
	Restricted Funds	-0-	250,000	-0-
139.	Purchase Physical Chemistry Teaching Laboratory			
	Restricted Funds	-0-	240,000	-0-
140.	Purchase Circular Dichroism Spectrometer			
	Restricted Funds	-0-	210,000	-0-
141.	Upgrade Audio/Visual Equipment Guignol Theatre			
	Restricted Funds	-0-	210,000	-0-
142.	Purchase Metabolic Instructional System			

Restricted Funds	-0-	210,000	-0-
143. Guaranteed Energy Savings Performance Contracts			
144. Lease Med College Off-Campus Clinic - Fayette County			
145. Lease Health Affairs Office #2 - Fayette County			
146. Lease - E-cavern			
147. Lease Kentucky Utilities Building - Fayette County			
148. Lease Administrative Office - Fayette County			
149. Lease Blazer Parkway - Fayette County			
150. Lease Med Center Off-Campus Facility #1 - Fayette County			
151. Lease Med Center Grant Project #2 - Fayette County			
152. Lease Med Center Grants Projects #1 - Fayette County			
153. Lease Health Affairs Office #4 - Fayette County			
154. Health Affairs Office Lease #3 - Fayette County			
155. Lease Health Affairs Office - Fayette County			
156. Lease Good Sam - Hospital - Fayette County			
157. Lease Grants Projects #2 - Fayette County			
158. Lease Off Campus #3 - Fayette County			
159. Lease Off Campus #2 - Fayette County			
160. Lease Off Campus #1 - Fayette County			
161. Lease Rural Health Expansion - Hazard Perry County			
162. Lease Grants Projects #1 - Fayette County			
163. Lease Med Center Off Campus Facility #2 - Fayette County			
164. Construct Science Research Building #2 - Planning and Design			
Restricted Funds	-0-	10,000,000	-0-
165. Construct Gatton Building Complex - Planning and Design			
Restricted Funds	-0-	10,000,000	-0-
166. Lease Health Affairs Office #5 - Fayette County			
167. Renovate 4-H Camps			
Bond Funds	-0-	2,000,000	-0-

9. UNIVERSITY OF LOUISVILLE

001. Expand Papa John's Cardinal Stadium			
Restricted Funds	5,000,000	-0-	-0-
Other Funds	67,000,000	-0-	-0-
TOTAL	72,000,000	-0-	-0-
002. Expand Ambulatory Care Building Academic Addition			
Other Funds	-0-	60,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

003. Expand and Renovate - Dental School

Restricted Funds	-0-	4,000,000	-0-
Agency Bonds	-0-	38,700,000	-0-
TOTAL	-0-	42,700,000	-0-
004. Construct 500 Bed Residence Hall			
Other Funds	-0-	40,130,000	-0-
005. Construct Health Sciences Campus Parking Structure III			
Other Funds	-0-	38,735,000	-0-
006. Purchase Land Near Health Sciences Campus - Parcel I			
Other Funds	-0-	34,246,000	-0-
007. Construct Health Sciences Campus Parking Structure II			
Agency Bonds	30,700,000	-0-	-0-
008. Purchase Land Near Belknap Campus South			
Other Funds	-0-	30,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
009. Construct Health Sciences Campus Steam/Chilled Water Plant II			
Other Funds	-0-	29,668,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
010. Renovate Capital Renewal Pool			
Restricted Funds	-0-	28,265,000	-0-
011. Construct Health Sciences Campus Research III Additional			
Agency Bonds	-0-	15,800,000	-0-
012. Renovate Shelby Campus Infrastructure			
Other Funds	-0-	10,050,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
013. Purchase Land Support Service (Northeast Quad)			
Other Funds	-0-	10,000,000	-0-
014. Expand Student Activities Center			
Agency Bonds	-0-	9,960,000	-0-
015. Purchase Central Station Property			
Other Funds	-0-	9,000,000	-0-
016. Purchase Land Near Papa John's Stadium			
Restricted Funds	-0-	7,000,000	-0-
017. Renovate Ekstrom Library - Additional Reauthorization (\$22,081,000 Restricted Funds)			
Restricted Funds	-0-	6,757,000	-0-
018. Construct Westside Dining Facility			
Agency Bonds	-0-	5,370,000	-0-
019. Renovate Natural Science Building - Additional Reauthorization			

	(\$13,380,000 Restricted Funds)			
	Restricted Funds	-0-	4,710,000	-0-
020.	Purchase Computer Processing System			
	Restricted Funds	-0-	4,000,000	-0-
021.	Utility Distribution - South Belknap Campus - Additional Reauthorization			
	(\$6,821,000 Restricted Funds)			
	Restricted Funds	-0-	3,549,000	-0-
022.	Expand and Renovate Founders Union Building - Additional Reauthorization			
	(\$12,190,000 Restricted Funds)			
	Restricted Funds	-0-	3,447,000	-0-
023.	Construct Boathouse for Women's Rowing Program			
	Restricted Funds	-0-	3,370,000	-0-
024.	Renovate Housing Capital Renewal Pool - Additional Reauthorization			
	(\$710,000 Restricted Funds)			
	Restricted Funds	-0-	3,210,000	-0-
025.	Purchase Magnetic Resonance Imaging System			
	Federal Funds	-0-	3,000,000	-0-
026.	Expand College of Business for Equine Industry			
	Restricted Funds	-0-	3,000,000	-0-
027.	Expand and Renovate Oppenheimer Hall			
	Restricted Funds	-0-	2,725,000	-0-
028.	Purchase Magnetic Resonance Imaging Equipment			
	Federal Funds	-0-	-0-	2,500,000
029.	Purchase Positron Emission Tomography System			
	Federal Funds	-0-	2,500,000	-0-
030.	Purchase Electronic Research Information System			
	Restricted Funds	-0-	1,210,000	1,210,000
031.	Renovate Kersey Library - Additional Reauthorization (\$4,630,000			
	Restricted Funds)			
	Restricted Funds	-0-	2,393,000	-0-
032.	Purchase Land Near Health Sciences Campus Parcel II - Additional			
	Reauthorization (\$3,875,000 Restricted Funds)			
	Restricted Funds	-0-	2,159,000	-0-
033.	Purchase Magnetoencephalography System			
	Restricted Funds	-0-	430,000	-0-
	Federal Funds	-0-	1,670,000	-0-
	TOTAL	-0-	2,100,000	-0-
034.	Construct Physical Plant Space in Health Sciences Campus Garage			

	Restricted Funds	-0-	2,027,000	-0-
035.	Purchase Storage System			
	Restricted Funds	-0-	2,000,000	-0-
036.	Purchase Robotic Cranes (2) for Automated Book			
	Restricted Funds	-0-	-0-	1,995,000
037.	Renovate Research Resource Center Cage Wash Area			
	Restricted Funds	-0-	1,484,000	-0-
	Federal Funds	-0-	500,000	-0-
	TOTAL	-0-	1,984,000	-0-
038.	Purchase Visualization System (Planetarium)			
	Restricted Funds	-0-	-0-	1,900,000
039.	Renovate Medical School Tower 55A Phase I - Additional Reauthorization (\$4,225,000 Restricted Funds)			
	Restricted Funds	-0-	1,592,000	-0-
040.	Purchase Transmission Electron Microscope			
	Federal Funds	-0-	-0-	1,500,000
041.	Purchase High Resolution Tandem Mass Spectrometer			
	Federal Funds	-0-	-0-	1,500,000
042.	Purchase Computational Cluster System			
	Restricted Funds	-0-	-0-	1,200,000
043.	Purchase Low Pressure Chemical Vapor Deposition Machine and Low Temperature Oxide System			
	Federal Funds	-0-	1,000,000	-0-
044.	Lease Digital Output System			
	Restricted Funds	-0-	1,000,000	-0-
045.	Purchase Robotic Telescope System			
	Federal Funds	-0-	1,000,000	-0-
046.	Purchase Networking System - Additional			
	Restricted Funds	-0-	4,000,000	-0-
047.	Construct Student Health Facility - Additional Reauthorization (\$6,650,000 Restricted Funds)			
	Restricted Funds	-0-	990,000	-0-
048.	Purchase Plastic Sintering Machine			
	Federal Funds	-0-	-0-	900,000
049.	Purchase Artificial Turf Practice Field Facility			
	Restricted Funds	-0-	865,000	-0-
050.	Construct Diversity Center for Excellence - Additional Reauthorization (\$5,898,000 Other Funds)			

	Other Funds	-0-	830,000	-0-
051.	Purchase Additive Microdeposition Machine			
	Federal Funds	-0-	-0-	825,000
052.	Purchase Focused Ion Beam Microscope			
	Federal Funds	-0-	-0-	800,000
053.	Purchase Laser Jet Cutting System			
	Federal Funds	-0-	750,000	-0-
054.	Purchase Plastic Deposition Machine			
	Federal Funds	-0-	750,000	-0-
055.	Purchase Intermediate Voltage Transmission Electron Microscope			
	Restricted Funds	-0-	665,500	-0-
056.	Purchase Direct Metal Additive Fabrication Machine			
	Federal Funds	-0-	650,000	-0-
057.	Purchase PCs, Printers, Scanners for Libraries			
	Restricted Funds	-0-	159,000	158,500
	Other Funds	-0-	159,000	159,000
	TOTAL	-0-	318,000	317,500
058.	Purchase Hemodialysis Machine			
	Restricted Funds	-0-	-0-	634,000
059.	Purchase Ultra Fast Spectroscopy Facility			
	Federal Funds	-0-	-0-	600,000
060.	Purchase Computer Systems for College of Education			
	Restricted Funds	-0-	600,000	-0-
061.	Purchase Biological Material Deposition Machine			
	Federal Funds	-0-	600,000	-0-
062.	Purchase Computer Assisted Instructional Model			
	Restricted Funds	-0-	300,000	-0-
	Other Funds	-0-	200,000	-0-
	TOTAL	-0-	500,000	-0-
063.	Purchase Gas Chromatography Mass Spectrometer			
	Restricted Funds	-0-	500,000	-0-
064.	Purchase Magnetron Sputtering System			
	Federal Funds	-0-	500,000	-0-
065.	Purchase Ion Milling System			
	Federal Funds	-0-	-0-	500,000
066.	Purchase Linear Ion Trap Mass Spectrometer			
	Federal Funds	-0-	486,000	-0-
067.	Construct Utilities, Remove Overhead Lines - Additional Reauthorization			

	(\$3,194,000 Restricted Funds)			
	Restricted Funds	-0-	479,000	-0-
068.	Renovate Code Improvement Pool - Additional Reauthorization (\$3,191,000 Restricted Funds)			
	Restricted Funds	-0-	479,000	-0-
069.	Purchase Live Cell Intracellular Nanoprobe Station			
	Federal Funds	-0-	-0-	400,000
070.	Purchase TeraHertz Spectroscopy			
	Federal Funds	-0-	-0-	350,000
071.	Purchase Multi-Head Sputtering System			
	Federal Funds	-0-	350,000	-0-
072.	Purchase High Resolution Scanning Electron Microscope			
	Restricted Funds	-0-	347,600	-0-
073.	Purchase Olympus FV1000 Confocal			
	Restricted Funds	-0-	344,900	-0-
074.	Purchase Software for Kidney Disease Program			
	Restricted Funds	-0-	-0-	325,000
075.	Purchase Reactive Ion Etching System			
	Federal Funds	-0-	250,000	-0-
076.	Purchase Spray Develop/Etching System			
	Federal Funds	-0-	-0-	250,000
077.	Purchase Gas Injection System			
	Federal Funds	-0-	240,000	-0-
078.	Purchase Confocal Microscope			
	Federal Funds	-0-	-0-	238,700
079.	Purchase Cathodoluminescence System			
	Federal Funds	-0-	230,000	-0-
080.	Purchase Leica TCS SP5 Confocal Microscope			
	Restricted Funds	-0-	-0-	45,700
	Federal Funds	-0-	-0-	182,800
	TOTAL	-0-	-0-	228,500
081.	Purchase Hysitron Nanoindenter			
	Federal Funds	-0-	225,000	-0-
082.	Purchase Temperature and Humidity Control System (4)			
	Restricted Funds	-0-	-0-	220,000
083.	Purchase Gene Chip Scanner			
	Federal Funds	-0-	219,000	-0-
084.	Purchase Library Chairs and Tables			

	Restricted Funds	-0-	-0-	200,000
085.	Purchase Atomic Force Microscope			
	Federal Funds	-0-	200,000	-0-
086.	Purchase Advanced Resist Processing System			
	Federal Funds	-0-	200,000	-0-
087.	Guaranteed Energy Savings Performance Contracts			
088.	Purchase Enterprise Application System			
	Restricted Funds	-0-	2,000,000	-0-
089.	Purchase Digital Communications System			
	Restricted Funds	-0-	3,000,000	-0-
090.	Student Health Facility Lease			
091.	Jefferson County Housing - Lease			
092.	West Louisville Outreach Center Lease			
093.	Lease-Purchase College of Business MBA Program Building			
	Other Funds	15,000,000	-0-	-0-
	(1) Authorization: The above authorization begins on the effective date of this Act.			
094.	Master of Fine Arts Lease			
095.	Med Center One Lease			
096.	Renovate Medical Dental Res Building, Phase IV			
	Restricted Funds	-0-	22,748,000	-0-
097.	Renovate Life Sciences Building			
	Restricted Funds	-0-	30,024,000	-0-
098.	Construct Instructional Facility in HSC Quad			
	Restricted Funds	-0-	16,900,000	-0-
099.	Construct HSC Research Facility V			
	Restricted Funds	-0-	154,000,000	-0-
100.	Purchase Equipment Replacement Research and Inst			
	Restricted Funds	-0-	15,000,000	-0-
101.	Construct Complete Two Shelled Floors of CII			
	Restricted Funds	-0-	7,526,000	-0-
102.	Renovate Chemistry Fume Hood Redesign Phase II Additional Reauthorization (\$4,610,000 Restricted Funds)			
	Restricted Funds	-0-	8,710,000	-0-
103.	Construct Fitness & Health Institute			
	Restricted Funds	-0-	14,707,000	-0-
104.	Purchase Computer Systems for Nursing School			
	Restricted Funds	-0-	100,000	100,000
105.	Renovate Burhans Hall			

	Restricted Funds	-0-	14,140,000	-0-
106.	Renovate J. B. Speed Building			
	Restricted Funds	-0-	9,892,000	-0-
107.	Renovate Kornhauser Library			
	Restricted Funds	-0-	14,217,000	-0-
108.	Renovate KY Lions Eye Research Institute			
	Restricted Funds	-0-	13,230,000	-0-
109.	Construct Athletic Academic Support Facility Reauthorization (\$5,000,000 Other Funds)			
110.	Construct Executive MBA/Business Program Building			
	Other Funds	20,930,000	-0-	-0-
	(1) Authorization: The above authorization begins on the effective date of this Act.			
111.	Renovate Gross Anatomy Lab			
	Restricted Funds	-0-	4,570,000	-0-
112.	Lease Ambulatory Care Building - Jefferson County			
113.	Lease Haymarket Building - Jefferson County			
114.	Lease Haymarket Parking - Jefferson County			
115.	Renovate Miller Information Technology Center			
	Restricted Funds	-0-	2,900,000	-0-
116.	Renovate College of Education Building			
	Restricted Funds	-0-	24,200,000	-0-
10.	WESTERN KENTUCKY UNIVERSITY			
001.	Renovate Downing University Center - Phase III			
	Restricted Funds	-0-	2,000,000	-0-
002.	Construct Agriculture Research Services Lab			
	Federal Funds	-0-	22,825,000	-0-
003.	Renovate Van Meter Hall			
	Restricted Funds	-0-	2,760,000	-0-
	Agency Bonds	-0-	18,400,000	-0-
	TOTAL	-0-	21,160,000	-0-
004.	Renovate Science Campus Phase III			
	Restricted Funds	-0-	3,000,000	-0-
	Federal Funds	-0-	3,000,000	-0-
	Agency Bonds	-0-	9,000,000	-0-
	TOTAL	-0-	15,000,000	-0-
005.	Expand Preston Center - Phase II Construction			
	Restricted Funds	-0-	1,725,000	-0-
	Agency Bonds	-0-	11,500,000	-0-

	TOTAL	-0-	13,225,000	-0-
006.	Renovate Ivan Wilson Center Phase I			
	Restricted Funds	-0-	1,380,000	-0-
	Agency Bonds	-0-	9,200,000	-0-
	TOTAL	-0-	10,580,000	-0-
007.	Renovate Garrett Conference Center Phase I			
	Other Funds	-0-	6,300,000	-0-
008.	Miscellaneous Maintenance Pool			
	Restricted Funds	-0-	10,000,000	-0-
009.	Construct Mesonet Computer Center			
	Restricted Funds	-0-	800,000	-0-
	Federal Funds	-0-	5,000,000	-0-
	TOTAL	-0-	5,800,000	-0-
010.	Replace Building Ford College Business - Grise Hall Phase I			
	Agency Bonds	-0-	5,800,000	-0-
011.	Acquire Property and Construct Parking Lots			
	Restricted Funds	-0-	690,000	-0-
	Agency Bonds	-0-	4,600,000	-0-
	TOTAL	-0-	5,290,000	-0-
012.	Construct Materials Characterization/ICSET Phase II			
	Restricted Funds	-0-	600,000	-0-
	Agency Bonds	-0-	4,500,000	-0-
	TOTAL	-0-	5,100,000	-0-
013.	Upgrade Steam Plant Air Quality System			
	Restricted Funds	2,680,100	-0-	-0-
014.	Convert WKYU-NPR and WKYU-PBS to Digital/HD			
	Restricted Funds	-0-	2,645,000	-0-
015.	Purchase Property for Campus Expansion 2008			
	Restricted Funds	-0-	2,000,000	-0-
016.	Develop South Lawn			
	Restricted Funds	-0-	2,000,000	-0-
017.	Renovate Helm/Cravens Library Design			
	Restricted Funds	-0-	1,989,000	-0-
018.	Renovate Environmental Science and Technology Hall Design			
	Restricted Funds	-0-	1,940,000	-0-
019.	Repair/Renovate Parking Structure #1, Phase I			
	Restricted Funds	-0-	1,750,000	-0-
020.	Equipment Pool			

	Restricted Funds	-0-	1,700,000	-0-
021.	Install Bike Paths			
	Restricted Funds	-0-	260,000	-0-
	Federal Funds	-0-	1,040,000	-0-
	TOTAL	-0-	1,300,000	-0-
022.	Improve University Drive Intersection			
	Restricted Funds	-0-	240,000	-0-
	Federal Funds	-0-	960,000	-0-
	TOTAL	-0-	1,200,000	-0-
023.	Renovate Kentucky Building Design			
	Restricted Funds	-0-	1,130,000	-0-
024.	Construct Baseball Clubhouse			
	Other Funds	-0-	1,000,000	-0-
025.	Renovate Academic Complex Phase I Design - Additional Reauthorization (\$1,323,000 Restricted Funds)			
	Restricted Funds	-0-	777,000	-0-
026.	Repair and Renovate Craig Alumni House			
	Restricted Funds	-0-	750,000	-0-
027.	Renovate Agriculture Expo Center			
	Restricted Funds	-0-	600,000	-0-
028.	Upgrade IT Infrastructure - Additional Reauthorization (\$2,000,000 Restricted Funds)			
	Restricted Funds	-0-	300,000	-0-
029.	Purchase Property/Parking and Street Improvements			
	Restricted Funds	-0-	2,800,000	-0-
030.	Guaranteed Energy Savings Performance Contracts			
031.	WKU Gateway to Downtown Bowling Green - Lease			
032.	Renovate Underground Electrical Infrastructure			
	Restricted Funds	-0-	6,000,000	-0-
033.	Replace College of Education Building Phase II			
	Restricted Funds	-0-	5,250,000	-0-
034.	Renovate and Expand Carroll Knicely Center Phase II			
	Restricted Funds	-0-	1,500,000	-0-
035.	Upgrade Steam Distribution Plant			
	Restricted Funds	-0-	7,000,000	-0-
036.	Construct Central Regional Postsecondary Education Center - Planning and Design			
	Restricted Funds	-0-	3,000,000	-0-

037.	Lease Parking Spaces - WKU Gateway to Downtown			
038.	Replace Field in Houchens/L.T. Smith Football Stadium			
	Restricted Funds	-0-	800,000	-0-

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

(1) **Lexington Community College Classroom/Lab Building:** The Kentucky Community and Technical College System is authorized to construct the LCC Classroom/Lab Building appropriated in 2005 Ky. Acts ch. 173, Part II, K., 12., 019., on state property currently known as the main campus of Eastern State Hospital.

(2) **Conveyance of Property:** The Kentucky Community and Technical College System may undertake a capital construction project under the provisions of Part I, K., 11., (3), of this Act.

001.	Capital Renewal and Deferred Maintenance Pool			
	Restricted Funds	-0-	38,000,000	-0-
002.	KCTCS Property Acquisition Pool			
	Restricted Funds	-0-	5,500,000	-0-
003.	Construct Child Development Center - Henderson CTC			
	Other Funds	-0-	2,225,000	-0-
004.	Reroof and Enclose Concourses Gray Building - Madisonville CTC			
	Restricted Funds	-0-	1,700,000	-0-
005.	Purchase Multi-Engine Aircraft - Somerset CTC			
	Restricted Funds	-0-	1,645,000	-0-
006.	Construct Child Care Facility - Ashland CTC			
	Other Funds	-0-	1,628,000	-0-
007.	Master Plan Development and Upgrade Pool			
	Restricted Funds	-0-	850,000	-0-
008.	Construct Bowling Green Fire Training Center			
	Restricted Funds	-0-	830,000	-0-
009.	Construct Area 9 Training Building State Fire and Rescue - Additional			
	Restricted Funds	-0-	443,000	-0-
010.	Purchase Articulated Dump Truck - Southeast KY CTC			
	Restricted Funds	-0-	300,000	-0-
011.	Purchase Combine for Agriculture Program - Hopkinsville CTC			
	Restricted Funds	-0-	275,000	-0-
012.	Purchase D65 Crawler Tractor - Southeast KY CTC			
	Restricted Funds	-0-	200,000	-0-
013.	Purchase Horizontal Milling Machine - Hopkinsville CTC			
	Restricted Funds	-0-	200,000	-0-
014.	Maysville CTC Montgomery County Center Lease			
015.	Bullitt County Campus Lease			
016.	Advanced Manufacturing Training Center Lease			
017.	KCTCS System Office Lease-Purchase			

018.	Jefferson CTC - Jefferson Education Center Lease			
019.	Henderson CC Lease for Applied Technology			
020.	Guaranteed Energy Savings Performance Contracts			
021.	KCTCS Information Technology Infrastructure Pool			
	Restricted Funds	-0-	12,000,000	-0-
022.	KCTCS Equipment Pool			
	Restricted Funds	-0-	20,000,000	-0-
023.	LCC Classroom/Lab Building - Additional Reauthorization (\$31,741,000 Bond Funds)			
	Bond Funds	-0-	4,000,000	-0-
024.	Construct Community Intergenerational Center - Hazard CC			
	Restricted Funds	-0-	3,900,000	-0-

K. TRANSPORTATION CABINET

Budget Units	2008-09	2009-10
1. GENERAL ADMINISTRATION AND SUPPORT		
001. Replace Automated Vehicle Information System (AVIS)		
Bond Funds	25,000,000	-0-
002. Kentucky Horse Park Roads and Pedways - FEI Games		
Road Fund	10,300,000	-0-
(1) Kentucky Horse Park Roads and Pedways - FEI Games: Included in the above Road Fund appropriation is the amount necessary to complete roads, parking infrastructure, and pedways for the 2010 FEI World Equestrian Championship Games.		
003. Road Maintenance Parks		
Road Fund	1,500,000	1,500,000
004. Repair Loadometer and Rest Areas		
Road Fund	900,000	600,000
005. Purchase TRNS*PORT Upgrade		
Road Fund	1,300,000	-0-
006. Building Renovations and Emergency Repairs		
Road Fund	600,000	600,000
007. Various Environmental Compliance		
Road Fund	500,000	500,000
008. Aircraft Maintenance Pool - 2008-2010		
Investment Income	500,000	500,000
009. HVAC Maintenance and Repairs		
Road Fund	400,000	400,000
010. Purchase Bridge Snooper		
Road Fund	500,000	-0-

011.	Replace Overhead Doors and Emergency Repairs		
	Road Fund	200,000	200,000
012.	Painting and Roof Repair or Replacement		
	Road Fund	200,000	200,000
013.	Purchase One Track Mounted Core Drill		
	Road Fund	375,000	-0-
014.	Purchase GPS Surveying Equipment		
	Road Fund	317,000	-0-
015.	Repair Salt Storage Structures		
	Road Fund	150,000	150,000
016.	Purchase GPS Virtual Reference System		
	Road Fund	150,000	-0-
017.	2008 Ryder Cup Parking		
	Road Fund	600,000	-0-
	(1) 2008 Ryder Cup Parking: Included in the above Road Fund appropriation is the amount necessary to complete parking infrastructure improvements at the Kentucky Fair and Exposition Center pursuant to the 2008 Ryder Cup Trade Agreement.		
018.	Wetland Restoration		
	Bond Funds	10,000,000	-0-

PART III

GENERAL PROVISIONS

1. Funds Designations: Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, other miscellaneous federal receipts received by a budget unit, and the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

2. Expenditure of Excess Restricted Funds or Federal Funds Receipts: If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2008-2009 or fiscal year 2009-2010, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall

become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 of this Act, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. In the event that General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2008-2009 or fiscal year 2009-2010, respectively, then the appropriation increase may be approved. In the event that the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director and the Secretary of the Finance and Administration Cabinet may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2008-2010 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

4. Revision of Appropriation Allotments: Allotments within appropriated sums for the activities and purposes contained in the enacted State/Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

5. Appropriations Expenditure Purpose and Transfer Restrictions: Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.

6. Permitted Appropriation Obligations: No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly, legislative and executive records, and the statutory budget memorandum.

7. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the

General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

8. Federally Funded Agencies: A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

9. Lapse of General Fund or Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.

10. Statutes in Conflict: All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering the provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.

12. Interpretation of Appropriations: All questions that arise in interpreting any appropriation in this Act as to the purpose or manner for which the appropriation may be expended shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2008 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, State/Executive Budget, and Judicial Budget as enacted by the 2008 Regular Session, as well as other Acts which contain appropriation provisions for the 2008-2010 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2008 Regular Session, and the statutory budget memorandum. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class and for the State/Executive Budget, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted State/Executive Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.

14. State Financial Condition: Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

15. Prorating Administrative Costs: The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2008 Regular Session of the General Assembly. If any executive reorganization order issued from sine die adjournment of the 2007 Regular Session to sine die adjournment of the 2008 Regular Session was not confirmed by the 2008 Regular Session of the General Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation with agency heads and with notification to the Legislative Research Commission, transfer the balance of funds for any affected program or function for fiscal year 2007-2008 and any related appropriations and funds for each of the next two fiscal years from the budget unit in which the program or function was placed by the executive reorganization order to the budget unit in which the program or function resided prior to the reorganization action or in which it was placed by action of the 2008 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2009, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.117, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By October 15, 2009, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss affected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as used in this section means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2008 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

20. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

22. Unclaimed Lottery Prize Money: For fiscal year 2008-2009 and fiscal year 2009-2010, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Sales and Use Tax Collection and Remittance Compensation: Notwithstanding KRS 139.570, for the periods after June 30, 2008, the total reimbursement allowed per taxpayer in any month shall not exceed \$1,500. Notwithstanding KRS 139.240, 139.250, or 139.700, after the effective date of this Act, separate permit numbers for a taxpayer with different business locations shall not be issued.

24. Abandoned Property Held by Financial Institutions: Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years.

25. Sale of Abandoned Property by Finance and Administration Cabinet: Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2008-2010 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.

26. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

27. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700 and 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2008-2009, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2008-2009 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2008-2010 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section

shall be made available for the General Fund Contingency Plan contained in Part VII of this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

28. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2008-2009 and fiscal year 2009-2010 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

29. Adoption of Budget Reduction: Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01.

30. Abandonment of Traveler's Checks: Notwithstanding KRS 393.060, traveler's checks held or owing by a banking or financial organization shall be presumed abandoned when the period of time the traveler's checks have been outstanding exceeds seven years, unless the owner has within seven years corresponded in writing with the banking or financial organization concerning the traveler's checks, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

31. Appropriation of Budget Reserve Trust Fund: Pursuant to KRS 48.705, \$183,557,900 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

32. General Fund Expenditure Reductions: The Governor shall reduce General Fund expenditures appropriated in this Act by \$179,900,000 in fiscal year 2008-2009 and by \$193,900,000 in fiscal year 2009-2010. This reduction shall be achieved in part but not limited to the following measures:

(a) Beginning May 1, 2008, the Kentucky Retirement System shall provide to the Secretary of the Personnel Cabinet a listing of all employees of the Executive Branch covered by the Kentucky Employees Retirement System for nonhazardous employees that have submitted a request to begin to receive retirement benefits the preceding month. The Secretary of the Personnel Cabinet shall determine each retiring employee's last agency of employment, final classification, and annual salary, and provide the Office of the State Budget Director this information by individual agency. The State Budget Director, the Secretary of the Finance and Administration Cabinet shall utilize this information and determine the amount of General Fund moneys in the agency budget for fiscal year 2008-2009 and fiscal year 2009-2010 for the retiring employees' positions. This information shall be used in addition to other information, including but not limited to budget reductions included elsewhere in this Act and information provided by each agency on operating efficiencies and cost-saving measures, to determine: (1) The amount of General Fund reductions per year that can be obtained from each appropriation unit associated with personnel cost and retirements to accomplish the goal of reducing the recurring cost of the executive branch by \$85,000,000 each fiscal year; and (2) The number of funded full-time positions that are reduced by attrition and retirements. The State Budget Director shall determine the amount of Restricted Funds related to retiring personnel positions. Notwithstanding any law to the contrary, the amount of Restricted Funds determined by the State Budget Director to be related to retiring personnel positions may be transferred to the General Fund.

The State Budget Director shall provide a monthly report to the Interim Joint Committee on Appropriations and Revenue outlining the actions taken or planned pursuant to this section, including but not limited to the number of employees retiring, the amount of General Fund projected expenditures reduced, the number of budgeted authorized full-time positions eliminated, and the amount of other funds to be transferred to the General Fund as a result of retirements and attrition.

The Secretary of the Finance and Administration Cabinet and the State Budget Director shall not take any action authorized or directed in this section that would affect the funding or operation of Property Valuation Administrators' Offices or any other employer not specifically listed in KRS 12.020; and

(b) The Finance and Administration Cabinet, in conjunction with other Executive Branch agency heads, shall identify excess debt service, efficiencies, and cost-saving measures that will result in a direct savings to the

Commonwealth. In addition, the Finance and Administration Cabinet is directed to restructure the General Fund-supported debt of the Commonwealth and capture available General Fund debt service in fiscal years 2008-2009 and 2009-2010 as a result of the restructuring. Debt service payments shall not commence until after July 1, 2010, for the restructured debt components.

33. Office Space: Pursuant to KRS 56.463(4)(b), the legislative branch had and has the legal authority to occupy certain space in the New State Capitol Annex, as of certain occupancy dates described by the October 1, 2003 Resolution of the Legislative Research Commission. On or before July 1, 2008, the Secretary of the Finance and Administration Cabinet shall ensure that the New State Capitol Annex space allocated to the legislative branch by KRS 56.463(4)(b), and designated for occupancy by the October 1, 2003 Resolution of the Legislative Research Commission adopted pursuant to KRS 56.463(4)(b) and as specified in subsections (a) and (b) below, shall be vacated by the executive branch and available for immediate occupancy by the legislative branch as follows:

(a) The legislative branch shall occupy the following additional space on the second floor of the New State Capitol Annex: Starting at the center (north-south) hallway and proceeding west on the south side of the east-west hallway, all space (approximately 3,072 square feet) in the area from the third pilaster to and including the ninth pilaster, comprising the offices 265 to 275, except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008; and

(b) The legislative branch shall occupy the following additional space on the third and fourth floors of the New State Capitol Annex: Starting at the center (north/south) hallway on each floor and proceeding west, all space (approximately 4,096 square feet on each floor) south of the east/west hallway to and including the ninth pilaster, and the area going south from the center (north/south) hallway on each floor from the first to the third pilaster on the west side of the hallway; and comprising the area going south from the center (north/south) hallway on each floor, all space (approximately 3,328 square feet on each floor) on the west side of each hallway beginning at the third pilaster at the north/south hallway to the south end of the building; except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008.

The Secretary of the Finance and Administration Cabinet shall be authorized to lease such additional space as may be necessary to comply with the provisions of this section. Expenditures required by the implementation of this section related to securing, if necessary, additional leased office space by the executive branch, the relocation of executive branch personnel, and the relocation of offices that is required by this section, including moving expenses, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) or, if the expenditures required to implement this section exceed the funds available in those accounts, notwithstanding KRS 45.770, the Finance and Administration Cabinet shall transfer sufficient funds in the Capital Construction and Equipment Purchase Contingency Account to a capital project account to be used for expenditures necessary to implement the requirements of this section. Prior to making a transfer, the Finance and Administration Cabinet shall present the proposed transfer to the Capital Projects and Bond Oversight Committee for review at least 14 days prior to a meeting of the committee as required by KRS 45.800. No portion of funds transferred for this purpose shall be used for any other purpose. Lack of funds in any of the accounts referenced in this section shall not excuse compliance with this section.

If the Secretary of the Finance and Administration Cabinet fails or refuses to fully and timely comply with the requirements of this section, the Legislative Research Commission may petition the Franklin Circuit Court for a writ of mandamus to compel the Secretary's compliance with the requirements of this section.

Any expenditure authorized by the Legislative Research Commission relating to implementation of KRS 56.463(4)(b) and funded by previous appropriations to the legislative branch shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(14), and 48.020.

34. Lottery Dividends: KRS 154A.130(1) establishes the intent of the General Assembly that it shall be the goal of the Kentucky Lottery Corporation to transfer each year 35 percent of gross revenues to the General Fund. In fiscal year 2008-2009 and fiscal year 2009-2010, the Kentucky Lottery Corporation shall remit no less than 28 percent of gross revenues each year to the General Fund.

Notwithstanding KRS 154A.130(3) and (4), 78 percent of the 28 percent remitted to the General Fund in fiscal year 2008-2009 and 2009-2010 shall be distributed according to the provisions set out in KRS 154A.130(3) and (4) to support higher education scholarship programs. The remaining 22 percent of the 28 percent remitted to the General Fund shall remain in the General Fund to be used to support restoration of higher education funds.

35. Road Fund Resources: The Transportation Cabinet may use Road Fund resources for the purpose of the maintenance or construction of public runways, parking lots, pedways, or other transportation infrastructures which are connected to a roadway and can be traversed by a vehicle.

36. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

37. Kentucky Wine and Vine Fest: The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

PART IV

STATE SALARY/COMPENSATION AND EMPLOYMENT POLICY

1. Maximum Filled Permanent Positions: Notwithstanding KRS 18A.010(2), for the 2008-2010 fiscal biennium, the total number of filled permanent positions in the agencies of the Executive Branch is limited to the number authorized in the enacted State/Executive Budget of the Commonwealth for the 2008-2010 fiscal biennium.

2. Authorized Personnel Complement: On July 1, 2008, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent and other positions based upon the enacted State/Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled and vacant positions of permanent full-time, permanent part-time, and all other positions shall not exceed the authorized complements pursuant to this section. When an agency head certifies that an emergency employment situation exists for a limited time within a fiscal year, the State Budget Director may approve, and the Secretary of the Personnel Cabinet may authorize, the employment of individuals in addition to the authorized complement for the duration of the limited time period so authorized within the fiscal year. A copy of records, certifications, and actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

3. Salary Adjustments: Notwithstanding KRS 18A.355, an increment of one percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date.

Notwithstanding KRS 151B.035(12), for fiscal years 2008-2009 and 2009-2010, the salary adjustments for certified and equivalent employees of the Office of Career and Technical Education shall be made pursuant to the provisions of this Part. Notwithstanding KRS 151B.035(6)(e), the salary schedule for certified and equivalent employees of the Office of Career and Technical Education shall be implemented within the appropriations made in this Act.

4. Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

5. Employee Cross-Reference: The Personnel Cabinet shall permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan.

6. Employer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 10.01 percent, consisting of 5.79 percent for pension and 4.22 percent for insurance, for nonhazardous duty employees and 24.35 percent, consisting of 9.79 percent for pension and 14.56 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 30.07 percent, consisting of 15.28 percent for pension and 14.79 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2009, through June 30, 2010, shall be 11.61 percent, consisting of 6.65 percent for pension and 4.96 percent for insurance, for nonhazardous duty employees and 24.69 percent, consisting of 9.89 percent for pension and 14.8 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 33.08 percent, consisting of 16.81 percent for pension and 16.27 percent for insurance.

The General Fund moneys directed to be appropriated by 2006 Ky. Acts ch. 252, Part VII, to the Kentucky Retirement Systems to address a portion of the actuarially unfunded liability shall be appropriated to the Kentucky Retirement Systems Insurance Fund as established in KRS 61.701 and shall be allocated in proportion to the contributions required according to KRS 61.702(2) for the Kentucky Employees Retirement System Insurance Fund and the State Police Retirement System Insurance Fund.

7. Kentucky Employees Retirement Systems Employer Contribution Supplement Distribution: The State Budget Director shall determine the amount of funds from the appropriation in Part I, J., 4., of this Act that is necessary for each budget unit to implement the required employer contribution rates for retirement established in Section 6. of this Part. The State Salary and Compensation Fund shall be supplemented by Restricted Funds, Federal Funds, the Road Fund, and other General Fund amounts otherwise appropriated to state agencies. The amount of moneys transferred from the State Salary and Compensation Fund to state agencies shall not exceed the General Fund cost of the increased employer retirement contribution rate for each position. After the Secretary of the Personnel Cabinet has distributed the required funds to state agencies, then the balance of the funds shall be distributed to other public employers who were effected by the increased employer retirement contribution rates in Section 6. of this Part on a pro rata basis. The Secretary of the Personnel Cabinet shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue of the distribution of these funds.

8. Employer Health Trust Payments: The Secretary of the Personnel Cabinet, in association with the State Budget Director and Executive Branch agency heads, shall coordinate the timing of employer payments to the State Group Health Trust Fund in such a manner that will provide the agencies the flexibility to lapse \$7,000,000 in General Fund moneys in each fiscal year.

PART V

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2007-2008, fiscal year 2008-2009, and fiscal year 2009-2010:

	2007-08	2008-09	2009-10
A. GENERAL GOVERNMENT			
1. Governor's Office of Agricultural Policy			
General Fund (Tobacco)	-0-	12,545,000	11,539,000
2. Governor's Office for Local Development			
Expendable Trust Fund (KRS 42.4582)	-0-	2,200,000	2,200,000
3. Governor's Office for Local Development			
Other Special Revenue Fund	572,800	-0-	-0-

4. Local Government Economic Development Fund			
Multi-County Fund - Debt Service (KRS 42.4588)	-0-	14,527,800	14,551,500
5. Secretary of State			
Agency Revenue Fund (KRS 14.140)	-0-	1,347,000	1,347,000
6. Attorney General			
Other Special Revenue Fund (KRS 367.964)	-0-	350,000	350,000
7. Accountancy			
Agency Revenue Fund (KRS 325.250)	440,000	57,800	-0-
8. Architects			
Agency Revenue Fund	100,000	54,200	-0-
9. Certification for Professional Art Therapists			
Agency Revenue Fund (KRS 309.138)	-0-	13,600	-0-
10. Auctioneers			
Agency Revenue Fund (KRS 330.050(6))	35,000	-0-	-0-
11. Auctioneers			
Recovery Fund (KRS 330.192)	-0-	312,200	-0-
12. Chiropractic Examiners			
Agency Revenue Fund	-0-	95,400	-0-
13. Dentistry			
Agency Revenue Fund (KRS 313.350)	128,000	435,000	-0-
14. Licensure and Certification for Dietitians and Nutritionists			
Agency Revenue Fund (KRS 310.041(7))	1,000	44,000	-0-
15. Embalmers and Funeral Directors			
Agency Revenue Fund (KRS 316.125 and KRS 316.210)	-0-	113,300	-0-
16. Licensure for Professional Engineers and Land Surveyors			
Agency Revenue Fund (KRS 322.420)	470,000	320,400	-0-
17. Certification of Fee-Based Pastoral Counselors			

	Agency Revenue Fund	-0-	1,900	-0-
	(KRS 335.650)			
18.	Registration for Professional Geologists			
	Agency Revenue Fund	50,000	126,000	-0-
	(KRS 322A.050)			
19.	Hairdressers and Cosmetologists			
	Agency Revenue Fund	280,000	138,000	50,000
	(KRS 317A.080)			
20.	Interpreters for the Deaf and Hard of Hearing			
	Agency Revenue Fund	-0-	54,700	-0-
	(KRS 309.306)			
21.	Examiners and Registration of Landscape Architects			
	Agency Revenue Fund	-0-	53,000	-0-
22.	Licensure of Marriage and Family Therapists			
	Agency Revenue Fund	-0-	12,200	-0-
	(KRS 335.342)			
23.	Licensure for Massage Therapy			
	Agency Revenue Fund	14,000	146,700	-0-
	(KRS 309.356)			
24.	Medical Licensure			
	Agency Revenue Fund	670,000	249,600	-0-
	(KRS 311.610)			
25.	Nursing			
	Agency Revenue Fund	1,700,000	343,700	-0-
	(KRS 314.161)			
26.	Licensure for Occupational Therapy			
	Agency Revenue Fund	3,500	98,900	80,000
	(KRS 319A.060)			
27.	Optometric Examiners			
	Agency Revenue Fund	15,000	56,900	-0-
	(KRS 320.360)			
28.	Pharmacy			
	Agency Revenue Fund	190,000	300,000	300,000
	(KRS 315.195)			
29.	Physical Therapy			
	Agency Revenue Fund	-0-	281,100	-0-
	(KRS 327.080)			
30.	Podiatry			

	Agency Revenue Fund	-0-	25,000	25,000
	(KRS 311.450(3))			
31.	Private Investigators			
	Agency Revenue Fund	-0-	35,800	-0-
	(KRS 329A.030)			
32.	Licensed Professional Counselors			
	Agency Revenue Fund	35,000	198,300	75,000
	(KRS 335.520)			
33.	Proprietary Education			
	Agency Revenue Fund	-0-	142,800	30,000
	(KRS 165A.380)			
34.	Examiners of Psychology			
	Agency Revenue Fund	90,000	101,400	45,000
	(KRS 319.131)			
35.	Real Estate Appraisers			
	Agency Revenue Fund	-0-	47,100	-0-
	(KRS 324A.065)			
36.	Real Estate Commission			
	Agency Revenue Fund	1,180,000	-0-	-0-
	(KRS 324.410)			
37.	Respiratory Care			
	Agency Revenue Fund	24,000	14,300	-0-
	(KRS 314A.215(3))			
38.	Social Work			
	Agency Revenue Fund	83,000	101,600	80,000
	(KRS 335.140)			
39.	Speech-Language Pathology and Audiology			
	Agency Revenue Fund	30,000	85,900	75,000
	(KRS 334A.120)			
40.	Veterinary Examiners			
	Agency Revenue Fund	11,500	139,900	-0-
	(KRS 321.320)			
	B. COMMERCE CABINET			
1.	Tourism			
	Agency Revenue Fund	1,086,600	-0-	-0-
2.	Tourism			
	Agency Revenue Fund	1,000,000	-0-	-0-
	(KRS 142.406(2)(3))			

C. ECONOMIC DEVELOPMENT CABINET**1. Financial Incentives**

Kentucky Economic Development

Finance Authority	-0-	23,000,000	-0-
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(KRS 154.20-010 to 154.20-150 and
154.20-520)**2. Financial Incentives**

Other Special Revenue Fund	1,197,000	1,200,000	1,200,000
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Balances remaining in the Special Revenue Fund accounts after all appropriations authorized in this bill shall lapse to the General Fund Surplus Account at the end of each fiscal year, except for funds held in escrow for payments of consultant fees.

3. Existing Business Development

Agency Revenue Fund	10,800	-0-	-0-
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D. EDUCATION CABINET**1. Kentucky Educational Television**

Agency Revenue Fund	2,000,000	-0-	-0-
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E. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**1. General Administration and Program Support**

Kentucky Heritage Land

Conservation Fund	-0-	10,000,000	-0-
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(KRS 146.570)

A \$10,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.

2. General Administration and Program Support

Kentucky Pride Trust Fund	-0-	1,250,000	1,250,000
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(KRS 224.43-505(1))

3. General Administration and Program Support

Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300
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Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c.

4. Natural Resources

Agency Revenue Fund	-0-	250,000	250,000
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(KRS 146.570(3), 149.280(2), 149.670, 353.590(3))

5. Public Protection Commissioner

Agency Revenue Fund	-0-	600,000	800,000
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6. Petroleum Storage Tank Environmental Assurance Fund

Insurance Administration Fund	-0-	65,000,000	16,500,000
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(KRS 224.60-130, 224.60-140,
224.60-145, and 224.60-150)

A \$25,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.

7. Alcoholic Beverage Control			
Agency Revenue Fund	-0-	500,000	350,000
(KRS 243.025(1)(3))			
8. Board of Claims/Crime Victims' Compensation Board			
Agency Revenue Fund	-0-	-0-	500,000
(KRS 346.185)			
9. Financial Institutions			
Agency Revenue Fund	418,800	3,800,000	3,500,000
(KRS 286.01-485)			
10. Housing, Buildings and Construction			
Agency Revenue Fund	600,000	1,300,000	1,800,000
(KRS 198B.090(10), 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1)(2), 236.130(3), and 318.136)			
11. Insurance			
Agency Revenue Fund	-0-	15,820,000	15,360,000
(KRS 304.2-300(1)(4), 304.2-400 and 304.2-440(4))			
12. Insurance			
Kentucky Access Fund	-0-	71,551,500	5,385,900
(KRS 304.2-440(4) and 304-17B-021)			
13. Insurance			
Expendable Trust Fund	-0-	16,750,000	-0-
(2006 Kentucky Acts Chapter 252, Part XXIII, Section 6)			
14. Insurance			
Fire and Tornado Insurance Fund	1,000,000	-0-	-0-
(KRS 56.180)			
15. Workers' Compensation Funding Commission			
Insurance Administration Fund	-0-	6,200,000	-0-
(KRS 342.1227)			

F. FINANCE AND ADMINISTRATION CABINET

1. General Administration

	Fleet Management Fund	-0-	4,272,400	1,500,000
2.	Controller			
	Rural Development Trust Fund -			
	Investment Income	3,231,200	-0-	-0-
	(KRS 248.655)			
3.	Controller			
	Early Childhood Development Trust			
	Fund - Investment Income	252,400	-0-	-0-
	(KRS 200.151)			
4.	Controller			
	Health Care Improvement Trust Fund			
	- Investment Income	14,000	-0-	-0-
	(KRS 194A.0550)			
5.	Controller			
	Expendable Trust Fund	-0-	3,000,000	-0-
6.	Debt Service			
	Unexpended Debt Service Tobacco			
	Settlement - Phase I	16,257,500	-0-	-0-
	(KRS 248.655)			
7.	Facilities and Support Services			
	Property Management Fund	-0-	750,000	750,000
8.	Commonwealth Office of Technology			
	Computer Services Fund	-0-	1,500,000	1,500,000
9.	Finance and Administration			
	Capital Construction Investment			
	Income	-0-	3,300,000	32,783,400
	Capital appropriations in the amount of \$17,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.			
10.	Finance and Administration			
	Capital Construction Surplus			
	Account	-0-	500,000	500,000
	(KRS 45.775)			

G. HEALTH AND FAMILY SERVICES CABINET

1.	General Administration and Program Support			
	Malt Beverage Education Fund	-0-	450,000	450,000
2.	Commission for Children with Special Health Care Needs			
	General Fund (Tobacco)	-0-	2,000	2,000
3.	Mental Health and Mental Retardation Services			

	General Fund (Tobacco)	-0-	175,000	175,000
4.	Public Health			
	Agency Revenue Fund	50,900	-0-	-0-
	(KRS 194A.050(4), 211.350(10), 211.848(2), 212.025(2), 217.125(2), 219.071, and 221.020(2))			
5.	Public Health			
	General Fund (Tobacco)	-0-	4,255,900	4,478,300
6.	Health Policy			
	Agency Revenue Fund	200,000	43,700	43,700
	(KRS 212.025(2))			
7.	Human Support Services			
	General Fund (Tobacco)	-0-	75,000	75,000
8.	Community Based Services			
	Agency Revenue Fund	43,000	-0-	-0-
	(KRS 186.040(5))			
9.	Community Based Services			
	General Fund (Tobacco)	-0-	1,550,000	1,800,000
	H. PERSONNEL			
1.	General Operations			
	Agency Revenue Fund	97,600	-0-	-0-
2.	General Operations			
	Other Special Revenue Fund	209,000	-0-	-0-
	I. POSTSECONDARY EDUCATION			
1.	Council on Postsecondary Education			
	Postsecondary Workforce			
	Development Trust Fund	-0-	10,000	-0-
	(KRS 164.7925)			
2.	Council on Postsecondary Education			
	Lung Cancer Research Fund	-0-	140,000	-0-
	(KRS 164.476)			
3.	Council on Postsecondary Education			
	Technology Initiative Trust Fund	-0-	50,000	-0-
	(KRS 164.7921)			
4.	Kentucky Higher Education Assistance Authority			
	Expendable Trust Fund	876,900	-0-	-0-
	(KRS 164.7891(11))			
5.	Kentucky Higher Education Assistance Authority			

Other Special Revenue Fund (KRS 164.7891(11))	483,900	-0-	-0-
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J. TRANSPORTATION CABINET**1. Aviation**

Agency Revenue Fund (KRS 183.525(4))	2,300,000	4,882,100	4,781,300
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2. Aviation

Agency Revenue Fund	100,000	-0-	-0-
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3. Highways

Other Special Revenue Funds	-0-	10,000,000	-0-
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The amount of the fund transfer shall be limited to the deposits to the other special revenue fund established in Part II, (10). In the event that the amount of the fund transfer made in fiscal year 2008-2009 is less than the full amount authorized, fund transfers may be made in fiscal year 2009-2010 up to a maximum biennial total of \$10,000,000.

4. Vehicle Regulation

Agency Revenue Fund (KRS 186.040(6)(a))	5,500,000	2,500,000	-0-
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5. Vehicle Regulation

Agency Revenue Fund	-0-	-0-	3,357,000
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6. Vehicle Regulation

Agency Revenue Fund (KRS 186.240(3))	900,000	-0-	-0-
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7. Vehicle Regulation

Agency Revenue Fund (KRS 186.040(6)(b))	-0-	9,800,000	4,000,000
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TOTAL - FUNDS TRANSFER	43,952,400	301,654,400	135,845,400
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PART VI**GENERAL FUND BUDGET REDUCTION PLAN**

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$9,005,737,000 in fiscal year 2008-2009 and \$9,258,789,000 in fiscal year 2009-2010 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected deficit.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

In the event of a revenue shortfall under the provisions of KRS 48.120, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Application of unbudgeted surplus from the previous fiscal year and transfers of excess unappropriated Restricted Funds other than fiduciary funds shall be applied as determined by the head of each branch for its respective budget units;

(3) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the trust fund balance in fiscal year 2008-2009 and 50 percent of the trust fund balance in fiscal year 2009-2010;

(4) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth; and

(5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this Part are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

PART VII

GENERAL FUND CONTINGENCY PLAN

Notwithstanding KRS 48.140 and 48.700, there is established a Contingency Plan for the expenditure of the undesignated balance in the General Fund.

- (1) The undesignated balance in the General Fund shall be determined as provided in Part III, 27., of this Act.
- (2) The undesignated balance in the General Fund in excess of the amount designated for budget purposes as provided in Part III, 27., of this Act are appropriated as provided in subsection (3) of this Part, subject to the following conditions:
 - (a) Expenditures shall be made in the priority order set forth in subsection (3) of this Part; and
 - (b) If funds available are not sufficient to completely fund a listed priority, then the next priority on the list that can be completely funded shall be funded.
- (3) The priority list for the Contingency Plan for the expenditure of General Fund surplus moneys is as follows:
 - (a) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
 - (b) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act and paragraph (a) of this subsection, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
 - (c) Provide \$5,157,000 for one-half year of debt service to support the entirety of the following Capital Projects:
 1. Advanced Technology Center - Owensboro CTC

	Bond Funds	\$14,055,000
2.	Construct Carrollton Campus - Jefferson CTC	
	Bond Funds	\$12,000,000
3.	Energy and Advanced Technology Center - Madisonville CTC	
	Bond Funds	\$4,000,000
4.	Licking Valley Campus - Phase II Maysville CTC	
	Bond Funds	\$1,000,000
5.	Advanced Manufacturing Facility - Bluegrass CTC	
	Bond Funds	\$22,000,000
6.	Urban Campus - Gateway CTC	
	Bond Funds	\$21,319,000
7.	Construct Materials Characterization/ICSET - Phase II - Western Kentucky University	
	Bond Funds	\$4,500,000
8.	Renovate Science Complex Phase III - Western Kentucky University	
	Bond Funds	\$9,000,000
9.	Replace Ford College of Business - Grise Hall Phase I - Western Kentucky University	
	Bond Funds	\$5,800,000
10.	EKU-UK Dairy Research Project (Meadowbrook Farm) - Eastern Kentucky University	
	Bond Funds	\$5,300,000
11.	Expand/Renovate, Construct, or Acquire Existing Structure for Betty White Nursing Complex - Kentucky State University	
	Bond Funds	\$4,900,000;
	and	

- (d) Increase support for the Budget Reserve Trust Fund.

PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2008-2009 and fiscal year 2009-2010. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of \$1,324,806,400 in fiscal year 2008-2009 and \$1,405,103,400 in fiscal year 2009-2010 as determined by KRS 48.120(3), the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.140 and pursuant to KRS 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be deposited in the State Construction Account and utilized to support projects in the fiscal biennium 2008-2010 Biennial Highway Construction Program.

PART X

PHASE I TOBACCO SETTLEMENT

(1) **General Purpose:** This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) **State's MSA Share:** The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) **MSA Payment Amount Variables:** The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) **Distinct Identity of MSA Payment Deposits:** The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a distinct identity as Phase I Tobacco Settlement payments that, shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) **MSA Payment Estimates and Adjustments:** Based on the current estimates as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2008-2009 is \$119,690,000 and in fiscal year 2009-2010 is \$121,580,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. Any appropriations made from the estimated receipts are subject to adjustments based on actual receipts as received and certified by the Secretary of the Finance and Administration Cabinet.

a. **State Enforcement:** Notwithstanding KRS 248.654, a total of \$275,000 of the MSA payments received each fiscal year of the 2008-2010 biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. **Agricultural Development Initiatives:** Fifty percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$59,707,500, and in fiscal year 2009-2010, estimated to be \$60,652,500, is appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives.

c. **Early Childhood Development Initiatives:** Twenty-five percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$29,853,700, and in fiscal year 2009-2010, estimated to be \$30,326,300, is appropriated for Early Childhood Development Initiatives as specified below.

d. **Health Care Initiatives:** Twenty-five percent of the MSA payments received, less the above enforcement appropriations, in fiscal year 2008-2009, estimated to be \$29,853,800, and in fiscal year 2009-2010, estimated to be \$30,326,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.

(6) **MSA Appropriation Adjustments - Prior Year Receipts Received:** In the event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are received in a subsequent fiscal year, those revenues are hereby appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood Development Fund, and 25 percent to the Health Care Improvement Fund.

a. **Early Childhood Development:** From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Early Childhood Development Fund, the Early Childhood Development Authority shall recommend to the State Budget Director for approval the specific appropriations to be made to the existing initiatives.

b. Health Care Improvement: From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Health Care Improvement Fund, appropriations shall be made pursuant to KRS 304.17B-003(5).

(7) **MSA Lapse Provision:** Portions of the amounts appropriated in this Part shall lapse as identified in Part V of this Act.

A. STATE ENFORCEMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2008-09	2009-10
a. Revenue	275,000	275,000

B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. GENERAL GOVERNMENT

Budget Unit	2008-09	2009-10
a. Governor's Office of Agricultural Policy	35,041,000	34,917,600

(1) **Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

(2) **Agricultural Development Appropriations:** Notwithstanding KRS 248.703(1)(a), funds received in the Rural Development Fund that exceed the General Fund (Tobacco) moneys appropriated in fiscal year 2007-2008 pursuant to 2006 Ky. Acts ch. 252, Part X, B., shall not be subject to distribution to the counties account, as specified in KRS 248.703(1)(a), and notwithstanding KRS 248.711, these funds shall be allocated to the state account identified in KRS 248.703(1)(b).

(3) **Agricultural Development Appropriations:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$16,419,375 in fiscal year 2008-2009 and \$16,419,375 in fiscal year 2009-2010, for the counties account as specified in KRS 248.703(1)(a). Included in the above General Fund (Tobacco) appropriation is \$18,621,625 in fiscal year 2008-2009 and \$18,498,225 for other projects throughout the state as specified in KRS 248.703(1)(b).

(4) **Governor's Office of Agricultural Policy Fund Transfer:** It is recognized that Phase I Master Settlement Agreement Revenues to be received by the Commonwealth are estimated and are subject to change. In the event that Phase I Master Settlement Agreement Revenues are less than the current estimates as reviewed by the Consensus Revenue Forecasting Group, the General Fund (Tobacco) Part V, Fund Transfer from the Governor's Office of Agricultural Policy to the General Fund shall be reduced by an amount equal to 50 percent times the reduction (shortfall) in the Phase I Master Settlement Agreement Revenues.

(5) **Tobacco Settlement Funds - Debt Service:** Included in the above General Fund (Tobacco) appropriation is \$884,000 in fiscal year 2009-2010 for new debt service to support \$10,000,000 of new bonds for the Kentucky Agriculture Heritage Center as set forth in Part II, Capital Projects Budget, of this Act .

2. DEPARTMENT OF EDUCATION

Budget Unit	2008-09	2009-10
a. Operations and Support Services	-0-	91,000

(1) **Debt Service:** Included in the above General Fund (Tobacco) appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the FFA Leadership Training Center Renovation as set forth in Part II, Capital Projects Budget, of this Act.

3. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Unit	2008-09	2009-10
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a. Natural Resources - Conservation	9,000,000	9,000,000
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(1) **Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in fiscal year 2008-2009 and \$9,000,000 in fiscal year 2009-2010 for the Environmental Stewardship Program.

4. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2008-09	2009-10
a. Debt Service	15,416,500	15,417,900

(1) **Debt Service:** To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

5. POSTSECONDARY EDUCATION

Budget Unit	2008-09	2009-10
a. Council on Postsecondary Education	-0-	976,000

(1) **Debt Service:** Included in the above General Fund (Tobacco) appropriation is \$885,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Expand and Upgrade LDDC Phase II project and \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Renovate 4-H Camps project as set forth in Part II, J., 8., of this Act.

5. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Budget Unit	2008-09	2009-10
a. University of Kentucky	250,000	250,000
TOTAL - AGRICULTURAL APPROPRIATIONS	59,707,500	60,652,500

C. EARLY CHILDHOOD DEVELOPMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. EDUCATION CABINET

Budget Unit	2008-09	2009-10
a. Learning and Results Services	1,525,000	1,525,000

2. CABINET FOR HEALTH AND FAMILY SERVICES

(1) **Cabinet For Health and Family Services Fund Transfer:** It is recognized that Phase I Master Settlement Agreement Revenues to be received by the Commonwealth are estimated and are subject to change. In the event that Phase I Master Settlement Agreement Revenues are less than the current estimates as reviewed by the Consensus Revenue Forecasting Group, the total General Fund (Tobacco) Part V, Fund Transfer from the budget units within the Cabinet for Health and Family Services shall be reduced by an amount equal to 25 percent times the reduction (shortfall) in the Phase I Master Settlement Agreement Revenues.

Budget Units	2008-09	2009-10
a. Community Based Services	8,970,400	9,220,400

(1) **Early Childhood Development Program:** Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program.

b. Public Health	16,856,300	17,078,900
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(1) **HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, Reach Out and Read, and Kentucky Early Intervention Services First Steps:** Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in

fiscal years 2008-2009 and 2009-2010 for the Health Access Nurturing Development Services (HANDS) Program; \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives; \$2,313,400 in fiscal years 2008-2009 and 2009-2010 for Universal Children's Immunizations; \$400,000 in fiscal year 2008-2009 and \$400,000 in fiscal year 2009-2010 for the Folic Acid Program; \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in fiscal year 2009-2010 for Early Childhood Mental Health; \$510,500 in fiscal years 2008-2009 and 2009-2010 for Early Childhood Oral Health; \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for Reach Out and Read; and \$1,000,000 in fiscal years 2008-2009 and 2009-2010 for the Kentucky Early Intervention Services First Steps Program.

c. Mental Health and Mental Retardation		
Services	975,000	975,000

(1) **Substance Abuse Prevention and Treatment:** Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment.

d. Commission for Children with Special		
Health Care Needs	352,000	352,000

(1) **Universal Newborn Hearing Screening and Vision Screening:** Included in the above General Fund (Tobacco) appropriation is \$352,000 in each fiscal year for the Universal Newborn Hearing Screening and Vision Screening programs.

e. Human Support Services	175,000	175,000
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(1) **Children's Advocacy Centers:** Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for Children's Advocacy Centers.

3. POSTSECONDARY EDUCATION

Budget Unit	2008-09	2009-10
a. Kentucky Higher Education Assistance		
Authority	1,000,000	1,000,000

(1) **Early Childhood Scholarships:** Included in the above General Fund (Tobacco) appropriation is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 for Early Childhood Scholarships.

TOTAL - EARLY CHILDHOOD APPROPRIATIONS 29,853,700 30,326,300

**D. HEALTH CARE IMPROVEMENT APPROPRIATIONS
GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:

1. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Unit	2008-09	2009-10
a. Insurance	19,551,300	19,881,900

(1) **Kentucky Access Program:** Included in the above General Fund (Tobacco) appropriation is \$19,551,300 in fiscal year 2008-2009 and \$19,881,900 in fiscal year 2009-2010 for the Kentucky Access Program.

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Unit	2008-09	2009-10
a. General Administration and Program Support	2,793,000	2,840,300

(1) **Smoking Cessation Program:** Included in the above General Fund (Tobacco) appropriation is \$2,793,000 in fiscal year 2008-2009 and \$2,840,300 in fiscal year 2009-2010 for the Smoking Cessation Program.

3. JUSTICE AND PUBLIC SAFETY CABINET

Budget Unit	2008-09	2009-10
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a. Justice Administration	1,923,400	1,923,400
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(1) **Office of Drug Control Policy:** Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy.

4. POSTSECONDARY EDUCATION

Budget Unit	2008-09	2009-10
a. Council on Postsecondary Education	5,586,100	5,680,600

(1) **Ovarian Cancer Screening:** Notwithstanding KRS 164.476, General Fund (Tobacco) moneys in the amount of \$975,000 in fiscal year 2008-2009 and \$975,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky. In each fiscal year, \$200,000 in Ovarian Cancer Screening funds shall be allotted for serum Ca-125 tests for women in families at or below 200 percent of the federal poverty level for whom the test has been prescribed by a health care practitioner.

TOTAL - HEALTH CARE APPROPRIATIONS	29,853,800	30,326,200
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TOTAL - PHASE I TOBACCO SETTLEMENT		
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FUNDING PROGRAM	119,690,000	121,580,000
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PART XI

STATE/EXECUTIVE BRANCH BUDGET SUMMARY

OPERATING BUDGET

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	119,690,000	121,580,000
General Fund	150,504,300	9,082,339,400	9,348,326,200
Restricted Funds	50,451,500	5,234,279,900	5,375,514,900
Federal Funds	190,518,900	7,699,246,500	7,959,878,500
Road Fund	98,100	1,306,814,400	1,400,953,400
Highway Bond	-0-	110,000,000	-0-
SUBTOTAL	391,572,800	23,552,370,200	24,206,253,000

CAPITAL PROJECTS BUDGET

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	-0-	-0-
General Fund	-0-	-0-	-0-
Restricted Funds	7,680,100	2,035,121,600	32,838,200
Federal Funds	-0-	130,183,700	14,046,500
Road Fund	-0-	17,992,000	4,150,000
Highway Bond	-0-	-0-	-0-
Bond Funds	5,700,000	437,081,000	-0-
Agency Bonds	54,200,000	589,013,000	-0-
Capital Construction Surplus	-0-	2,500,000	-0-
Investment Income	-0-	4,301,000	7,801,000
Other Funds	113,730,000	746,458,000	2,159,000
SUBTOTAL	181,310,100	3,962,650,300	60,994,700

TOTAL - STATE/EXECUTIVE BUDGET

	2007-08	2008-09	2009-10
General Fund (Tobacco)	-0-	119,690,000	121,580,000
General Fund	150,504,300	9,082,339,400	9,348,326,200
Restricted Funds	58,131,600	7,269,401,500	5,408,353,100
Federal Funds	190,518,900	7,829,430,200	7,973,925,000
Road Fund	98,100	1,324,806,400	1,405,103,400
Highway Bond	-0-	110,000,000	-0-
Bond Funds	5,700,000	437,081,000	-0-
Agency Bonds	54,200,000	589,013,000	-0-
Capital Construction Surplus	-0-	2,500,000	-0-
Investment Income	-0-	4,301,000	7,801,000
Other Funds	113,730,000	746,458,000	2,159,000
TOTAL FUNDS	572,882,900	27,515,020,500	24,267,247,700

The above capital projects are directly funded in Part II, Capital Projects Budget, of this Act.

PART XII**INSURANCE COVERAGE, AFFORDABILITY AND RELIEF TO SMALL EMPLOYERS (ICARE) PROGRAM**

Section 1. As used in Sections 1 to 8 of this Part, unless the context requires otherwise:

(1) "Consumer-driven health plan" means a health benefit plan, including a high deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health reimbursement arrangement that meets the requirements of Internal Revenue Code, Notice 2002-45, 2002-2 C.B. 93;

(2) "Eligible employer" or "employer" means an individual that employs two to 25 employees, a corporation, including a foreign corporation, other than a governmental entity, that employs one or more residents of the Commonwealth, or a corporation or an unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec. 501(c), as amended and in effect for the taxable year. An eligible employer must employ no more than 25 employees and meet the eligibility requirements set forth in administrative regulations promulgated by the office. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the office or a third-party administrator selected in accordance with Section 5 of this Part;

(3) "Eligible employee" or "employee" means an employee of an eligible employer whose business is located in the Commonwealth, who has not attained age 65 or is Medicare eligible, and who meets the financial and other eligibility standards set forth in administrative regulations promulgated by the office;

(4) "Health risk assessment" means an assessment to prevent or minimize risk factors for disease and maintain wellness;

(5) "High-cost condition" means a diagnosed specific list of conditions representing the top 20 high-cost conditions in the small group market;

(6) "ICARE Program participating insurer" means any insurer who offers a health benefit plan in the small group market;

(7) "Office" means the Office of Insurance; and

(8) "Qualified health benefit plan" means a health benefit plan as described in Section 3(2) of this Part.

Section 2. (1) There is hereby created and established, under the supervision of the Office of Insurance, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, which is designed to make health insurance more affordable for small employer groups. The program is being piloted in the small group market

and shall be limited to those employer groups with two to 25 employees, including small groups with two to 25 employees who are members of an employer-organized association. This program is in the final two years of a four-year pilot period.

(2) All insurers that issue health benefit plans to employers with two to 25 employees, including employers participating in an employer-organized association, as a condition of doing business in Kentucky, shall be deemed an ICARE Program participating insurer.

(3) The Office of Insurance may, subject to the provisions of this section, establish an employer health care incentive program for certain employers for the purpose of reducing the amount of contributions or payments made by those employers and employees toward the cost of qualified medical insurance and which shall consist of the following two programs:

(a) An employer health care incentive program for the purpose of reducing the cost to employers and employees for providing qualified health benefit plan coverage under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income employees if the eligible employer pays 50 percent or more of the premium cost of that qualified health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have not provided employer-sponsored health benefit plan coverage to their employees within the previous 12 months; and

(b) An employer health care incentive program for the purpose of reducing the cost to employers and employees for the purpose of obtaining or maintaining qualified health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible employer and employees if the eligible employer pays 50 percent or more of the premium cost of that health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have at least one employee with a high-cost condition. The office shall promulgate administrative regulations to establish a list of high-cost conditions for the ICARE Program.

(4) In order for an eligible employer to qualify for the ICARE Program, the average annual salary of the employer group shall not exceed 300 percent of the federal poverty level. This shall not include the annual salary of any person with an ownership interest in the employer group.

(5) The office shall promulgate administrative regulations to establish guidelines for determination of preference for employer groups based upon federal poverty level, eligibility criteria, health care incentive payment procedures, program participating insurer and employer reporting requirements, and administrative guidelines for the ICARE Program.

Section 3. (1) Sections 1 to 8 of this Part shall not apply to an insurer that provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS insureds, or self-insured groups.

(2) Each ICARE Program participating insurer shall offer at least three qualified health benefit plans to employers. A qualified health benefit plan shall be:

(a) A consumer-driven health benefit plan, including a health reimbursement arrangement or health savings account;

(b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-097; or

(c) An enriched health benefit plan.

(3) Each ICARE Program participating insurer shall offer at least one of each of the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject to the provisions of KRS 304.17A-220.

(4) An ICARE Program participating insurer shall conduct a health risk assessment for each employee enrolled in the ICARE Program and offer a wellness program, case management services, and disease management services.

(5) On and after July 1, 2007, an insurer shall be required to offer a premium rate that includes a healthy lifestyle discount for employers participating in the ICARE Program.

(6) A separate class of business may be established for health benefit plan rate filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

Section 4. (1) The amount of health care incentive paid shall be as follows:

(a) Forty dollars per employee per month for eligible employers as defined in Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of ten dollars; and

(b) Sixty dollars per employee per month for eligible employers as defined in Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of fifteen dollars.

(2) The office may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the office will pay a specified amount for health benefit plan coverage under specified circumstances.

(3) Any allocated surplus remaining in the ICARE Program shall be carried forward to the next fiscal year and be used for the ICARE Program in subsequent years through the end of the pilot period as provided for under Section 2(1) of this Part.

(4) The office may limit enrollment for the ICARE Program so not to exceed annual program funding.

(5) A group shall be determined ineligible if the most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:

(a) The group failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;

(b) The group or any individual in the group performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or

(c) The group or any individual engaged in intentional and abusive noncompliance with health benefit plan provisions.

Section 5. (1) The office may select a third-party administrator to administer the ICARE Program. The third-party administrator shall be an administrator licensed under this chapter by the office. The office shall consider criteria in selecting a third-party administrator that shall include but not be limited to the following:

(a) A third-party administrator's proven ability to demonstrate performance of the following: eligibility determinations, enrollment, payment issuance, reconciliation processes, and data collection and reporting;

(b) The total cost to administer the ICARE Program;

(c) A third-party administrator's proven ability to demonstrate that the ICARE Program be administered in a cost-efficient manner; and

(d) A third-party administrator's financial condition and stability.

(2) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:

(a) Develop and establish policies and procedures for eligibility determinations, enrollment, payment issuance, reconciliation processes, data collection and reporting, and other responsibilities determined by the office;

(b) Submit reports to the office regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the office; and

(c) Submit a monthly and annual report to the office. Both reports shall include:

1. Number of applicants;

2. Enrolled employer groups by insurance company;

3. Number of groups previously uninsured for a period of 12 months by insurance company;

4. Average premium per group by insurance company;

5. Number of groups eligible due to an individual with a high-cost condition by insurance company;

6. Total amount of health care incentive paid listed by insurance company; and

7. Any other information requested by the office.

(3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the office and the third-party administrator.

Section 6. (1) The office shall establish and maintain the ICARE Program fund. All funds shall be held at interest, in a single depository designated in accordance with KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095. All expense and revenue transactions of the fund shall be posted to the Management Administrative Reporting System (MARS) and its successors; and

(2) The office shall work with the Office of Health Policy within the Cabinet for Health and Family Services to review the availability of federal funds for the ICARE Program.

Section 7 (1) The office may implement Sections 1 to 8 of this Part through arrangements with other agencies of the Commonwealth.

(2) The provisions of this section shall not give rise to, nor be construed as giving rise to, enforceable legal rights for any party or an enforceable entitlement to benefits other than to the extent that such rights or entitlements exist pursuant to the administrative regulations of the executive director of insurance.

Section 8. (1) Each insurer authorized to offer health benefit plans in the Commonwealth shall disclose the availability of the health insurance purchasing program as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the initial offering and renewal of any health benefit plan, an insurer shall make a disclosure as part of its solicitation, sales material, and renewal information of the availability of the ICARE Program;

(2) The manner and content of the disclosure as described in subsection (1) of this section shall be established through promulgation of administrative regulations by the Office of Insurance in coordination with the Cabinet for Health and Family Services.

Section 9. (1) All insurers as defined in KRS 304.17A-005(24) shall provide upon request to the Cabinet for Health and Family Services, by electronic means and in the format prescribed by the cabinet, information in accordance with KRS 205.623.

(2) All information obtained by the cabinet pursuant to this section shall be confidential and shall not be open to public inspection.

Section 10. Pursuant to terms and conditions of Subtitle 17A of KRS Chapter 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the residents of the Commonwealth of Kentucky and the residents of contiguous states to purchase health benefit plan coverage among the states participating with the compact. The purposes of this compact are, through means of joint and cooperative action among the compacting states:

(1) To promote and protect the interest of consumers purchasing health benefit plan coverage;

(2) To develop uniform minimum standards for health benefit plan products covered under the compact, while ensuring that the standards established in Kentucky law and regulation are maintained and protected;

(3) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform minimum standards; and

(4) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance.

Section 11. Any insurer violating Section 9 of this Part shall be fined not less than one hundred dollars (\$100) for each offense. Failure to respond to each request made by the Cabinet for Health and Family Services, as required under Section 9 of this Part, shall constitute a separate offense.

Section 12. Notwithstanding KRS 304.17A.0952(8)(b), an insurer may establish a separate class of business to reflect substantial differences in expected claims experience or administrative cost because the insurer is offering a qualified health benefit plan under the ICARE Program pursuant to Section 3(3) of this Part.

Section 13. Notwithstanding KRS 216.2921(1), the Cabinet for Health and Family Services shall make every effort to make health data findings that can serve as a basis to educate consumers on the cost and quality of health care and providers for the purpose of improving patient morbidity and mortality outcomes available to the public, and state and local leaders in health policy, through the cost-effective and timely use of the media and the Internet and

through distribution of the findings to health facilities and health-care providers for further dissemination to their patients.

Section 14. Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health and Family Services shall publish and make publicly available, pursuant to Section 18 of this Part, information on charges, quality, and outcomes of health care services provided, and information that relates to the health care financing and delivery system and health insurance premiums and benefits that is in the public interest.

Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize the Health Services Data Advisory Committee as a subcommittee, which shall include a member of the Division of Women's Physical and Mental Health, to define quality outcome measurements and to advise the cabinet on technical matters including review of administrative regulations promulgated pursuant to KRS Chapter 13A, proper interpretation of the data, and the most cost-effective manner in which it should be published and disseminated to the public. The Health Services Data Advisory Committee shall review and make recommendations to the secretary's advisory committee regarding exploration of technical matters related to data from other health care providers. The committee shall make recommendations on methods for risk adjusting any data prepared and published by the cabinet.

Section 15. Notwithstanding KRS 216.2925(1), every hospital and ambulatory facility shall be required to report, on a quarterly basis, information regarding the charge for, quality, and outcomes of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data which, at the option of the provider is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements conform to the requirements established by the cabinet. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible.

Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

- (a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcomes shall be collected and published;
- (b) A timetable for filing the information provided for under paragraph (a) above on a quarterly basis;
- (c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;
- (d) An acceptable format for data submission which shall include use of the uniform:
 - 1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet, if in the form of hard copy; or
 - 2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network;
- (e) Procedures to allow health-care providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and
- (f) Procedures pertaining to the confidentiality of data collected.

Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall be coordinated with and not duplicative of other data-collection activities conducted by the Office of Insurance, as well as other state and national agencies and organizations that collect the same or substantially similar health-related service, utilization, quality, outcome, financial, or health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services, or the Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services.

Section 16. Notwithstanding KRS 216.2927(3), no less than 60 days after reports are published and except as otherwise provided, the Cabinet for Health and Family Services shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and which was obtained for the annual period covered by the reports, available to the public. The Health Services Data Advisory Committee shall review at least annually current protocols related to the release of data referenced in this section and shall make recommendations to the cabinet advisory committee referenced in KRS 216.2923. Persons or organizations requesting use of these data shall agree to abide by a public use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. 164. The public use data agreement shall include at a minimum:

- (a) A prohibition against the sale or further release of data; and
- (b) Guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges.

Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing electronic or multiple printed copies of the data.

Section 17. Notwithstanding KRS 216.2929(1), the Cabinet for Health and Family Services shall make available on its Web site information on charges for health care services, which is updated at least annually, in understandable language with sufficient explanation to allow consumers to draw meaningful comparisons between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available. Any charge information compiled and reported by the cabinet shall include the median charge and other percentiles to describe the typical charges for all of the patients treated by a provider and the total number of patients represented by the charges, and shall be risk adjusted according to the recommendations of the Health Data Advisory Committee. The report shall clearly identify the sources of data used in the report and explain limitations of the data and why differences between provider charges may be misleading. Every provider that is specifically identified in any report shall be given 30 days to verify the accuracy of its data prior to public release and shall be afforded the opportunity to submit comments on its data that shall be included on the Web site and as part of any printed report of the data. The cabinet shall only provide linkages to organizations that publicly report comparative charge data for Kentucky providers using data for all patients treated regardless of payor source, which may be adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to comment on their data and includes such comments on the Web site and as part of any printed report of the data.

The Cabinet for Health and Family Services shall make information available on its Web site, describing quality and outcome measures, in understandable language with sufficient explanation to allow consumers to draw meaningful comparison between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available.

(a) The cabinet shall utilize only national quality indicators that have been endorsed and adopted by the Agency for Healthcare Research and Quality, the National Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall provide linkages only to the following organizations that publicly report quality and outcome measures on Kentucky providers:

1. The United States Centers for Medicare and Medicaid Services;
2. The Agency for Healthcare Research and Quality;
3. The Joint Commission on the Accreditation of Health Care Organizations; and
4. Other organizations that publicly report relevant outcome data for Kentucky health care providers, as determined by the Health Services Data Advisory Committee.

(b) The cabinet shall utilize or refer the general public to only those nationally endorsed quality indicators that:

1. Are based upon current scientific evidence or relevant national professional consensus; and
2. Have definitions and calculation methods openly available to the general public at no charge.

Any report the cabinet disseminates or refers the public to shall:

- (a) Not include data for a provider whose caseload of patients is insufficient to make the data a reliable indicator of the provider's performance;
- (b) Afford providers specifically identified in the report 30 days to verify the accuracy of their data prior to the data's public release and the opportunity to submit comments on their data, which shall be included on the Web site and as part of any printed report of the data;
- (c) Clearly identify the sources of data used in the report and explain the analytical methods used in preparing the data included in the report; and
- (d) Explain any limitations of the data and how the data should be used by consumers.

Section 18. Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and, for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327, psychologists licensed under KRS Chapter 319, social workers licensed under KRS Chapter 335, and durable medical equipment dealers holding an active Medicare DME provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists, psychologists, social workers, and durable medical equipment dealers holding an active Medicare DME provider number as a health care provider or provider under KRS 304.17A-005.

Section 19. Notwithstanding KRS 304.17A-704, within five business days from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or designee shall notify the provider, its billing agent, or designee that submitted the claim electronically, of all information that is missing from the billing instrument, of any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the provider, its billing agent, or designee that submitted the claim, in writing, of all information that is missing from the billing instrument, any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Section 20. Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay, deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following schedule on the amount of the claim that remains unpaid:

- (a) For claims that are paid between one and 30 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue from the date payment was due under KRS 304.17A-702; and
- (b) For claims that are paid more than 31 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from the date payment was due under KRS 304.17A-702.

~~PART XIII~~

~~BASE REALIGNMENT AND CLOSURE (BRAC)~~

Section 1. ~~(1) The BRAC Economic Development Commission is hereby created for the purpose of administering the BRAC Economic Development Fund created pursuant to Section 3 of this Part. The commission shall consist of the following members:~~

- ~~(a) The Secretary of the Cabinet for Economic Development, or a designee, who shall serve as chairman;~~
- ~~(b) The Secretary of the Transportation Cabinet;~~
- ~~(c) The Executive Director of the School Facilities Construction Commission; and~~
- ~~(d) The President of the Kentucky Community and Technical College System.~~

- ~~(2) Commission members shall be reimbursed for ordinary travel expenses, including meals and lodging, incurred in the performance of duties incident to the provisions of Sections 1 to 3 of this Part.~~
- ~~(3) A majority of the entire membership of the commission shall constitute a quorum.~~
- ~~(4) Meetings of the commission shall be held at least twice a year but may be held more frequently as deemed necessary, subject to the call by the chairman or by request of a majority of the commission members. Commission meetings shall concern, among other things, policy matters relating to Base Realignment and Closure (BRAC) 2005 related projects, reports, grant awards, and other matters necessary to carry out the intent of Sections 1 to 3 of this Part.~~
- ~~(5) No member of the commission shall be subject to any personal liability or accountability for any loss sustained or damage suffered on account of any action or inaction of the board.~~
- ~~(6) The commission shall be attached to the Cabinet for Economic Development for administrative purposes.~~
- ~~(7) The Garrison Commander of Fort Knox shall serve as an advisor to the commission.~~
- ~~(8) The Executive Director of the Lincoln Trail Area Development District shall serve as secretary to the commission.~~

Section 2. The BRAC Economic Development Commission shall:

- ~~(1) Formulate policies and procedures necessary to carry out Sections 1 to 3 of this Part;~~
- ~~(2) Promulgate administrative regulations necessary to carry out Sections 1 to 3 of this Part;~~
- ~~(3) Provide strategic planning to position the Commonwealth to attract new missions to its federal military installations in the future and to provide funding for projects, undertaken and financed under Sections 1 to 3 of this Part, related to the expansion of military missions under Base Realignment and Closure (BRAC) 2005 or future BRAC reports.

 - ~~(a) Subject to the availability of moneys, the commission may award a grant to an applicant if that application is BRAC related. An application is BRAC related if the funds requested are for expenses incurred, or to be incurred, for infrastructure and programmatic requirements to accommodate unanticipated growth in communities which are in close proximity to, or provide services to, federal military installations in Kentucky. Selection criteria shall include but not be limited to the following:

 - ~~1. Transportation;~~
 - ~~2. Educational demands due to increase in population;~~
 - ~~3. Workforce Development;~~
 - ~~4. Health and Human Services; and~~
 - ~~5. Infrastructure.~~~~
 - ~~(b) The commission shall adopt a BRAC strategic plan designed to enhance Kentucky's position to support and attract new missions to its federal military installations and establish a process to track the federal BRAC process. The commission shall make a report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection by November 30 of each year regarding the status of the BRAC strategic plan and the federal BRAC process;~~~~
- ~~(4) Review and approve all progress and final reports on projects authorized under Sections 1 to 3 of this Part;~~
- ~~(5) Ensure that state funds are not diverted to any other use than that outlined in Sections 1 to 3 of this Part; and~~
- ~~(6) Following the approval by the commission, present the project, with supporting documentation, for review and recommendation at the next regularly scheduled meeting of the Capital Projects and Bond Oversight Committee. The Secretary of the Cabinet for Economic Development, or his designee, shall present the project on behalf of the commission.~~

Section 3. (1) The bond proceeds received from Part I, L., 4., and Part II, C., 1., 001., except for the proceeds allotted under subsection (1) of Part II, C., 1., 001., of this Act shall be credited to the BRAC Economic Development Fund which is hereby created.

- ~~(2) Federal funds or other funds which may be made available to supplement or match state funds for BRAC 2005-related purposes or future BRAC related purposes shall be credited to the fund created in subsection (1) of this section.~~
- ~~(3) Funds deposited to the credit of the BRAC Economic Development Fund shall be used for grants as outlined in subsection (3) of Section 2 of this Part. Any moneys that the Transportation Cabinet may receive from the BRAC Economic Development Commission shall be used in accordance with the commission's guidelines.~~
- ~~(4) Notwithstanding KRS 45.229, moneys contained in the BRAC Economic Development Fund shall not lapse but shall be carried forward to the next fiscal year.} (Veto No. 10)~~

Legislative Research Commission Note. Material in this bill that was vetoed by the Governor is bracketed, struck through, and followed by the number of the veto in parentheses.

Vetoed in part April 14, 2008. Remainder signed by Governor April 18, 2008.