

**CHAPTER 1****( HB 1 )**

AN ACT amending 2010-2012 branch budget bills, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. It is the intent of the General Assembly that only the changes to 2010 Kentucky Acts Chapters 154 and 156 and 2010 (1st Extra. Sess.) Kentucky Acts Chapters 1 and 3, marked with bold, italics, and underlined or bracketed and struck through represent amendments to the budget bills. Should any budget language be displayed, but not amended in the aforementioned manner, and if that displayed language contradicts any legislation passed by the 2011 Regular Session of the General Assembly, it is the intent of the General Assembly for the 2011 Regular Session legislation to control.

➔Section 2. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part I, Operating Budget, at pages 1 to 58, as amended by 2010 (1st Extra. Sess.) Kentucky Acts Chapters 3 and 6, is further amended to read as follows:

**PART I****OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2009, and ending June 30, 2010, for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, 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****2010-11****2011-12***(Veto Item #1)*

General Fund	<b><u>6,056,300</u></b> <del>{6,077,800}</del>	<b><u>5,912,400</u></b> <del>{6,017,000}</del>
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(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****2010-11****2011-12***(Veto Item #1)*

General Fund	<b><u>3,164,200</u></b> <del>{3,175,400}</del>	<b><u>3,089,000</u></b> <del>{3,143,600}</del>
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Restricted Funds	100,000	100,000
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*(Veto Item #1)*

<b>TOTAL</b>	<b><u>3,264,200</u></b> <del>{3,275,400}</del>	<b><u>3,189,000</u></b> <del>{3,243,600}</del>
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**3. STATE PLANNING FUND****2010-11****2011-12**

*(Veto Item #1)*

General Fund	<u>180,600</u> <del>[181,200]</del>	<u>176,300</u> <del>[179,400]</del>
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**4. HOMELAND SECURITY****2010-11****2011-12***(Veto Item #1)*

General Fund	<u>211,600</u> <del>[212,300]</del>	<u>206,600</u> <del>[210,200]</del>
Restricted Funds	1,207,700	1,240,100
Federal Funds	21,771,600	21,314,100
Road Fund	250,000	250,000

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>23,440,900</b></u> <del>[23,441,600]</del>	<u><b>23,010,800</b></u> <del>[23,014,400]</del>
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**5. DEPARTMENT OF VETERANS' AFFAIRS****2010-11****2011-12***(Veto Item #1)*

General Fund	<u>16,592,000</u> <del>[16,651,100]</del>	<u>16,681,300</u> <del>[16,976,600]</del>
Restricted Funds	28,236,300	28,767,000

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>44,828,300</b></u> <del>[44,887,400]</del>	<u><b>45,448,300</b></u> <del>[45,743,600]</del>
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(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 2010-2012 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) **Veterans' Cemetery Northeast:** Included in the above General Fund appropriation is \$55,000 in fiscal year 2010-2011 for the personnel and operating expenses of the Veterans' Cemetery Northeast in Greenup County.

(5) **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 2010-2011 or fiscal year 2011-2012, 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.

(6) **Debt Service:** Included in the above General Fund appropriation is \$140,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(7) **Brain Injury Alliance of Kentucky and the Epilepsy Foundation of Kentuckiana Funding:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for grants to the Brain Injury Alliance of Kentucky and \$100,000 in each fiscal year for grants to the Epilepsy Foundation of Kentuckiana to be used solely for the purpose of working with veterans who have experienced brain trauma and their families.

**6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY****2010-11****2011-12**

General Fund (Tobacco)	30,529,000	17,691,600
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Restricted Funds	605,700	451,300
Federal Funds	500,000	500,000
TOTAL	31,634,700	18,642,900

(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) **Agricultural Development Appropriations:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$16,419,375 in fiscal year 2010-2011 and \$16,419,375 in fiscal year 2011-2012 for the counties account as specified in KRS 248.703(1)(a).

## 7. KENTUCKY INFRASTRUCTURE AUTHORITY

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>2,421,300</u> <del>[2,429,900]</del>	<u>5,639,800</u> <del>[5,739,600]</del>
Restricted Funds	14,927,100	34,136,600
Federal Funds	150,269,200	56,879,600
<i>(Veto Item #1)</i>		
TOTAL	<u>167,617,600</u> <del>[167,626,200]</del>	<u>96,656,000</u> <del>[96,755,800]</del>

(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 fiscal 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 \$899,500 in fiscal year 2010-2011 and \$2,574,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) **Debt Service for Previously Overprogrammed Water and Sewer Infrastructure Projects:** Included in the above General Fund appropriation is \$1,650,000 in fiscal year 2011-2012 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

## 8. MILITARY AFFAIRS

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>9,644,200</u> <del>[9,678,500]</del>	<u>8,792,300</u> <del>[8,947,900]</del>
Restricted Funds	42,460,800	39,328,200
Federal Funds	42,685,200	42,685,200
<i>(Veto Item #1)</i>		
TOTAL	<u>94,790,200</u> <del>[94,824,500]</del>	<u>90,805,700</u> <del>[90,961,300]</del>

(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 for 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).

## 9. COMMISSION ON HUMAN RIGHTS

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>1,715,400</u> <del>{1,721,500}</del>	<u>1,674,700</u> <del>{1,704,300}</del>
Federal Funds	256,200	256,100
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>1,971,600</b></u> <del>{1,977,700}</del>	<u><b>1,930,800</b></u> <del>{1,960,400}</del>

## 10. COMMISSION ON WOMEN

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>211,400</u> <del>{212,100}</del>	<u>206,400</u> <del>{210,000}</del>

## 11. DEPARTMENT FOR LOCAL GOVERNMENT

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>8,528,200</u> <del>{8,558,500}</del>	<u>8,614,400</u> <del>{8,766,900}</del>
Restricted Funds	200,000	200,000
Federal Funds	59,807,700	58,572,900
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>68,535,900</b></u> <del>{68,566,200}</del>	<u><b>67,387,300</b></u> <del>{67,539,800}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$294,000 in fiscal year 2011-2012 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 2010-2011 and \$200,000 in fiscal year 2011-2012 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.

## 12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2010-11	2011-12
General Fund	54,422,100	67,281,600

## 13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2010-11	2011-12
General Fund	39,313,000	37,743,300

(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 2010-2011 and fiscal year 2011-2012.

(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 \$901,800 in fiscal year 2010-2011 and \$872,500 in fiscal year 2011-2012 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 2010-2011 and \$1,000,000 in fiscal year 2011-2012 has been credited to the Trover Clinic Grant within the Department for Local Government.

(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 2010-2011 and fiscal year 2011-2012.

(6) **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 \$4,300,000 in fiscal year 2010-2011 and \$4,400,000 in fiscal year 2011-2012 has been made to the Office of Mine Safety and Licensing, Natural Resources budget unit.

(7) **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 2010-2011 shall be made only after funds totaling \$4,617,900, and in fiscal year 2011-2012 shall be made only after funds totaling \$4,617,900, are appropriated as General Fund moneys to the School Facilities Construction Commission budget unit to provide debt service to support previously authorized bonds authorized in 2003 Ky. Acts ch. 156.

(8) **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 2010-2011 and \$4,091,400 in fiscal year 2011-2012 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 authorized in 2003 Ky. Acts ch. 156.

(9) **KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2004-2006:** 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 \$694,200 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support a portion of the previously authorized bonds for the KIA Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2005 Ky. Acts ch. 173.

(10) **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 \$8,676,300 in fiscal year 2010-2011 and \$8,562,300 in fiscal year 2011-2012 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 authorized in 2006 Ky. Acts ch. 252.

(11) **Infrastructure for Economic Development Fund for Coal-Producing Counties - 2008-2010:** 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 \$7,557,600 in fiscal year 2010-2011 and \$7,538,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit, to provide General Fund debt service to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2008 Ky. Acts ch. 127.

**(12) 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 2010-2011 and \$3,000,000 in fiscal year 2011-2012 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.

**(13) 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 2010-2011 and \$1,000,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the University of Kentucky budget unit for the Robinson Scholars Program.

**(14) 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 2010-2011 and \$370,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit.

**(15) Department for Local Government:** 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 2010-2011 and \$669,700 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Department for Local Government budget unit.

**(16) 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 2010-2011 and \$300,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the University of Kentucky budget unit for the Mining Engineering Scholarship Program.

**(17) 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 2010-2011 and \$2,500,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Operations and Support Services budget unit within the Department of Education for the purpose of enhancing education technology in local school districts within coal-producing counties.

**(18) KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2004-2006:** Notwithstanding KRS 42.4588, funds totaling \$6,480,900 in fiscal year 2010-2011 and \$5,778,500 in fiscal year 2011-2012 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 a portion of the previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2005 Ky. Acts ch. 173.

**(19) Drug Courts:** Notwithstanding KRS 42.4588, \$1,800,000 in fiscal year 2010-2011 and \$1,800,000 in fiscal year 2011-2012 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.

**(20) Operation Unite:** Notwithstanding KRS 42.4588, funds totaling \$2,000,000 in fiscal year 2010-2011 and \$2,000,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Office of Drug Control Policy, Justice Administration budget unit, for Operation Unite in relation to the Federal Task Force on Drug Abuse.

**(21) Energy Research and Development Fund:** (a) Notwithstanding KRS 42.4588, \$3,500,000 in fiscal year 2010-2011 and \$3,500,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Energy Development and Independence 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 Department for Energy Development and Independence 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) Included in the Restricted Funds appropriation in paragraph (a) of this subsection is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 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.

**(22) Support of the 12 Multi-County Regional Industrial Park Authorities:** Notwithstanding KRS 42.4588, funds totaling \$200,000 in fiscal year 2010-2011 and \$200,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Department for Local Government budget unit 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.

**(23) 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.

**(24) 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 Department for Local Government or the Kentucky Infrastructure Authority, as appropriate.

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

**14. AREA DEVELOPMENT FUND**

	2010-11	2011-12
<i>(Veto #1)</i>		
General Fund	<u>567,600</u> <del>[569,600]</del>	<u>554,100</u> <del>[563,900]</del>

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

**(2) Area Development District Flexibility:** Notwithstanding KRS 42.350(2) and provided that sufficient funds are maintained in the Joint Funding Agreement program to meet the match requirements for the Economic Development Administration grants, Community Development Block Grants, Appalachian Regional Commission grants, or any federal program where the Joint Funding Agreement funds are utilized to meet non-federal match requirements, an Area Development District with authorization from its Board of Directors may request approval to transfer funding between the Area Development Fund and the Joint Funding Agreement program from the Commissioner of the Department for Local Government.

**15. EXECUTIVE BRANCH ETHICS COMMISSION**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>450,100</u> <del>[451,700]</del>	<u>439,500</u> <del>[447,200]</del>
Restricted Funds	61,000	61,000
<i>(Veto Item #1)</i>		
TOTAL	<u>511,100</u> <del>[512,700]</del>	<u>500,500</u> <del>[508,200]</del>

**16. SECRETARY OF STATE**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>1,765,200</u> <del>[1,771,400]</del>	<u>1,723,200</u> <del>[1,753,700]</del>

Restricted Funds	1,081,300	1,092,300
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>2,846,500</u></b> <del>[2,852,700]</del>	<b><u>2,815,500</u></b> <del>[2,846,000]</del>

(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.

## 17. BOARD OF ELECTIONS

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>3,916,600</u> <del>[3,930,500]</del>	<u>3,823,500</u> <del>[3,891,200]</del>
Restricted Funds	175,900	160,000
Federal Funds	6,305,500	5,305,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>10,398,000</u></b> <del>[10,411,900]</del>	<b><u>9,289,000</u></b> <del>[9,356,700]</del>

(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, 2010, for fiscal year 2010-2011 and by November 1, 2011, for fiscal year 2011-2012.

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.

## 18. REGISTRY OF ELECTION FINANCE

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>1,173,600</u> <del>[1,177,700]</del>	<u>1,145,700</u> <del>[1,165,900]</del>

## 19. ATTORNEY GENERAL

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>10,822,700</u> <del>[10,861,200]</del>	<u>10,565,500</u> <del>[10,752,500]</del>
Restricted Funds	9,238,800	9,254,600
Federal Funds	4,641,700	3,410,800
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>24,703,200</u></b> <del>[24,741,700]</del>	<b><u>23,230,900</u></b> <del>[23,417,900]</del>

(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 2010-2012 fiscal biennium for this purpose to the Office of the Attorney General. The Department 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) **Reasonable Costs of Litigation:** Notwithstanding KRS 48.005(4) and (6), the Office of the Attorney General may first recover its reasonable costs of litigation, as determined by the court and approved by the Secretary of the Finance and Administration Cabinet, 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.

(6) **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.

## 20. 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

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>35,501,900</u> <del>[35,628,300]</del>	<u>34,658,300</u> <del>[35,272,000]</del>
Restricted Funds	1,453,500	1,440,200
Federal Funds	284,400	145,100
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>37,239,800</b></u> <del>[37,366,200]</del>	<u><b>36,243,600</b></u> <del>[36,857,300]</del>

### b. County Attorneys

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>30,439,200</u> <del>[30,547,600]</del>	<u>29,715,900</u> <del>[30,242,100]</del>
Restricted Funds	303,700	303,700
Federal Funds	499,900	499,900
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>31,242,800</b></u> <del>[31,351,200]</del>	<u><b>30,519,500</b></u> <del>[31,045,700]</del>

**TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>65,941,100</u> <del>{66,175,900}</del>	<u>64,374,200</u> <del>{65,514,100}</del>
Restricted Funds	1,757,200	1,743,900
Federal Funds	784,300	645,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>68,482,600</u></b> <del>{68,717,400}</del>	<b><u>66,763,100</u></b> <del>{67,903,000}</del>

**21. TREASURY**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>1,640,400</u> <del>{1,646,200}</del>	<u>1,601,400</u> <del>{1,629,700}</del>
Restricted Funds	1,035,400	1,053,300
Road Fund	250,000	250,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>2,925,800</u></b> <del>{2,931,600}</del>	<b><u>2,904,700</u></b> <del>{2,933,000}</del>

(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 2010-2012 fiscal biennium, \$1,035,400 and \$1,053,300 is appropriated to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

**22. AGRICULTURE**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>17,035,200</u> <del>{17,095,800}</del>	<u>16,630,400</u> <del>{16,924,800}</del>
Restricted Funds	9,773,200	8,101,100
Federal Funds	5,006,400	5,012,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>31,814,800</u></b> <del>{31,875,400}</del>	<b><u>29,743,900</u></b> <del>{30,038,300}</del>

(1) **Purchase of Agricultural Conservation Easement (PACE) Program:** The Purchase of Agricultural Conservation Easement (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 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) **County Fair Grants:** Included in the above General Fund appropriation is \$495,000 in fiscal year 2010-2011 and \$495,000 in fiscal year 2011-2012, which shall be subject to any General Fund Reduction Order, to support capital improvement grants to the Local Agricultural Fair State Aid Program.

(4) **Staffing Support for the World Equestrian Games:** Included in the above General Fund appropriation are funds in fiscal year 2010-2011 for the Office of the State Veterinarian to provide staffing support for the quarantine site in northern Kentucky for the World Equestrian Games.

(5) **Farms to Food Banks Program:** Included in the above Restricted Funds appropriation are funds in fiscal year 2010-2011 to support the Farms to Food Banks program to benefit both Kentucky farmers and the needy

by providing fresh, locally grown produce to food pantries.

### 23. AUDITOR OF PUBLIC ACCOUNTS

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>4,609,400</u> <del>[4,625,800]</del>	<u>4,499,900</u> <del>[4,579,500]</del>
Restricted Funds	5,129,500	4,964,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>9,738,900</b></u> <del>[9,755,300]</del>	<u><b>9,464,400</b></u> <del>[9,544,000]</del>

(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) **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 employees who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

(4) **Charges for Mandated Audits:** Any expenses incurred by the Auditor of Public Accounts for auditing individual government entities when mandated by the Legislative Research Commission shall be charged to the agency or entity receiving audit services.

### 24. PERSONNEL BOARD

	2010-11	2011-12
Restricted Funds	777,900	777,900

(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.

### 25. KENTUCKY RETIREMENT SYSTEMS

	2010-11	2011-12
Restricted Funds	26,191,000	26,191,000

(1) **Dependent Subsidy for Retirees - Kentucky Employee Retirement System:** From July 1, 2010, through June 30, 2012, 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 16.652, 61.692, and 78.852.

(2) **Dependent Subsidy for Retirees - County Employees Retirement System:** From July 1, 2010, through June 30, 2012, 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 16.652, 61.692, and 78.852.

**26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

**a. Accountancy**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	630,500	637,500

**b. Certification of Alcohol and Drug Counselors**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	67,200	67,200

**c. Architects**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	15,000	409,000	416,300

**d. Certification for Professional Art Therapists**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	11,400	11,400

**e. Auctioneers**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	403,800	405,700

**f. Barbering**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	13,100	310,000	314,900

**g. Chiropractic Examiners**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	274,600	279,000

**h. Dentistry**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	50,000	705,400	714,000

**i. Licensure and Certification for Dietitians and Nutritionists**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	69,600	69,600

**j. Embalmers and Funeral Directors**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	26,200	366,200	373,100

**k. Licensure for Professional Engineers and Land Surveyors**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	1,445,300	1,466,800

**l. Certification of Fee-Based Pastoral Counselors**

	<b>2010-11</b>	<b>2011-12</b>
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Restricted Funds		3,500	3,500
<b>m. Registration for Professional Geologists</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		115,000	115,000
<b>n. Hairdressers and Cosmetologists</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		1,174,000	1,194,500
<b>o. Specialists in Hearing Instruments</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		52,700	52,700
<b>p. Interpreters for the Deaf and Hard of Hearing</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		31,000	31,000
<b>q. Examiners and Registration of Landscape Architects</b>			
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	5,200	67,700	68,900
<b>r. Licensure of Marriage and Family Therapists</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		83,200	83,200
<b>s. Licensure for Massage Therapy</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		120,700	120,700
<b>t. Medical Licensure</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		2,658,600	2,684,300
<b>u. Nursing</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		5,517,700	5,615,500
<b>v. Licensure for Nursing Home Administrators</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		47,000	47,000
<b>w. Licensure for Occupational Therapy</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		107,600	107,600
<b>x. Ophthalmic Dispensers</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		57,400	57,400
<b>y. Optometric Examiners</b>			
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>

## ACTS OF THE GENERAL ASSEMBLY

Restricted Funds	5,700	179,300	181,800
<b>z. Pharmacy</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		1,367,800	1,392,200
<b>aa. Physical Therapy</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		398,900	407,900
<b>ab. Podiatry</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		24,700	24,700
<b>ac. Private Investigators</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		80,000	80,000
<b>ad. Licensed Professional Counselors</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		126,800	126,800
<b>ae. Proprietary Education</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		206,800	206,800
<b>af. Examiners of Psychology</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		191,100	191,100
<b>ag. Real Estate Appraisers</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		684,900	694,300
<b>ah. Real Estate Commission</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		2,174,300	2,200,000
<b>ai. Respiratory Care</b>			
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	2,500	190,900	193,800
<b>aj. Social Work</b>			
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	22,900	226,300	230,100
<b>ak. Speech-Language Pathology and Audiology</b>			
		<b>2010-11</b>	<b>2011-12</b>
Restricted Funds		157,200	157,200
<b>al. Veterinary Examiners</b>			
		<b>2010-11</b>	<b>2011-12</b>

Restricted Funds		237,800	237,800
<b>TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS</b>			

	2009-10	2010-11	2011-12
Restricted Funds	140,600	20,975,900	21,261,300

**27. KENTUCKY RIVER AUTHORITY**

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>256,800</u> <del>{257,700}</del>	<u>250,700</u> <del>{255,100}</del>
Restricted Funds	4,548,800	3,814,500

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>4,805,600</b></u> <del>{4,806,500}</del>	<u><b>4,065,200</b></u> <del>{4,069,600}</del>
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**(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.

**28. SCHOOL FACILITIES CONSTRUCTION COMMISSION**

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>93,633,100</u> <del>{101,433,100}</del>	<u>101,013,300</u> <del>{102,802,000}</del>
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**(1) Debt Service:** Included in the above General Fund appropriation is \$4,050,000 in fiscal year 2010-2011 and \$12,656,200 in fiscal year 2011-2012 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(2) Urgent Need School Trust Fund:** (a) 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.

(b) A local school district that has escrowed urgent need funds may use these funds to purchase property and to perform site work on purchased property.

(c) 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 additional offers of assistance of up to \$65,494,000 to address the requirements of Part I, C., 4., (18) of this Act.

(d) Included in the above appropriation are sufficient funds to meet the requirements of Part II, A., 12., 004. of this Act.

**(3) 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 \$100,000,000 in offers of assistance during the 2010-2012 biennium in anticipation of debt service availability during the 2012-2014 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2010-2012 biennium.

**29. TEACHERS' RETIREMENT SYSTEM**

	2010-11	2011-12
General Fund	219,491,900	238,637,000
Restricted Funds	11,428,700	12,030,300
<b>TOTAL</b>	<b>230,920,600</b>	<b>250,667,300</b>

**(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.

**(3) Amortization of Sick Leave:** Included in the above General Fund appropriation is \$6,516,600 in fiscal year 2010-2011 and \$13,674,800 in fiscal year 2011-2012 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick leave, for members retiring during the 2010-2012 fiscal biennium.

**(4) State Medical Insurance Fund Financing:** 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 \$74,693,700 in debt service in fiscal year 2010-2011 and \$95,281,200 in fiscal year 2011-2012 for bonds issued to fulfill existing state obligations to the State Accumulation Fund due to borrowings from the fund on behalf of the Medical Insurance Fund. The debt service will also support bonds issued in support of the Medical Insurance Fund for projected needs during the 2010-2012 fiscal biennium, the increased costs to state agencies, and medical coverage for new under-65 retirees net of the Medicare equivalent contribution made by the under-65 retiree.

**(5) Dependent Subsidy for Retirees under age 65:** Notwithstanding KRS 161.675(4)(a) and (b), from July 1, 2010, through June 30, 2012, 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, 2010, through June 30, 2012, 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.

**30. JUDGMENTS**

	2010-11	2011-12
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, and for the payment of judgments, audit adjustments, and excess billings to federal programs related to transfers from statewide internal service funds to the General Fund authorized in prior Appropriations Acts. Funds required to pay the costs of items included within the Judgments budget unit 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.

**31. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>5,755,600</u> { <del>5,776,100</del> }	<u>5,675,600</u> { <del>5,776,100</del> }

**(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, firefighters, and active duty National Guard and reserve members in accordance with KRS 61.315 and 95A.070.

#### TOTAL - GENERAL GOVERNMENT

	2009-10	2010-11	2011-12
General Fund (Tobacco) (Veto Item #1)	-0-	30,529,000	17,691,600
General Fund	-0-	<del>*570,098,000</del> {577,898,000}	<del>606,952,100</del> {611,613,100}
Restricted Funds	140,600	179,912,200	194,728,900
Federal Funds	-0-	292,027,800	194,581,600
Road Fund (Veto Item #1)	-0-	500,000	500,000
TOTAL	140,600	<del>*1,073,067,000</del> {1,080,867,000}	<del>1,014,454,200</del> {1,019,115,200}

#### B. ECONOMIC DEVELOPMENT CABINET

##### Budget Units

##### 1. SECRETARY

	2010-11	2011-12
(Veto Item #1)		
General Fund	<del>13,470,700</del> {13,518,600}	<del>13,704,800</del> {13,947,400}
Restricted Funds	186,800	200,000
(Veto Item #1)		
TOTAL	<del>13,657,500</del> {13,705,400}	<del>13,904,800</del> {14,147,400}

(1) **Funding for Commercialization and Innovation:** Notwithstanding KRS 154.12-278, 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) **Debt Service:** Included in the above General Fund appropriation is \$564,000 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) **Angel Investor Program:** The Cabinet for Economic Development is directed to study the potential benefits of developing an Angel Investor Program, including an evaluation of the current Kentucky Investment Fund Act, the benefits of tax credits to encourage Angel investing, and the methods used by other states and the effectiveness of those methods. The Cabinet shall report to the Interim Joint Committee on Appropriations and Revenue by December 1, 2010.

(5) **Airport Expansion Incentives:** The Cabinet for Economic Development is directed to study the potential benefits of developing an incentive program for the purpose of attracting commercial airlines to existing Kentucky airports that have available and unused terminal space, gates, hangar facilities, or other unused capacity, and unmet flight demand. The Cabinet shall report to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation by December 1, 2010.

(6) **Louisville Waterfront Development Corporation:** Included in the above General Fund appropriation is \$420,800 in fiscal year 2010-2011 and \$420,800 in fiscal year 2011-2012 for the Louisville Waterfront Development Corporation.

## 2. BUSINESS DEVELOPMENT

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>4,713,100</u> <del>{4,729,800}</del>	<u>4,601,100</u> <del>{4,682,500}</del>
Restricted Funds	300,000	300,000
Federal Funds	155,400	155,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>5,168,500</b></u> <del>{5,185,200}</del>	<u><b>5,056,500</b></u> <del>{5,137,900}</del>

## 3. FINANCIAL INCENTIVES

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>5,302,900</u> <del>{5,321,700}</del>	<u>10,796,500</u> <del>{10,987,600}</del>
Restricted Funds	1,579,500	1,612,700
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>6,882,400</b></u> <del>{6,901,200}</del>	<u><b>12,409,200</b></u> <del>{12,600,300}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,161,500 in fiscal year 2010-2011 and \$7,859,000 in fiscal year 2011-2012 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 2010-2011 and for fiscal year 2011-2012 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward.

## TOTAL - ECONOMIC DEVELOPMENT CABINET

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>23,486,700</u> <del>{23,570,100}</del>	<u>29,102,400</u> <del>{29,617,500}</del>
Restricted Funds	2,066,300	2,112,700
Federal Funds	155,400	155,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>25,708,400</b></u> <del>{25,791,800}</del>	<u><b>31,370,500</b></u> <del>{31,885,600}</del>

## C. DEPARTMENT OF EDUCATION

### Budget Units

**1. EXECUTIVE POLICY AND MANAGEMENT**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>3,091,600</u> <del>[3,102,600]</del>	<u>586,200</u> <del>[596,500]</del>

(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.

(3) **Review of the Classification of Primary and Secondary School Buildings:** Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2010-2011 to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the \$2,500,000 that has not been expended by the end of fiscal year 2010-2011 shall not lapse and shall carry forward into fiscal year 2011-2012.

**2. OPERATIONS AND SUPPORT SERVICES**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>41,597,300</u> <del>[41,745,400]</del>	<u>40,489,500</u> <del>[41,206,400]</del>
Restricted Funds	2,243,600	2,269,300
Federal Funds	16,027,800	10,527,800

*(Veto Item #1)*

<b>TOTAL</b>	<u>59,868,700</u> <del>[60,016,800]</del>	<u>53,286,600</u> <del>[54,003,500]</del>
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(1) **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.

(2) **Education Technology Program:** Included in the above General Fund appropriation is \$17,361,800 in fiscal year 2010-2011 and \$17,188,100 in fiscal year 2011-2012 for the Education Technology Program.

**3. LEARNING AND RESULTS SERVICES**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	2,150,000	2,050,000
<i>(Veto Item #1)</i>		

General Fund	<u>886,376,400</u> <del>[887,490,300]</del>	<u>882,147,500</u> <del>[886,882,200]</del>
Restricted Funds	3,357,800	3,363,100
Federal Funds	1,016,067,300	837,825,600

*(Veto Item #1)*

<b>TOTAL</b>	<u>1,907,951,500</u> <del>[1,909,065,400]</del>	<u>1,725,386,200</u> <del>[1,730,120,900]</del>
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(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 State Budget Director 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 Education Technology System:** 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.

(3) **Family Resource and Youth Services Centers:** Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2010-2011 and in fiscal year 2011-2012 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.

(4) **Health Insurance:** Included in the above General Fund appropriation is \$609,013,700 in fiscal year 2010-2011 and \$614,768,000 in fiscal year 2011-2012 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(5) **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 2010-2011 and in fiscal year 2011-2012.

(6) **Publishing Requirements:** Notwithstanding KRS 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.

(7) **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.

(8) **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 subsection, the Commissioner 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 Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement.

(9) **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 in fiscal year 2010-2011 on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Public Law 107-110). No funds are provided for the Highly Skilled Education Assistance Program in fiscal year 2011-2012.

(10) **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.

**(11) 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.

**(12) 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.

**(13) Allocations to School-Based Decision Making Councils:** Notwithstanding KRS 160.345(8), for fiscal years 2010-2011 and 2011-2012, a local board of education may reduce the allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than \$100 per pupil in average daily attendance.

**(14) Kentucky School for the Blind and Kentucky School for the Deaf:** Included in the above General Fund appropriation is \$6,826,500 in each year of the fiscal biennium for the Kentucky School for the Blind, and \$10,041,500 in each year of the fiscal biennium for the Kentucky School for the Deaf.

**(15) Learning and Results Services Programs:** Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2010-2012 fiscal biennium:

(a) \$1,351,600 in fiscal year 2010-2011 and \$1,338,100 in fiscal year 2011-2012 for the ACT and WorkKeys testing;

(b) \$96,500 in fiscal year 2010-2011 and \$95,500 in fiscal year 2011-2012 for the Appalachian Learning Disabled Tutoring;

(c) \$595,200 in fiscal year 2010-2011 and \$589,200 in fiscal year 2011-2012 for the Blind/Deaf Residential Travel Program;

(d) \$1,351,600 in fiscal year 2010-2011 and \$1,338,100 in fiscal year 2011-2012 for the Collaborative Center for Literacy Development;

(e) \$8,036,600 in fiscal year 2010-2011 and \$7,956,200 in fiscal year 2011-2012 for the Commonwealth Accountability Testing System-Report Card;

(f) \$1,455,800 in fiscal year 2010-2011 and \$1,441,200 in fiscal year 2011-2012 for the Commonwealth School Improvement Fund;

(g) \$2,027,400 in fiscal year 2010-2011 and \$2,007,100 in fiscal year 2011-2012 for the Community Education Program;

(h) \$696,000 in fiscal year 2010-2011 and \$689,000 in fiscal year 2011-2012 for the Dropout Prevention Program;

(i) \$467,600 in fiscal year 2010-2011 and \$463,000 in fiscal year 2011-2012 for the Elementary Arts and Humanities Program;

(j) \$482,700 in fiscal year 2010-2011 and \$477,900 in fiscal year 2011-2012 for the Every1 Reads Program;

(k) \$12,771,700 in fiscal year 2010-2011 and \$12,643,900 in fiscal year 2011-2012 for the Extended School Services Program;

(l) \$54,599,200 in fiscal year 2010-2011 and \$54,053,200 in fiscal year 2011-2012 for the Family Resource and Youth Services Centers Program;

(m) \$246,200 in fiscal year 2010-2011 and \$243,700 in fiscal year 2011-2012 for the Georgia Chaffee Teenage Parent Program;

(n) \$6,875,400 in fiscal year 2010-2011 and \$6,806,700 in fiscal year 2011-2012 for the Gifted and Talented Program;

(o) \$5,189,600 in fiscal year 2010-2011 for the Highly Skilled Educator Program;

(p) \$368,200 in fiscal year 2010-2011 and \$364,600 in fiscal year 2011-2012 for the Leadership and Mentor Fund;

(q) \$2,343,000 in fiscal year 2010-2011 and \$2,319,500 in fiscal year 2011-2012 for the Local School

District Life Insurance;

(r) \$11,876,700 in fiscal year 2010-2011 and \$11,757,900 in fiscal year 2011-2012 for the Locally Operated Vocational Schools;

(s) \$5,696,100 in fiscal year 2010-2011 and \$5,639,100 in fiscal year 2011-2012 for the Mathematics Achievement Fund;

(t) \$374,100 in fiscal year 2010-2011 and \$370,300 in fiscal year 2011-2012 for the Middle School Academic Center;

(u) \$332,100 in fiscal year 2010-2011 and \$328,800 in fiscal year 2011-2012 for the Partnership for Student Success Program;

(v) \$72,531,600 in fiscal year 2010-2011 and \$71,806,300 in fiscal year 2011-2012 for the Preschool Program;

(w) \$6,027,000 in fiscal year 2010-2011 and \$5,966,700 in fiscal year 2011-2012 for the Professional Development Program (Staff Development);

(x) \$960,300 in fiscal year 2010-2011 and \$950,700 in fiscal year 2011-2012 for the Professional Growth Fund;

(y) \$18,882,400 in fiscal year 2010-2011 and \$18,693,600 in fiscal year 2011-2012 for the Read to Achieve Program;

(z) \$4,546,600 in fiscal year 2010-2011 and \$4,501,100 in fiscal year 2011-2012 for the Safe Schools Program;

(aa) \$482,700 in fiscal year 2010-2011 and \$477,900 in fiscal year 2011-2012 for the Save the Children/Rural Literacy Program;

(ab) \$4,212,500 in fiscal year 2010-2011 and \$4,170,400 in fiscal year 2011-2012 for the School Food Services;

(ac) \$10,583,400 in fiscal year 2010-2011 and \$10,477,500 in fiscal year 2011-2012 for the State Agency Children Program;

(ad) \$1,544,700 in fiscal year 2010-2011 and \$1,529,300 in fiscal year 2011-2012 for the Teacher Academies Program;

(ae) \$1,821,500 in fiscal year 2010-2011 and \$1,803,300 in fiscal year 2011-2012 for the Teacher Recruitment and Retention Program-Educator Quality & Diversity;

(af) \$646,900 in fiscal year 2010-2011 and \$640,400 in fiscal year 2011-2012 for the Textbooks Program;

(ag) \$772,300 in fiscal year 2010-2011 and \$764,600 in fiscal year 2011-2012 for the Virtual Learning Program; and

(ah) \$589,200 in fiscal year 2010-2011 and \$583,300 in fiscal year 2011-2012 for the Writing Program.

**(16) Local District Grant Carry Forward:** Notwithstanding 2008 Ky. Acts ch. 127, Part I, D., 3., (17), KRS 158.792(2), and 158.844(5), any non-SEEK state grant funds appropriated to the Department of Education to be disbursed to local school districts that are unexpended during fiscal year 2009-2010 shall lapse to the General Fund.

**(17) School Calendars:** Prior to the approval of school calendars for fiscal year 2010-2011, the Kentucky Board of Education shall by administrative regulation establish procedures by which the Commissioner of Education may approve innovative alternative school calendars. No later than October 31, 2010, the Department of Education shall report to the Interim Joint Committee on Education the results for the state assessment system, the norm referenced test, and the EXPLORE, PLAN, and ACT tests for each school district with a school calendar of less than 177 school days.

**(18) 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.

**(19) Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds,

regardless of the source, for general operating expenses in fiscal year 2010-2011 and fiscal year 2011-2012 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission program. Prior to August 1, 2010, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of education.

**(20) Dual Course Credit:** Notwithstanding any statute to the contrary, the Commissioner of Education may approve a plan that is established by a local school board and a Southern Association of Colleges and Schools accredited postsecondary education institution for purposes of granting high school and college credit and which allows students to fulfill high school graduation requirements and compulsory school attendance; providing rigorous academic curriculum within a supportive and nurturing environment for underserved students; and encouraging academic success by linking students, teachers, and community partners in innovative ways.

**(21) Lexington Hearing and Speech Center:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for the Lexington Hearing and Speech Center to provide speech and hearing services for Kentucky children.

#### 4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)

##### PROGRAM

	2010-11	2011-12
General Fund	2,725,530,500	2,900,145,100
Federal Funds	182,486,200	-0-
TOTAL	2,908,016,700	2,900,145,100

**(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), included in the above General Fund appropriation is \$1,852,856,400 in fiscal year 2010-2011 and \$2,034,512,800 in fiscal year 2011-2012 for the base SEEK Program as defined by KRS 157.360. Included in the above Federal Funds appropriation is \$182,486,200 in Federal State Fiscal Stabilization Fund moneys in fiscal year 2010-2011 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 General Fund appropriation is \$173,576,400 in fiscal year 2010-2011 and \$168,251,400 in fiscal year 2011-2012 for the Tier I component as established by KRS 157.440.

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

**(5) Secondary Vocational Education:** Included in the above General Fund 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 General Fund appropriation is \$349,899,700 in fiscal year 2010-2011 and \$347,017,500 in fiscal year 2011-2012 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 General Fund appropriation is \$2,750,000 in each fiscal year for the purpose of providing salary supplements for public school teachers who have attained certification from the National Board for Professional Teaching Standards as of July 14, 2000, or thereafter. Notwithstanding KRS 157.395, if the appropriation is insufficient to provide the mandated salary supplement for public school teachers who have attained certification, the Kentucky Department of Education is authorized to pro rata reduce the supplement.

**(8) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above General Fund and Federal Funds appropriations to the base SEEK Program are intended to provide a base guarantee of \$3,868 per student in average daily attendance in fiscal year 2010-2011 and \$3,903 per student in average daily attendance in fiscal year 2011-2012 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.

**(9) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before March 1 of each year, the Commissioner of Education 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 General Fund appropriation is \$76,922,100 in fiscal year 2010-2011 and \$73,515,300 in fiscal year 2011-2012 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620.

**(12) Growth Levy Equalization Funding:** Included in the above General Fund appropriation is \$14,442,700 in fiscal year 2010-2011 and \$13,291,300 in fiscal year 2011-2012 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

**(13) Retroactive Equalized Facility Funding:** Included in the above General Fund appropriation is \$8,176,300 in fiscal year 2010-2011 and \$8,203,400 in fiscal year 2011-2012 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4) notwithstanding the April 24, 2008, deadline. This appropriation applies to school districts that levied the tax rate subject to recall prior to January 1, 2010. For the 2010-2012 fiscal biennium, equalization shall be provided to a local school district that levies a tax pursuant to KRS 157.621(1)(c) in fiscal year 2010-2011 at 25 percent of the calculated equalization funding in fiscal year 2011-2012. It is the intent of the 2010 General Assembly that any school district receiving partial equalization under this subsection in the 2010-2012 fiscal biennium shall receive full calculated equalization in the 2012-2014 fiscal biennium and thereafter.

**(14) Equalized Facility Funding:** Included in the above General Fund appropriation is \$6,448,200 in fiscal year 2010-2011 and \$6,166,400 in fiscal year 2011-2012 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(3) and (4).

**(15) Instructional Days:** Notwithstanding KRS 158.070, the school term for fiscal year 2010-2011 and fiscal year 2011-2012 shall include the equivalent of 177 six-hour instructional days. Districts may exceed 177 six-hour instructional days. Included in the above General Fund appropriation are sufficient funds for 176 six-hour instructional days.

**(16) Use of Excess SEEK Funds:** Notwithstanding 2009 (1st Extra. Sess.) Ky. Acts ch. 2, Section 6, (18), any unexpended SEEK appropriations for fiscal year 2009-2010 as determined on or before March 1, 2010, by the Kentucky Department of Education shall lapse to the General Fund.

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

**(18) Equalization Funding for Category 5 Schools:** (a) Included in the above General Fund appropriation is \$5,958,300 in fiscal year 2011-2012 to provide equalization funding for school districts that: 1. Have school facilities classified as Category 5 on May 18, 2010, by the Department of Education; and 2. Levy an additional five cents equivalent tax rate for debt service, new construction, and major renovation beyond the five cents equivalent tax rate required by KRS 157.440(1)(b), except as provided in paragraph (c) of this subsection. Equalization shall be provided at 150 percent of the statewide average per pupil assessment beginning in the fiscal year following the fiscal year in which the levy is imposed. The provisions of KRS 132.017 relating to recall may or may not apply. The local board of education shall have the option of levying this additional five cents equivalent tax rate without being subject to the recall provisions of KRS 132.017 or the local board of education may request the county board of elections to submit to the qualified voters of the district the question whether the rate shall be levied.

(b) If the total revenue generated in the 2010-2012 fiscal biennium by the additional five cents equivalent



tax levy, the equalization funds, and any escrowed or additional offers of assistance from the School Facilities Construction Commission is insufficient to cash fund the project or to sufficiently support the required annual debt service for the entirety of the capital project, the school district shall be awarded additional funds equal to the amount of annual debt service necessary to complete the project in its entirety. Any funds included in paragraph (a) of this subsection not necessary to provide equalization in fiscal year 2011-2012 shall be used for this purpose. If the total funds appropriated in paragraph (a) of this subsection are insufficient, the School Facilities Construction Commission is authorized to make an additional offer of assistance in an amount needed to fully fund this subsection.

(c) School districts that have previously levied a five cents equivalent tax rate for debt service, new construction, and major renovation beyond the rate required by KRS 157.440(1)(b) shall not be required to levy an additional tax to receive the equalization funds appropriated in paragraph (a) of this subsection and needed to complete a project in its entirety. A school district that has previously levied a five cent equivalent tax rate under KRS 157.621(1) shall receive the equalization funds appropriated in paragraph (a) of this subsection.

(d) If the school district utilizes the equalization funds appropriated in paragraph (a) of this subsection to support a bond issue for construction purposes, equalization funds shall be provided for 20 years or until the bonds are retired, whichever is less.

(e) The Department of Education, School Facilities Construction Commission, and local boards of education involved in financing local school facilities construction projects under this subsection shall, to the extent possible, maximize the use of federal Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds, or any other federal financing or bond programs for which a project may qualify if use of the program or programs will reduce the overall cost of the project or financing of the project.

(f) In the event that a school district receives funding pursuant to this subsection to support construction of a new school facility and subsequently, as the result of litigation, receives funding for the same facility for which state funds were provided, that school district shall reimburse the Commonwealth an amount equal to that provided under paragraph (a) of this subsection. Any funds received in this manner shall be deposited in the Budget Reserve Trust Fund Account (KRS 48.705).

(Veto Item #2)

**(19) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$2,876,582,600 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

**TOTAL - DEPARTMENT OF EDUCATION**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	2,150,000	2,050,000
<i>(Veto Item #1)</i>		
General Fund	<del>3,656,595,800</del> <del>[3,657,868,800]</del>	<del>3,823,368,300</del> <del>[3,828,830,200]</del>
Restricted Funds	5,601,400	5,632,400
Federal Funds	1,214,581,300	848,353,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<del><b>4,878,928,500</b></del> <del>[4,880,201,500]</del>	<del><b>4,679,404,100</b></del> <del>[4,684,866,000]</del>

**D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

**Budget Units**

**1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<del><b>4,402,400</b></del> <del>[4,418,000]</del>	<del><b>4,297,700</b></del> <del>[4,373,800]</del>
Restricted Funds	4,943,500	4,943,500
Federal Funds	147,600	147,600

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>9,493,500</u></b> <del>[9,509,100]</del>	<b><u>9,388,800</u></b> <del>[9,464,900]</del>
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(1) **Governor's Scholars Program:** Included in the above General Fund appropriation is \$1,970,000 in fiscal year 2010-2011 and \$1,950,300 in fiscal year 2011-2012 for the Governor's Scholars Program.

## 2. DEAF AND HARD OF HEARING

2010-11

2011-12

*(Veto Item #1)*

General Fund	<u>795,900</u> <del>[798,700]</del>	<u>777,000</u> <del>[790,700]</del>
Restricted Funds	817,900	831,400

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>1,613,800</u></b> <del>[1,616,600]</del>	<b><u>1,608,400</u></b> <del>[1,622,100]</del>
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## 3. KENTUCKY EDUCATIONAL TELEVISION

2010-11

2011-12

*(Veto Item #1)*

General Fund	<u>12,184,600</u> <del>[12,228,000]</del>	<u>11,895,200</u> <del>[12,105,800]</del>
Restricted Funds	1,151,000	1,151,000
Federal Funds	700,000	700,000

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>14,035,600</u></b> <del>[14,079,000]</del>	<b><u>13,746,200</u></b> <del>[13,956,800]</del>
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## 4. ENVIRONMENTAL EDUCATION COUNCIL

2010-11

2011-12

Restricted Funds	319,500	326,100
Federal Funds	90,400	33,900
<b>TOTAL</b>	<b>409,900</b>	<b>360,000</b>

## 5. LIBRARIES AND ARCHIVES

### a. General Operations

2010-11

2011-12

*(Veto Item #1)*

General Fund	<u>5,805,400</u> <del>[5,826,000]</del>	<u>5,667,500</u> <del>[5,767,800]</del>
Restricted Funds	1,427,500	1,427,500
Federal Funds	2,165,300	2,165,300

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>9,398,200</u></b> <del>[9,418,800]</del>	<b><u>9,260,300</u></b> <del>[9,360,600]</del>
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(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

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>5,571,100</u> <del>{5,590,900}</del>	<u>5,438,700</u> <del>{5,535,000}</del>
Restricted Funds	895,700	895,700
Federal Funds	724,000	724,000

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>7,190,800</u></b> <del>{7,210,600}</del>	<b><u>7,058,400</u></b> <del>{7,154,700}</del>
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(1) **Per Capita Grants:** Notwithstanding KRS 171.201(2)(b), the department shall distribute the per capita grants within the available appropriated amounts.

#### TOTAL - LIBRARIES AND ARCHIVES

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>11,376,500</u> <del>{11,416,900}</del>	<u>11,106,200</u> <del>{11,302,800}</del>
Restricted Funds	2,323,200	2,323,200
Federal Funds	2,889,300	2,889,300

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>16,589,000</u></b> <del>{16,629,400}</del>	<b><u>16,318,700</u></b> <del>{16,515,300}</del>
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#### 6. OFFICE FOR THE BLIND

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>1,185,500</u> <del>{1,189,700}</del>	<u>1,157,400</u> <del>{1,177,800}</del>
Restricted Funds	2,577,800	2,577,800
Federal Funds	10,518,600	10,855,600

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>14,281,900</u></b> <del>{14,286,100}</del>	<b><u>14,590,800</u></b> <del>{14,611,200}</del>
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#### 7. EMPLOYMENT AND TRAINING

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>1,704,000</u> <del>{1,710,000}</del>	-0-
Restricted Funds	2,368,800	2,368,800
Federal Funds	2,390,538,900	2,393,219,700

*(Veto Item #1)*

<b>TOTAL</b>	<b><u>2,394,611,700</u></b> <del>{2,394,617,700}</del>	<b>2,395,588,500</b>
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(1) **Unemployment Insurance Penalty and Interest Account:** Notwithstanding KRS 341.835, upon approval by the Office of State Budget Director, 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 may be transferred in each fiscal year to the General Administration and Program Support budget unit in the Education and Workforce Development Cabinet to aid in the support of the Office of Employment and Training programs.

(2) **Total Unemployment Rate:** (a) Notwithstanding KRS 341.094(2), there is a "state 'on' indicator" for

this state with respect to weeks of unemployment until the week ending four weeks prior to the last week of unemployment for which 100 percent federal sharing is available under Section 2005(a) of Public Law 111-5, or a similar provision is in effect, without regard to the extension of federal sharing for certain claims as provided under Section 2005(c) of Public Law 111-5 if:

1. The average rate of total unemployment (seasonally adjusted), as determined by the United States Secretary of Labor, for the period consisting of the most recent three months for which data for all states are published before the close of such week equals or exceeds six and one-half percent; and

2. The average rate of total unemployment in this state (seasonally adjusted), as determined by the United States Secretary of Labor, for the three-month period referred to in subparagraph 1. of this paragraph equals or exceeds 110 percent of such average for either or both of the corresponding three-month periods ending in the preceding two calendar years.

There is a "state 'off' indicator" for a week if the requirements are not satisfied.

(b) Notwithstanding KRS 341.730, effective for weeks beginning in a high unemployment period, the total extended benefit amount payable to any eligible worker with respect to his or her applicable benefit year shall be the least of the following amounts:

1. Eighty percent of the maximum amount of regular benefits which were payable to him or her under KRS Chapter 341 in his or her applicable benefit year; or

2. Twenty times the weekly benefit rate which was payable to him or her under KRS Chapter 341 for a week of total unemployment in the applicable benefit year. As used in this subparagraph, "high unemployment period" means any period during which an extended benefit period would be in effect if paragraph (a) of this subsection were applied by substituting eight percent for six and one-half percent.

(c) Notwithstanding KRS 341.096(1)(a), 20 C.F.R. sec. 615.12(c)(1) shall be the numerator for calculating the rate of insured unemployment.

(3) **WorkNow KY:** Included in the above General Fund appropriation is \$1,710,000 in fiscal year 2010-2011 to provide matching funds for the WorkNow KY program. This program provides subsidized employment for any youth or adult that is Temporary Assistance for Needy Families (TANF) eligible.

**8. CAREER AND TECHNICAL EDUCATION**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>25,876,700</u> <del>{25,968,800}</del>	<u>25,261,800</u> <del>{25,709,100}</del>
Restricted Funds	21,620,000	22,708,400
Federal Funds	15,153,900	15,153,900

<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>62,650,600</b></u> <del>{62,742,700}</del>	<u><b>63,124,100</b></u> <del>{63,571,400}</del>

(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 2010-2012 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 2010-2011, 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) of this subsection 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 2010-2011. 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**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	11,663,800	11,547,200
Restricted Funds	3,507,100	3,506,900
Federal Funds	48,618,300	48,969,400
<b>TOTAL</b>	<b>63,789,200</b>	<b>64,023,500</b>

(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**

	<b>2010-11</b>	<b>2011-12</b>
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(Veto Item #1)

General Fund	<u>7,656,500</u> <del>{7,683,700}</del>	<u>7,474,600</u> <del>{7,606,900}</del>
Restricted Funds	870,500	870,500
Federal Funds	304,200	308,300

(Veto Item #1)

<b>TOTAL</b>	<b><u>8,831,200</u></b> <del>{8,858,400}</del>	<b><u>8,653,400</u></b> <del>{8,785,700}</del>
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(1) **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.

(2) **Kentucky Teacher Internship Program:** Notwithstanding KRS 161.030(7), the Education Professional Standards Board shall set the minimum number of hours for the activities set forth in KRS 161.030(7), subject to the availability of appropriations.

(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.

(4) **Teacher Certification:** Notwithstanding KRS 161.020 to 161.120, the Education Professional Standards Board shall extend by two years the length of time required for certified teachers to complete a planned fifth year program.

#### TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>76,845,900</u> <del>{77,077,600}</del>	<u>73,517,100</u> <del>{74,614,100}</del>
Restricted Funds	40,499,300	41,607,600
Federal Funds	2,468,961,200	2,472,277,700
Road Fund	-0-	-0-
(Veto Item #1)		
<b>TOTAL</b>	<b><u>2,586,306,400</u></b> <del>{2,586,538,100}</del>	<b><u>2,587,402,400</u></b> <del>{2,588,499,400}</del>

#### E. ENERGY AND ENVIRONMENT CABINET

##### Budget Units

##### 1. SECRETARY

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>3,450,300</u> <del>{3,462,500}</del>	<u>4,082,200</u> <del>{4,154,400}</del>
Restricted Funds	453,500	467,700
Federal Funds	978,200	1,015,500
(Veto Item #1)		
<b>TOTAL</b>	<b><u>4,882,000</u></b> <del>{4,894,200}</del>	<b><u>5,565,400</u></b> <del>{5,637,600}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$726,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

##### 2. ENVIRONMENTAL PROTECTION

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>23,365,100</u> <del>{23,448,300}</del>	<u>26,709,900</u> <del>{27,182,800}</del>

Restricted Funds	64,571,200	65,221,300
Federal Funds	23,955,000	23,923,000
Road Fund	300,000	300,000

(Veto Item #1)

<b>TOTAL</b>	<b><u>112,191,300</u></b> <del>[112,274,500]</del>	<b><u>116,154,200</u></b> <del>[116,627,100]</del>
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(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 \$1,951,000 in fiscal year 2010-2011 and \$5,900,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Waste Tire Trust Fund:** Notwithstanding KRS 224.50-868(1), the new tire fee shall continue to be collected until June 30, 2012, to continue the waste tire program authorized by KRS 224.50-850 to 224.50-880. Notwithstanding KRS 224.50-880, the Energy and Environment Cabinet shall utilize no more than 25 percent of the funds collected for administration. All other funds shall be utilized, in accordance with the above referenced statutes, for waste tire amnesty programs, crumb rubber grants, tire-derived fuel programs, and other projects that will manage waste tires as appropriate to protect human health, safety, and the environment, or to develop markets for waste tires.

(4) **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

	2010-11	2011-12
General Fund (Tobacco)	9,000,000	6,000,000

(Veto Item #1)

<b>General Fund</b>	<b><u>34,056,500</u></b> <del>[34,177,800]</del>	<b><u>33,247,300</u></b> <del>[33,836,000]</del>
Restricted Funds	19,004,200	19,291,900
Federal Funds	54,623,500	54,803,700

(Veto Item #1)

<b>TOTAL</b>	<b><u>116,684,200</u></b> <del>[116,805,500]</del>	<b><u>113,342,900</u></b> <del>[113,931,600]</del>
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(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) **Mine Safety:** Included in the above General Fund appropriation is \$4,300,000 in fiscal year 2010-2011 and \$4,400,000 in fiscal year 2011-2012 for the Office of Mine Safety and Licensing, Natural Resources budget unit.

(3) **Conservation Districts:** Included in the above General Fund appropriation is \$950,000 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.

### 4. ENERGY DEVELOPMENT AND INDEPENDENCE

	2010-11	2011-12
General Fund	<u>1,457,500</u> [1,462,600]	<u>1,422,900</u> [1,448,000]
Restricted Funds	4,066,500	3,958,800
Federal Funds	36,598,600	4,936,000

(Veto Item #1)

<b>TOTAL</b>	<b><u>42,122,600</u><del>[42,127,700]</del></b>	<b><u>10,317,700</u><del>[10,342,800]</del></b>
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**(1) Energy Research and Development:** (a) Notwithstanding KRS 42.4588, included in the above Restricted Funds appropriation is \$3,500,000 in fiscal year 2010-2011 and \$3,500,000 in fiscal year 2011-2012 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 Department for Energy Development and Independence 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) Included in the Restricted Funds appropriation in paragraph (a) of this subsection is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 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.

## 5. ENVIRONMENTAL QUALITY COMMISSION

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	257,400	263,600

## 6. KENTUCKY NATURE PRESERVES COMMISSION

	<b>2010-11</b>	<b>2011-12</b>
(Veto Item #1)		

<b>General Fund</b>	<b><u>1,037,700</u><del>[1,041,300]</del></b>	<b><u>1,013,000</u><del>[1,030,900]</del></b>
Restricted Funds	242,000	241,900
Federal Funds	43,000	43,000

(Veto Item #1)

<b>TOTAL</b>	<b><u>1,322,700</u><del>[1,326,300]</del></b>	<b><u>1,297,900</u><del>[1,315,800]</del></b>
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## 7. PUBLIC SERVICE COMMISSION

	<b>2010-11</b>	<b>2011-12</b>
General Fund	13,000,000	13,000,000
Restricted Funds	211,000	211,000
Federal Funds	218,300	218,300
<b>TOTAL</b>	<b>13,429,300</b>	<b>13,429,300</b>

**(1) Debt Service:** Included in the above General Fund appropriation is \$589,000 in fiscal year 2010-2011 and \$589,000 in fiscal year 2011-2012 for debt service for previously issued bonds.

**(2) Lapse of General Fund Appropriation Balance:** Notwithstanding KRS

(Veto Item #1)

278.150(3), **\$3,675,800~~[3,629,700]~~** in fiscal year 2010-2011 and **\$3,944,900~~[3,718,700]~~** in fiscal year 2011-2012 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.

**(4) Small Utilities Assistance:** Included in the above General Fund appropriation is \$400,000 in fiscal year 2010-2011 and \$400,000 in fiscal year 2011-2012 for small utilities assistance.

**(5) Water Districts and Water Associations:** A water district created pursuant to KRS Chapter 74 and a



water association formed under KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity, notwithstanding KRS 278.020(1), if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

**TOTAL - ENERGY AND ENVIRONMENT CABINET**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	9,000,000	6,000,000
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>76,367,100</u></b> <del>[76,592,500]</del>	<b><u>79,475,300</u></b> <del>[80,652,100]</del>
Restricted Funds	88,805,800	89,656,200
Federal Funds	116,416,600	84,939,500
Road Fund	300,000	300,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>290,889,500</u></b> <del>[291,114,900]</del>	<b><u>260,371,000</u></b> <del>[261,547,800]</del>

**F. FINANCE AND ADMINISTRATION CABINET**

**Budget Units**

**1. GENERAL ADMINISTRATION**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>7,101,600</u></b> <del>[7,126,900]</del>	<b><u>6,932,900</u></b> <del>[7,055,600]</del>
Restricted Funds	30,757,800	30,794,100
Federal Funds	31,640,900	30,534,500
Road Fund	400,000	400,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>69,900,300</u></b> <del>[69,925,600]</del>	<b><u>68,661,500</u></b> <del>[68,784,200]</del>

(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) **Gubernatorial Transition:** Should there be a new Governor-elect, then pursuant to KRS 11.260, the Finance and Administration Cabinet shall bear all necessary expenses for carrying out the purposes of KRS 11.210 to 11.260. Up to \$220,000 of these necessary 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).

**2. CONTROLLER**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>5,908,200</u></b> <del>[5,929,200]</del>	<b><u>5,767,800</u></b> <del>[5,869,900]</del>

Restricted Funds	8,038,400	8,106,100
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>13,946,600</u></b> <del>[13,967,600]</del>	<b><u>13,873,900</u></b> <del>[13,976,000]</del>

**(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 the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

### 3. DEBT SERVICE

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	18,746,600	30,275,700
<i>(Veto Item #1)</i>		
General Fund	311,487,400	<u>338,061,800</u> <del>[271,087,500]</del>
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b>330,234,000</b>	<b><u>368,337,500</u></b> <del>[301,363,200]</del>

**(1) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding the provisions of Part X, (4) of this Act, \$3,008,100 in fiscal year 2010-2011 and \$2,994,800 in fiscal year 2011-2012 shall lapse and not continue forward to the next fiscal year.

### 4. FACILITIES AND SUPPORT SERVICES

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>5,693,000</u> <del>[5,713,200]</del>	<u>6,138,300</u> <del>[6,246,900]</del>
Restricted Funds	36,139,700	37,418,700
Federal Funds	513,500	324,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>42,346,200</u></b> <del>[42,366,400]</del>	<b><u>43,881,000</u></b> <del>[43,989,600]</del>

**(1) Debt Service:** Included in the above General Fund appropriation is \$333,500 in fiscal year 2010-2011 and \$920,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

### 5. COUNTY COSTS

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>16,765,500</u> <del>[16,825,200]</del>	<u>16,448,600</u> <del>[16,739,800]</del>
Restricted Funds	1,702,500	1,702,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>18,468,000</u></b> <del>[18,527,700]</del>	<b><u>18,151,100</u></b> <del>[18,442,300]</del>

**(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

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	64,279,000	65,318,100

Federal Funds	50,000	50,000
TOTAL	64,329,000	65,368,100

**(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

	2010-11	2011-12
General Fund (Tobacco)	275,000	275,000
<i>(Veto Item #1)</i>		

General Fund	<u>74,451,600</u> <del>[74,716,800]</del>	<u>72,454,800</u> <del>[73,737,800]</del>
Restricted Funds	6,108,600	6,251,500
Road Fund	2,325,000	2,325,000

*(Veto Item #1)*

TOTAL	<u>83,160,200</u> <del>[83,425,400]</del>	<u>81,306,300</u> <del>[82,589,300]</del>
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**(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 2010-2012 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 2009-2010 and 2010-2011 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.

**(4) Debt Service:** Included in the above General Fund appropriation is \$651,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

## 8. PROPERTY VALUATION ADMINISTRATORS

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>34,848,500</u> <del>[34,972,600]</del>	<u>34,020,400</u> <del>[34,622,800]</del>
Restricted Funds	3,701,300	3,701,300

*(Veto Item #1)*

TOTAL	<u>38,549,800</u> <del>[38,673,900]</del>	<u>37,721,700</u> <del>[38,324,100]</del>
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**(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

	2010-11	2011-12
General Fund (Tobacco)	19,021,600	30,550,700

*(Veto Item #1)*

General Fund	<u>456,255,800</u> <del>[456,771,300]</del>	<u>479,824,600</u> <del>[415,360,300]</del>
Restricted Funds	150,727,300	153,292,300

Federal Funds	32,204,400	30,908,500
Road Fund	2,725,000	2,725,000

(Veto Item #1)

<b>TOTAL</b>	<b><u>660,934,100</u></b> <del>[661,449,600]</del>	<b><u>697,301,100</u></b> <del>[632,836,800]</del>
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**G. HEALTH AND FAMILY SERVICES CABINET****Budget Units****1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT****2010-11****2011-12**

(Veto Item #1)

General Fund	<u>34,382,600</u> [34,505,000]	<u>33,565,600</u> [34,159,900]
Restricted Funds	9,221,600	9,683,800
Federal Funds	35,807,300	37,199,200

(Veto Item #1)

<b>TOTAL</b>	<b><u>79,411,500</u></b> <del>[79,533,900]</del>	<b><u>80,448,600</u></b> <del>[81,042,900]</del>
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(1) **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.

(2) **Debt Service:** Included in the above General Fund appropriation is \$139,000 in fiscal year 2010-2011 and \$406,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **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 for other program reasons in the best interest of the citizens of the Commonwealth.

(4) **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 Income Support, Commission for Children with Special Health Care Needs, Department for Community Based Services, Department for Medicaid Services, Department for Behavioral Health, Developmental and Intellectual Disabilities, and the Department for Public Health shall be authorized to establish and fill such positions that are 100 percent federally funded for salary and fringe benefits.

**2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH****CARE NEEDS****2010-11****2011-12**

General Fund (Tobacco)	350,000	350,000
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(Veto Item #1)

General Fund	<u>4,966,900</u> [4,984,500]	<u>4,848,900</u> [4,934,700]
Restricted Funds	6,971,900	6,971,900
Federal Funds	4,415,400	4,566,100

(Veto Item #1)

<b>TOTAL</b>	<b><u>16,704,200</u></b> <del>[16,721,800]</del>	<b><u>16,736,900</u></b> <del>[16,822,700]</del>
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(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$350,000 for Universal Newborn Hearing Screening and Vision Screening in each fiscal year.

**3. MEDICAID SERVICES**

**a. Medicaid Administration**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>36,174,300</u> <del>[36,303,100]</del>	<u>35,314,800</u> <del>[35,940,100]</del>
Restricted Funds	24,590,300	14,096,900
Federal Funds	62,181,600	51,690,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>122,946,200</u></b> <del>[123,075,000]</del>	<b><u>101,102,100</u></b> <del>[101,727,400]</del>

**(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**

	2010-11	2011-12
General Fund	<u>940,433,200</u> <del>[776,598,500]</del>	<u>1,337,959,800</u> <del>[1,435,255,600]</del>
Restricted Funds	358,478,000	370,376,900
Federal Funds	<u>4,552,040,200</u> <del>[4,363,555,100]</del>	<u>4,233,704,000</u> <del>[4,322,985,400]</del>
<b>TOTAL</b>	<b><u>5,850,951,400</u></b> <del>[5,498,631,600]</del>	<b><u>5,942,040,700</u></b> <del>[6,128,617,900]</del>

**(1) Supports for Community Living Slots:** Included in the above appropriation is \$1,896,700 in General Fund moneys and \$5,983,300 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2010-2011 and \$6,774,000 in General Fund moneys and \$16,986,000 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2011-2012 for a total of 400 additional slots over the 2010-2012 fiscal biennium.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients.

**(2) Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2010-2011 shall not lapse but shall be carried forward into the next fiscal year.

**(3) 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.

(4) **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.

(5) **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.

(6) **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.

(7) **Kentucky Children's Health Insurance Program (KCHIP):** The Secretary of the Cabinet for Health and Family Services may transfer funds from the Medicaid Benefits budget unit to the Kentucky Children's Health Insurance Program General Fund or Restricted Funds appropriations to be used to match the Federal Funds. 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.

(8) **Intergovernmental Transfers (IGTs):** Any funds received through an Intergovernmental Transfer (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 IGTs are contingent upon agreement by the parties. The Secretary of the Cabinet for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630.

(9) **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.

(10) **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.

*(Veto Item #3)*

~~(11) **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.~~

(12) **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 the Medicaid Benefits budget unit to the Medicaid Administration budget unit 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.

(13) **Critical Access Hospitals:** Beginning with the effective date of this Act through June 30, 2012, 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, 2010, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

(14) **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 law.

(15) **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. An exception to this provision shall be 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.

(16) **KCHIP Premium Suspension:** Included in the above General Fund appropriation is \$370,000 in each fiscal year for suspending KCHIP premiums. The additional funding represents the net state share between premium collections less administrative costs related to premium collections. Notwithstanding KRS 205.6485(1)(c), KCHIP premiums are suspended for fiscal year 2010-2011 and fiscal year 2011-2012.

(19) **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.

(20) **Medicaid Waiver for Personal Care Services:** The Cabinet for Health and Family Services shall conduct a study to determine the feasibility of pursuing a Medicaid waiver for personal care services. The results of the study shall be reported to the Interim Joint Committee on Health and Welfare by December 1, 2010.

(21) **General Fund Carry Forward:** Notwithstanding KRS 45.229, included in the above General Fund appropriation is \$20,609,400 in fiscal year 2009-2010 which shall be carried forward to fiscal year 2010-2011 to support Medicaid benefits expenditures and \$16,350,700 in fiscal year 2010-2011 which shall be carried forward to fiscal year 2011-2012 to support Medicaid benefits expenditures.

(22) **Medicaid Recipient Identification Study:** The Cabinet for Health and Family Services shall conduct a study to identify security measures permitted by federal law that ensure Medicaid recipients over 18 years of age and not residing in institutions are properly identified with Medicaid providers and that multiple persons do not utilize the same Medicaid card. The Cabinet shall report the study findings to the Interim Joint Committees on Health and Welfare and Appropriations and Revenue by December 1, 2010.

(23) **Drug Utilization Review:** The Cabinet for Health and Family Services shall implement the Drug Management Review Advisory Board in accordance with the provisions of KRS 205.5636 and 205.5638.

(24) **Medicaid Analysis:** The Cabinet for Health and Family Services shall develop a plan for evaluating Medicaid benefits and efficiencies.

Areas to be evaluated for Medicaid efficiencies shall include, but not be limited to: (a) Alternate methods of achieving savings in pharmacy dispensing fees; (b) An evaluation of options in reducing the average wholesale price (AWP) pricing structures for all drug categories; (c) An analysis of potential savings through medication therapy management; and (d) An assessment of the fiscal impact of primary care case management programs. The plan shall include a cost and savings analysis.

The Cabinet for Health and Family Services shall report on the efficiency evaluations to the Interim Joint Committee on Health and Welfare and the Interim Joint Committee on Appropriations and Revenue by December 1, 2010.

**(25) Partnership Section 1115 Medicaid Demonstration Waiver Operated by University Health Care, Inc.:** It is the intent of the General Assembly for University Health Care, Inc. to continue to provide Medicaid managed care and pharmacy benefit management services for Jefferson County and the surrounding 15 counties included under the Partnership Section 1115 Medicaid Demonstration Waiver.

In accordance with the process set forth by the United States Centers for Medicare and Medicaid Services for renewal of the Partnership Section 1115 Demonstration Waiver operated by University Health Care, Inc., the Cabinet for Health and Family Services shall act to comply with these requirements for renewal. If the Secretary determines that the cabinet cannot attest to the budget neutrality required for renewal of the waiver, the Secretary shall report this decision and supporting rationale to the Interim Joint Committee on Appropriations and Revenue, or if during a legislative session to the House and Senate Committees on Appropriations and Revenue, no less than 120 days prior to the deadline for submission of the request for renewal.

**(26) Medicaid Pharmacy Efficiencies:** It is the intent of the General Assembly to improve and reform the management of the statewide pharmacy program offered to Medicaid recipients. As such, the General Assembly directs the Cabinet for Health and Family Services to take necessary actions, including seeking federal approval, to establish programs or engage providers to assist with managing the statewide pharmacy program by increasing the use of generic drugs and by increasing accepted practices to eliminate excess prescriptions in order to deter Medicaid recipients from obtaining multiple prescriptions from different physicians for the same drug.

(Veto Item #4)

**(27) Medicaid Savings Utilization: Any savings achieved through managed care or any other efficiencies achieved within the Medicaid Benefits budget unit shall not be utilized to increase or expand optional services, optional beneficiaries, or Medicaid reimbursement rates, unless the expansion of existing services by a managed care provider can be demonstrated to provide an overall cost savings and improved outcome.**

(Veto Item #5)

**(28) Medicaid Face-to-Face Interviews: By July 1, 2011, the Cabinet for Health and Family Services shall request a waiver from the Centers for Medicare and Medicaid Services to reinstate face-to-face interviews for determining eligibility for all new applicants and for the renewal of current beneficiaries for the Kentucky Children's Health Insurance Program. In addition, the Department for Medicaid Services shall continue face-to-face interviews for all new applicants and for the renewal of current Medicaid beneficiaries, excluding incapacitated or institutionalized Medicaid recipients who do not require an in-person update of current assets.**

**TOTAL - MEDICAID SERVICES**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	* <u>976,736,300</u> <del>[812,901,600]</del>	* <u>1,373,899,900</u> <del>[1,471,195,700]</del>
Restricted Funds	383,068,300	384,473,800
Federal Funds	<u>4,614,221,800</u> <del>[4,425,736,700]</del>	<u>4,285,394,400</u> <del>[4,374,675,800]</del>
TOTAL	* <u>5,974,026,400</u> <del>[5,621,706,600]</del>	* <u>6,043,768,100</u> <del>[6,230,345,300]</del>

**4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	900,000	900,000

(Veto Item #1)

General Fund	<u>183,018,800</u> <del>[183,670,800]</del>	<u>178,775,400</u> <del>[181,941,100]</del>
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Restricted Funds	242,537,600	242,694,400
Federal Funds	40,349,800	37,843,800

(Veto Item #1)

<b>TOTAL</b>	<b><u>466,806,200</u></b> <del>[467,458,200]</del>	<b><u>460,213,600</u></b> <del>[463,379,300]</del>
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(1) **Disproportionate Share Hospital Funds:** Mental health disproportionate share funds are budgeted at the maximum amounts permitted by Section 1923(f) of the Social Security Act. Upon publication in the Federal Register of the Annual Institutions for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of the federal IMD DSH limit goes to the state-operated mental hospitals.

(2) **Debt Service:** Included in the above General Fund appropriation is \$1,011,000 in fiscal year 2010-2011 and \$2,236,000 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$900,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(4) **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.

(5) **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 2010-2012 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.

(6) **Regional Mental Health/Mental Retardation Boards Retirement Cost Increase:** Included in the above General Fund appropriation is \$2,497,600 in fiscal year 2010-2011 and \$3,837,800 in fiscal year 2011-2012 for Regional Mental Health/Mental Retardation Boards to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system. The Department for Medicaid Services shall recognize this new cost to the Regional Mental Health/Mental Retardation Boards in the reimbursement rates, and the Department for Behavioral Health, Developmental and Intellectual Disabilities shall utilize these funds to provide the required state match. If that effort is not successful by August 1, 2010, then the Commissioner of the Department for Behavioral Health, Developmental and Intellectual Disabilities shall distribute these funds directly to the Regional Mental Health/Mental Retardation Boards on a prorated basis by August 15, 2010, and by July 15, 2011.

(7) **Kentucky Prescription Assistance Program:** Included in the above General Fund appropriation is \$190,000 in fiscal year 2010-2011 and \$180,000 in fiscal year 2011-2012 to support a program for those indigent persons receiving services through regional mental health/mental retardation boards to obtain free or reduced pharmaceuticals, including any pharmaceuticals needed for physical health to provide a continuum of care. The 14 regional mental health/mental retardation boards shall report the number and types of prescriptions filled, the total cost and average cost per prescription, and the number of recipients to the Interim Joint Committees on Health and Welfare and Appropriations and Revenue by August 1 of each year.

**5. PUBLIC HEALTH**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	16,546,900	14,505,100

(Veto Item #1)

General Fund	<u>60,957,200</u> <del>[61,174,300]</del>	<u>60,245,700</u> <del>[61,312,500]</del>
Restricted Funds	116,297,100	116,455,000
Federal Funds	239,986,500	239,742,600

(Veto Item #1)

<b>TOTAL</b>	<u><b>433,787,700</b></u> <del>[434,004,800]</del>	<u><b>430,948,400</b></u> <del>[432,015,200]</del>
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(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$8,752,000 in fiscal year 2010-2011 and \$8,000,000 in fiscal year 2011-2012 for the Health Access Nurturing Development Services Program, \$1,000,000 in each fiscal year for Healthy Start initiatives, \$1,775,900 in fiscal year 2010-2011 and \$800,000 in fiscal year 2011-2012 for Universal Children's Immunizations, \$200,000 in each fiscal year for the Folic Acid Program, \$950,000 in each fiscal year for Early Childhood Mental Health, \$310,500 in each fiscal year for Early Childhood Oral Health, \$750,000 in fiscal year 2010-2011 and \$675,800 in fiscal year 2011-2012 for the Kentucky Early Intervention Services First Steps Program, \$225,000 in fiscal year 2010-2011 and \$200,000 in fiscal year 2011-2012 for the Reach Out and Read Program, and \$2,583,500 in fiscal year 2010-2011 and \$2,368,800 in fiscal year 2011-2012 for Smoking Cessation.

(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.

(4) **Local and District Health Department Retirement Cost Increase:** Included in the above General Fund appropriation is \$1,634,000 in fiscal year 2010-2011 and \$2,380,500 in fiscal year 2011-2012 for Local and District Health Departments to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system. The Department for Medicaid Services shall recognize this new cost to the Local and District Health Departments in the reimbursement rates, and the Department for Public Health shall utilize these funds to provide the required state match. If that effort is not successful by August 1, 2010, then the Commissioner of Public Health shall distribute these funds directly to the Local and District Health Departments on a prorated basis by August 15, 2010, and by July 15, 2011.

## 6. HEALTH POLICY

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>494,800</u> <del>[496,500]</del>	<u>483,000</u> <del>[491,500]</del>
Restricted Funds	821,000	821,000
(Veto Item #1)		
<b>TOTAL</b>	<u><b>1,315,800</b></u> <del>[1,317,500]</del>	<u><b>1,304,000</b></u> <del>[1,312,500]</del>

## 7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>426,800</u> <del>[428,300]</del>	<u>416,700</u> <del>[424,000]</del>
Restricted Funds	95,000	95,000
Federal Funds	3,383,700	3,344,900
(Veto Item #1)		
<b>TOTAL</b>	<u><b>3,905,500</b></u> <del>[3,907,000]</del>	<u><b>3,856,600</b></u> <del>[3,863,900]</del>

## 8. INCOME SUPPORT

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>1,371,600</u> <del>[1,376,400]</del>	<u>1,338,900</u> <del>[1,362,600]</del>

Restricted Funds	19,734,100	19,925,900
Federal Funds	86,368,800	87,154,000

(Veto Item #1)

<b>TOTAL</b>	<b><u>107,474,500</u></b> <del>[107,479,300]</del>	<b><u>108,418,800</u></b> <del>[108,442,500]</del>
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## 9. COMMUNITY BASED SERVICES

	2010-11	2011-12
General Fund (Tobacco)	9,395,400	9,175,000

(Veto Item #1)

<b>General Fund</b>	<b><u>314,787,300</u></b> <del>[315,908,700]</del>	<b><u>307,307,800</u></b> <del>[312,749,600]</del>
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Restricted Funds	137,870,700	139,060,200
Federal Funds	523,081,100	514,609,300

(Veto Item #1)

<b>TOTAL</b>	<b><u>985,134,500</u></b> <del>[986,255,900]</del>	<b><u>970,152,300</u></b> <del>[975,594,100]</del>
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(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$9,395,400 in fiscal year 2010-2011 and \$9,175,000 in fiscal year 2011-2012 for the Early Childhood Development Program.

(2) **Kentucky Sexual Assault Prevention Programs Retirement Cost Increase:** Included in the above General Fund appropriation is \$53,200 in fiscal year 2010-2011 and \$81,900 in fiscal year 2011-2012 for Kentucky Sexual Assault Prevention Programs to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

(3) **Kentucky Domestic Violence Association Program Retirement Cost Increase:** Included in the above General Fund appropriation is \$226,400 in fiscal year 2010-2011 and \$348,000 in fiscal year 2011-2012 for Domestic Violence Centers to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

(4) **Child Advocacy Centers Retirement Cost Increase:** Included in the above General Fund appropriation is \$84,700 in fiscal year 2010-2011 and \$130,200 in fiscal year 2011-2012 for Child Advocacy Centers to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

(5) **Family and Children's Place:** Included in the above General Fund appropriation is \$50,000 in each fiscal year to continue current services at the Family and Children's Place in Louisville, Kentucky.

(6) **Boni Bill Implementation:** Included in the above General Fund appropriation are funds for the continued implementation of the Boni Frederick Bill (2007 Ky. Acts ch. 140). The social workers employed by the Commonwealth of Kentucky face a challenging work environment, and children and citizens of the Commonwealth deserve an adequate response to allegations of adult or child abuse, neglect, or exploitation. This funding shall also include but not be limited to procuring adequate cellular phone communications to address safety issues of social workers in the areas served, and may include funds to ensure front-line social worker office and field safety needs.

The Finance and Administration Cabinet shall assist the Cabinet for Health and Family Services and the Department for Community Based Services in securing adequate cell phone coverage practicable to ensure worker safety.

## 10. AGING AND INDEPENDENT LIVING

	2010-11	2011-12
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(Veto Item #1)

<b>General Fund</b>	<b><u>42,104,100</u></b> <del>[42,254,100]</del>	<b><u>41,076,400</u></b> <del>[41,803,700]</del>
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Restricted Funds	2,254,900	2,254,900
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Federal Funds 20,497,400 20,497,400

(Veto Item #1)

**TOTAL** 64,856,400~~[65,006,400]~~ 63,828,700~~[64,556,000]~~

**(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 2009-2010. 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**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	27,192,300	24,930,100
General Fund	<u>*1,621,534,900</u> <del>[1,457,700,200]</del>	<u>*2,013,079,500</u> <del>[2,110,375,300]</del>
Restricted Funds	918,872,200	922,435,900
Federal Funds	<u>5,568,111,800</u> <del>[5,379,626,700]</del>	<u>5,230,351,700</u> <del>[5,319,633,100]</del>
<b>TOTAL</b>	<u>*8,135,711,200</u> <del>[7,783,391,400]</del>	<u>*8,190,797,200</u> <del>[8,377,374,400]</del>

**H. JUSTICE AND PUBLIC SAFETY CABINET**

**Budget Units**

**1. JUSTICE ADMINISTRATION**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	1,923,400	1,923,400

(Veto Item #1)

**General Fund** 11,312,600~~[11,352,900]~~ 10,958,900~~[11,152,900]~~

Restricted Funds 5,728,900 5,419,000

Federal Funds 17,235,600 11,505,500

(Veto Item #1)

**TOTAL** 36,200,500~~[36,240,800]~~ 29,806,800~~[30,000,800]~~

**(1) Office of Drug Control Policy:** Included in the above Restricted Funds appropriation is \$1,800,000 in fiscal year 2010-2011 and \$1,800,000 in fiscal year 2011-2012 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 2010-2011 and \$1,923,400 in fiscal year 2011-2012 for the Office of Drug Control Policy.

**(4) Public Safety Performance Project:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2010-2011 for the Pew Center on the States' Public Safety Performance Project.

**2. CRIMINAL JUSTICE TRAINING**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	50,316,400	50,829,200
Federal Funds	206,100	206,100
<b>TOTAL</b>	50,522,500	51,035,300

**(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$49,218,000 in fiscal year 2010-2011 and \$49,723,300 in fiscal year 2011-2012 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 2010-2011 and \$3,100 in fiscal year 2011-2012 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 from the Kentucky Law Enforcement Foundation Program Fund.

### 3. JUVENILE JUSTICE

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>76,196,500</u> <del>[76,467,900]</del>	<u>75,137,400</u> <del>[76,467,900]</del>
Restricted Funds	14,635,400	14,686,700
Federal Funds	15,156,100	14,861,800
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>105,988,000</u></b> <del>[106,259,400]</del>	<b><u>104,685,900</u></b> <del>[106,016,400]</del>

(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

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>55,572,400</u> <del>[55,770,300]</del>	<u>64,365,600</u> <del>[65,505,300]</del>
Restricted Funds	20,031,500	21,016,000
Federal Funds	35,504,900	21,797,200
Road Fund	79,799,500	83,251,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>190,908,300</u></b> <del>[191,106,200]</del>	<b><u>190,430,300</u></b> <del>[191,570,000]</del>

(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 and Vehicle Enforcement 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, legislative security specialists, and vehicle enforcement officers from the Kentucky Law Enforcement Foundation Program Fund.

(3) **Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 160.151(1)(c), 189A.050(3)(a), and 237.110(18), 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**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>8,575,200</u> <del>{8,605,700}</del>	<u>10,911,500</u> <del>{11,104,700}</del>
Restricted Funds	135,100	135,100
Federal Funds	275,000	75,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>8,985,300</u></b> <del>{9,015,800}</del>	<b><u>11,121,600</u></b> <del>{11,314,800}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$478,000 in fiscal year 2010-2011 and \$2,977,000 in fiscal year 2011-2012 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 2010-2011 and in fiscal year 2011-2012. 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.

(4) **Non-Violent, Non-Sexual Class C and Class B Felons:** The Department of Corrections shall assess the non-violent, non-sexual inmate population incarcerated for a Class C or Class B felony, and develop recommendations for actions or programs that may be implemented to reduce the time of incarceration for these inmates and assist them with reentering the community. A report shall be submitted to the House and Senate Appropriations and Revenue Committees and the House and Senate Judiciary Committees by January 15, 2011, specifying the Department's findings and recommendations.

(5) **Public Safety First Programs:** Included in the above General Fund appropriation is \$515,000 in fiscal year 2010-2011 for the Public Safety First Programs, including the Victim Information and Notification Everyday (VINE) Protective Order and the VINE Court Victim Notification Program.

**b. Adult Correctional Institutions**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>258,478,200</u> <del>{259,399,000}</del>	<u>268,558,100</u> <del>{273,313,700}</del>
Restricted Funds	19,706,400	19,988,900
Federal Funds	18,463,600	2,253,700
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>296,648,200</u></b> <del>{297,569,000}</del>	<b><u>290,800,700</u></b> <del>{295,556,300}</del>

(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 for meritorious behavior, and may be allowed an additional deduction up to seven days per month for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs.

(3) **Corrections Education:** Included in the above General Fund appropriation is \$5,348,100 in fiscal year 2010-2011 and \$5,348,100 in fiscal year 2011-2012 for education programs at the Department of Corrections facilities that had previously been provided for in the Kentucky Community and Technical College System (KCTCS) budget. The faculty and staff funded by this amount and employed by KCTCS to provide educational services and support to inmates shall be transferred to the Department of Corrections beginning in fiscal year 2010-2011.

(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, 2010, and shall provide financial information for the period of January 1, 2010, through June 30, 2010. Thereafter, reports shall be filed every six months from the August 1, 2010, 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 Facilities Plan:** (a) The Department of Corrections shall develop a plan that projects the Commonwealth's need for correctional facilities on an annual basis starting with fiscal year 2011-2012 and ending with fiscal year 2021-2022. The plan shall consider and assess all appropriate factors including:

1. Current condition and capacity of existing state prisons, private prisons utilized by the state, and county jails;
2. Current and projected number and classification of state inmates;
3. The potential for using community corrections programs to minimize the use of prison beds; and
4. Demographic trends in the Commonwealth that may impact crime and incarceration rates.

(b) The plan shall make recommendations concerning future correctional facility modifications based on a cost/benefit analysis for each proposed action that shall include:

1. Renovation or expansion of existing facilities;
2. Closing or reducing the capacity of older facilities in the system;
3. Constructing new facilities;
4. Increased or decreased use of county jails, and the resulting financial impact on county fiscal courts and the Commonwealth;
5. Increased or decreased use of private prisons; and
6. The use of community corrections programs, electronic and global positioning monitoring equipment, and halfway houses.

(c) The plan shall be submitted to the Legislative Research Commission for referral to the appropriate committees by December 31, 2010.

(7) **Place of Imprisonment for Class D Felons:** A Class D felon with a sentence of more than five years who has less than five years remaining to be served, has been convicted of a non-violent or non-sexual offense, and is not classified by the Department of Corrections as community custody, may serve the remainder of his or her term in a county jail in a county in which the fiscal court has agreed to house state prisoners.

**(8) Transfer to State Institutions:** Notwithstanding KRS 532.100(7), state prisoners, excluding the Class C and Class D felons, qualifying to serve time in county jails, may be transferred to a state institution within 90 days of final sentencing, if the county jail does not object to the additional 45 days.

**(9) Insurance Proceeds:** All funds received by the Commonwealth as a result of the damages caused by the inmate disturbance at Northpoint Training Center on August 21, 2009, shall be deposited to the General Fund.

**c. Community Services and Local Facilities**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>143,908,400</u> <del>{144,421,000}</del>	<u>138,474,400</u> <del>{140,926,500}</del>
Restricted Funds	3,557,500	3,557,500
Federal Funds	264,200	264,200
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>147,730,100</b></u> <del>{148,242,700}</del>	<u><b>142,296,100</b></u> <del>{144,748,200}</del>

**(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 2010-2011 and fiscal year 2011-2012, 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 \$2,427,500 in fiscal year 2010-2011 and \$2,427,500 in fiscal year 2011-2012 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) Conditional Parole for Substance Abuse and Other Programs:** Notwithstanding KRS 439.340(3)(b), when the Parole Board recommends parole upon completion of a program, the Commissioner of the Department of Corrections or his or her designee, shall determine the most appropriate placement in a program either operated by the Department of Corrections or a program within the community approved by the Department of Corrections. The Parole Board shall grant parole with the condition that the parolee complete the program in the community if the Department of Corrections determines that participation in the program in the community is appropriate.

**(4) Intermediate Sanctions for Technical Parole Violators:** Notwithstanding KRS 439.430, if a person released to supervision under KRS Chapter 439 signs a statement admitting a violation of the terms of his or her supervision, the Parole Officer may as a sanction for the violation confine the person in a county jail for not more than ten days consecutively, and not more than 30 days within a 365 day period. The Department of Corrections shall reimburse the county for the costs of incarcerating a person under this subsection. A person is not eligible to earn good time credit on any period of confinement under this subsection.

**(5) Parole Deferrals:** Notwithstanding KRS 439.340(3)(b), if the parole board does not grant parole, the maximum deferment or serve-out for an offender convicted of a non-violent, non-sexual Class C or Class D felony shall be 24 months. No deferment or serve-out shall exceed ten years following the offender's initial eligibility date, except for life sentences. No deferment or serve-out greater than five years shall be ordered unless by a vote of the full board.

**(6) Home Incarceration:** Notwithstanding KRS 532.260(1)(b), any person convicted of a non-violent, non-sexual 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.

The Department of Corrections shall ensure that the appropriate staff members have up-to-date information concerning the latest global positioning systems technology and other relevant technology available for monitoring prisoners placed in home incarceration.

The Department shall review the file of each inmate eligible for home incarceration that is within 200 days of release, and ascertain if that inmate is a reasonable candidate for home incarceration with the use of electronic monitoring or global positioning system monitoring during the last 180 days of his or her sentence.

The Department shall submit an annual report to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Judiciary specifying the number of offenders placed on home incarceration, the number of days each person was incarcerated at home, and the number of persons that did not complete the home incarceration period successfully. The reports shall be submitted by July 30, 2011, and by July 30, 2012.

**(8) Probation and Parole Officers:** Included in the above General Fund appropriation is \$3,000,000 in fiscal year 2011-2012 for hiring and equipping 50 additional probation and parole officers.

**(9) Community Corrections:** Included in the above General Fund appropriation is \$2,000,000 in fiscal year 2011-2012 for community corrections services to assist parolees in successfully reentering the community.

**d. Local Jail Support**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>14,270,700</u> <del>{14,321,500}</del>	<u>14,072,400</u> <del>{14,321,500}</del>

**(1) Inmate Medical Care Expenses:** Included in the above General Fund appropriation is \$931,100 in fiscal year 2010-2011 and \$931,100 in fiscal year 2011-2012 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 2010-2011 and \$295,900 in fiscal year 2011-2012, 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) Life Safety or Closed Jails:** 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**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>425,232,500</u> <del>{426,747,200}</del>	<u>432,016,400</u> <del>{439,666,400}</del>
Restricted Funds	23,399,000	23,681,500
Federal Funds	19,002,800	2,592,900
<i>(Veto Item #1)</i>		
TOTAL	<u>467,634,300</u> <del>{469,149,000}</del>	<u>458,290,800</u> <del>{465,940,800}</del>

**6. PUBLIC ADVOCACY**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>37,437,900</u> <del>{37,571,200}</del>	<u>36,548,300</u> <del>{37,195,500}</del>
Restricted Funds	4,020,000	4,044,000

Federal Funds	2,196,000	1,798,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>43,653,900</u></b> <del>[43,787,200]</del>	<b><u>42,390,800</u></b> <del>[43,038,000]</del>

**(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.

**TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	1,923,400	1,923,400
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>605,751,900</u></b> <del>[607,909,500]</del>	<b><u>619,026,600</u></b> <del>[629,988,000]</del>
Restricted Funds	118,131,200	119,676,400
Federal Funds	89,301,500	52,762,000
Road Fund	79,799,500	83,251,500
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>894,907,500</u></b> <del>[897,065,100]</del>	<b><u>876,639,900</u></b> <del>[887,601,300]</del>

**I. LABOR CABINET**

**Budget Units**

**1. SECRETARY**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	4,288,000	4,290,200
Federal Funds	98,200	98,200
<b>TOTAL</b>	<b>4,386,200</b>	<b>4,388,400</b>

**2. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>3,054,600</u></b> <del>[3,065,400]</del>	<b><u>2,981,900</u></b> <del>[3,034,700]</del>
Restricted Funds	2,522,000	2,734,100
Federal Funds	68,700	68,700
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>5,645,300</u></b> <del>[5,656,100]</del>	<b><u>5,784,700</u></b> <del>[5,837,500]</del>

**3. WORKPLACE STANDARDS**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
<b>General Fund</b>	<b><u>1,806,700</u></b> <del>[1,813,100]</del>	<b><u>1,763,800</u></b> <del>[1,795,000]</del>
Restricted Funds	77,143,400	77,450,400
Federal Funds	3,106,700	3,080,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>82,056,800</u></b> <del>[82,063,200]</del>	<b><u>82,294,200</u></b> <del>[82,325,400]</del>

**4. WORKERS' CLAIMS**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	15,229,700	15,670,600

**5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	519,800	530,800

**6. WORKERS' COMPENSATION FUNDING COMMISSION**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	106,134,700	107,315,700

(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 2010-2011 and fiscal year 2011-2012.

(2) **Mine Safety Funding:** Notwithstanding KRS 342.1242, \$952,000 in each fiscal 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 - LABOR CABINET**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>4,861,300</u> <del>{4,878,500}</del>	<u>4,745,700</u> <del>{4,829,700}</del>
Restricted Funds	205,837,600	207,991,800
Federal Funds	3,273,600	3,246,900
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u>213,972,500</u> <del>{213,989,700}</del>	<u>215,984,400</u> <del>{216,068,400}</del>

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

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>2,868,800</u> <del>{2,879,000}</del>	<u>2,829,000</u> <del>{2,879,000}</del>
Restricted Funds	20,806,500	20,293,400
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u>23,675,300</u> <del>{23,685,500}</del>	<u>23,122,400</u> <del>{23,172,400}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,879,000 in fiscal year 2010-2011 and \$2,879,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. The Personnel Cabinet shall collect a pro rata assessment from all state agencies and other organizations that are supported by the new personnel and payroll system being developed. Those collections shall be deposited and retained in a separate Special Project Account within the Personnel Cabinet unless otherwise directed by this Act.

**2. PUBLIC EMPLOYEES DEFERRED COMPENSATION****AUTHORITY**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	8,574,500	8,988,300

**3. WORKERS' COMPENSATION BENEFITS AND RESERVE**

	2010-11	2011-12
Restricted Funds	25,367,100	27,364,400

**4. STATE SALARY AND COMPENSATION FUND**

	2010-11	2011-12
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*(Veto Item #1)*

General Fund	35,000,000	<u>56,990,800</u> <del>[58,000,000]</del>
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(1) **Retirement Employer Contributions:** 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 General Fund portion of the increased employer contribution rates in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

(2) **Health Insurance Increased Costs:** The above General Fund appropriation provides a pool of funds to be allocated to Executive Branch agencies that participate in the Public Employees Self-Insured Health Insurance Program to provide the General Fund portion of the increased cost of health insurance in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

**5. STATE GROUP HEALTH INSURANCE FUND**

	2010-11	2011-12
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*(Veto Item #1)*

General Fund	1,740,900	<u>1,710,700</u> <del>[1,740,900]</del>
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(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**

	2010-11	2011-12
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*(Veto Item #1)*

General Fund	<u>39,609,700</u> <del>[39,619,900]</del>	<u>61,530,500</u> <del>[62,619,900]</del>
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Restricted Funds	54,748,100	56,646,100
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*(Veto Item #1)*

TOTAL	<u>94,357,800</u> <del>[94,368,000]</del>	<u>118,176,600</u> <del>[119,266,000]</del>
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**K. POSTSECONDARY EDUCATION****Budget Units****1. COUNCIL ON POSTSECONDARY EDUCATION**

	2010-11	2011-12
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General Fund (Tobacco)	5,167,100	4,737,600
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*(Veto Item #1)*

General Fund	<u>51,492,500</u> <del>[51,675,900]</del>	<u>47,781,600</u> <del>[48,627,700]</del>
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Restricted Funds	8,600,700	8,618,200
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Federal Funds	17,352,000	18,352,000
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*(Veto Item #1)*

TOTAL	<u>82,612,300</u> <del>[82,795,700]</del>	<u>79,489,400</u> <del>[80,335,500]</del>
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**(1) Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2009-2010 and fiscal year 2010-2011 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 2009-2010 and fiscal year 2010-2011 to the Science and Technology Funding Program shall not lapse and shall carry forward.

**(2) 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.

**(3) Ovarian Cancer:** Notwithstanding KRS 164.476(1), General Fund (Tobacco) moneys in the amount of \$775,000 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.

**(4) 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.

**(5) Washington, D.C. Internship Program:** Included in the above General Fund appropriation is \$86,700 in fiscal year 2010-2011 and \$85,800 in fiscal year 2011-2012 for scholarships to the Washington Center for Internships and Academic Seminars.

**(6) Adult Education:** Included in the above General Fund appropriation is \$22,246,200 in fiscal year 2010-2011 and \$22,023,800 in fiscal year 2011-2012 for the Kentucky Adult Education Funding Program.

**(7) Contract Spaces:** Included in the above General Fund appropriation is \$4,713,300 in fiscal year 2010-2011 and \$4,886,700 in fiscal year 2011-2012 for the Contract Spaces Program.

**(8) Veterinary Medicine:** If sufficient General Fund is not provided to fully fund 164 veterinary slots, the Council on Postsecondary Education shall fully fund the 164 slots out of the Council's base budget.

**(9) Optometry Slots:** If sufficient General Fund is not provided to fully fund 44 optometry slots, the Council on Postsecondary Education shall fully fund the 44 slots out of the Council's base budget.

**2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

	2010-11	2011-12
General Fund (Tobacco)	1,000,000	1,000,000
General Fund	189,937,000	190,517,100
Restricted Funds	22,338,600	25,621,500
Federal Funds	2,470,600	2,477,300
TOTAL	215,746,200	219,615,900

**(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$59,358,000 in fiscal year 2010-2011 and \$58,764,400 in fiscal year 2011-2012 for the College Access Program.

**(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$31,989,000 in fiscal year 2010-2011 and \$31,669,100 in fiscal year 2011-2012 for the Kentucky Tuition Grant Program.

**(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$1,750,400 in fiscal year 2010-2011 and \$1,732,800 in fiscal year 2011-2012 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 \$4,947,600 in fiscal year 2010-2011 and \$4,898,100 in fiscal year 2011-2012 for the National Guard Tuition Assistance Program.

(5) **Kentucky Education Excellence Scholarships (KEES):** Included in the above General Fund appropriation is \$89,979,700 in fiscal year 2010-2011 and \$91,579,900 in fiscal year 2011-2012 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is \$1,899,500 in fiscal year 2010-2011 and \$2,307,600 in fiscal year 2011-2012 for KEES.

(6) **Work Study:** Included in the above General Fund appropriation is \$837,200 in fiscal year 2010-2011 and \$828,800 in fiscal year 2011-2012 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, 28., 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.

(Veto Item #2)

**(8) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$187,202,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

### 3. EASTERN KENTUCKY UNIVERSITY

	2010-11	2011-12
General Fund	<u>70,262,600</u> <del>{68,864,600}</del>	<u>70,823,000</u> <del>{72,221,000}</del>
Restricted Funds	143,921,700	147,939,800
Federal Funds	78,281,700	77,905,600
TOTAL	<u>292,466,000</u> <del>{291,068,000}</del>	<u>296,668,400</u> <del>{298,066,400}</del>

(1) **Community Operations Board:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2010-2011 and \$200,000 in fiscal year 2011-2012 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.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$69,590,700 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

### 4. KENTUCKY STATE UNIVERSITY

	2010-11	2011-12
General Fund	<u>25,368,300</u> <del>{24,881,500}</del>	<u>24,660,000</u> <del>{25,146,800}</del>
Restricted Funds	25,586,600	26,816,800
Federal Funds	20,085,000	18,405,600
TOTAL	<u>71,039,900</u> <del>{70,553,100}</del>	<u>69,882,400</u> <del>{70,369,200}</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$960,100 in fiscal year 2010-2011 for debt service for previously issued bonds.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$24,231,000 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

**5. MOREHEAD STATE UNIVERSITY**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>43,609,300</u> <del>{42,761,100}</del>	<u>43,514,800</u> <del>{44,363,000}</del>
Restricted Funds	82,494,900	87,081,600
Federal Funds	78,164,800	77,383,400
<b>TOTAL</b>	<u><b>204,269,000</b></u> <del>{203,420,800}</del>	<u><b>207,979,800</b></u> <del>{208,828,000}</del>

**(1) Debt Service:** Included in the above General Fund appropriation is \$1,039,600 in fiscal year 2010-2011 and \$542,100 in fiscal year 2011-2012 for debt service for previously issued bonds.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$42,757,700 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

**6. MURRAY STATE UNIVERSITY**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>49,912,700</u> <del>{48,919,900}</del>	<u>50,295,400</u> <del>{51,288,200}</del>
Restricted Funds	95,280,700	102,592,100
Federal Funds	18,728,400	15,642,800
<b>TOTAL</b>	<u><b>163,921,800</b></u> <del>{162,929,000}</del>	<u><b>168,530,300</b></u> <del>{169,523,100}</del>

**(1) Breathitt Veterinary Center:** Included in the above General Fund appropriation is \$392,000 in fiscal year 2010-2011 and \$392,000 in fiscal year 2011-2012 for the Breathitt Veterinary Center at Murray State University. The funds provided in this subsection are in addition to existing appropriations for the center contained in Murray State University's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$49,420,300 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

**7. NORTHERN KENTUCKY UNIVERSITY**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>51,269,700</u> <del>{50,301,100}</del>	<u>49,744,400</u> <del>{50,713,000}</del>
Restricted Funds	164,928,500	174,298,700
Federal Funds	20,099,200	17,111,300
<b>TOTAL</b>	<u><b>236,297,400</b></u> <del>{235,328,800}</del>	<u><b>241,154,400</b></u> <del>{242,123,000}</del>

**(1) Debt Service:** Included in the above General Fund appropriation is \$2,746,000 in fiscal year 2010-2011 and \$675,500 in fiscal year 2011-2012 for debt service for previously issued bonds.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$48,878,900 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

**8. UNIVERSITY OF KENTUCKY**

**2010-11**

**2011-12**

General Fund (Tobacco)	250,000	250,000
General Fund	<u>296,283,800</u> <del>[290,414,700]</del>	<u>297,330,100</u> <del>[303,199,200]</del>
Restricted Funds	1,924,530,000	1,997,699,000
Federal Funds	231,618,800	214,395,200
TOTAL	<u>2,452,682,600</u> <del>[2,446,813,500]</del>	<u>2,509,674,300</u> <del>[2,515,543,400]</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,370,600 in fiscal year 2010-2011 for debt service for previously issued bonds for the University of Kentucky and for Lexington Community College.

(2) **Mining Engineering Scholarship Program:** Notwithstanding KRS 45.4592, included in the above General Fund appropriation is \$300,000 in each fiscal year from the Local Government Economic Development Fund for mining engineering scholarships.

(3) **Robinson Scholars Program:** Notwithstanding KRS 45.4592, included in the above General Fund appropriation is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 from the Local Government Economic Development Fund for the Robinson Scholars Program.

(4) **University of Kentucky Diagnostic Laboratories:** Included in the above General Fund appropriation is \$392,000 in fiscal year 2010-2011 and \$392,000 in fiscal year 2011-2012 for the diagnostic laboratories at the University of Kentucky. The funds provided in this subsection are in addition to existing appropriations for the laboratories contained in the University of Kentucky's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

(Veto Item #2)

**(5) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$292,156,600 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

## 9. UNIVERSITY OF LOUISVILLE

	2010-11	2011-12
General Fund	<u>172,557,800</u> <del>[169,637,800]</del>	<u>174,795,600</u> <del>[177,715,600]</del>
Restricted Funds	662,096,300	680,791,600
Federal Funds	134,458,800	124,381,800
TOTAL	<u>969,112,900</u> <del>[966,192,000]</del>	<u>979,969,000</u> <del>[982,889,000]</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$7,423,800 in fiscal year 2010-2011 and \$7,147,600 in fiscal year 2011-2012 for debt service for previously issued bonds.

(2) **Quality and Charity Care Trust Agreement:** Included in the above General Fund appropriation is \$19,918,100 in fiscal year 2010-2011 and \$19,718,900 in fiscal year 2011-2012 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished via the Quality and Charity Care Trust Agreement.

Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality and Charity Trust Agreement in fiscal year 2010-2011 shall not lapse but shall carry forward.

(Veto Item #2)

**(3) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$171,754,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

## 10. WESTERN KENTUCKY UNIVERSITY

	2010-11	2011-12
General Fund	<u>75,795,600</u> <del>[74,297,800]</del>	<u>75,879,500</u> <del>[77,377,300]</del>
Restricted Funds	233,637,900	242,421,200
Federal Funds	48,161,900	45,472,800
TOTAL	<u>357,595,400</u> <del>[356,097,600]</del>	<u>363,773,500</u> <del>[365,271,300]</del>



(1) **Debt Service:** Included in the above General Fund appropriation is \$549,800 in fiscal year 2010-2011 for debt service for previously issued bonds.

(Veto Item #2)

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$74,559,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### 11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2010-11	2011-12
General Fund	<u>199,156,700</u> <del>195,194,200</del>	<u>200,744,200</u> <del>204,706,700</del>
Restricted Funds	345,583,100	365,098,500
Federal Funds	204,404,900	213,068,200
TOTAL	<u>749,144,700</u> <del>745,182,200</del>	<u>778,910,900</u> <del>782,873,400</del>

(1) **Firefighters Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$30,433,400 in fiscal year 2010-2011 and \$31,283,500 in fiscal year 2011-2012 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 2010-2011 and \$3,100 in fiscal year 2011-2012.

(2) **Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3), \$500,000 in Restricted Funds is provided in each fiscal year of the 2010-2012 fiscal biennium for the Firefighters Training Center Fund.

(3) **Corrections Education:** The funding for education programs at the Department of Corrections facilities, totaling \$5,348,100 in each fiscal year, is located in the Adult Correctional Institutions budget unit. The faculty and staff employed by Kentucky Community and Technical College System to provide educational services and support to inmates shall be transferred to the Department of Corrections at the beginning of fiscal year 2010-2011.

(4) **Conveyance of Property:** (a) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), 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 at the Madisonville Community College Technical Campus that have become surplus to Madisonville Community College with 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. Madisonville Community College shall use the proceeds from the conveyance of the real property for scholarships to students attending Madisonville Community College.

(b) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky Community and Technical College System may convey to Northern Kentucky University fee simple title to certain of its real property and improvements located in Campbell County that have become surplus to Gateway Community and Technical College with the creation of the new Boone Campus of Gateway Community and Technical College. The conveyance shall be completed at a price that is acceptable to both parties. Gateway Community and Technical College shall use the proceeds from the conveyance of the real property to support a capital project for Gateway Community and Technical College.

(c) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky Community and Technical College System may dispose of certain real property and improvements located in Covington, Kentucky that will become surplus to Gateway Community and Technical College with the completion of the Advanced Manufacturing Technology Facility at the Boone County Campus. Gateway Community and Technical College shall use all proceeds and interest from the disposition of the real property to support a capital project for Gateway Community and Technical College in the city limits of Covington, Kentucky.

(d) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575, the Tourism, Arts and Heritage Cabinet's Department of Parks shall convey to the Kentucky Community and Technical College System (KCTCS) fee simple title to certain of its real property and improvements currently operating at General Butler State Resort Park in Carrollton, Kentucky. This property is deemed to be surplus to the needs of the Cabinet upon the cancellation of a lease between the Department of Parks and Cardinal Hill Hospital. The conveyance shall be completed at a value of \$600,000 paid to Cardinal Hill Hospital for the surrender of its lease. The \$600,000 is composed of \$300,000 of KCTCS Restricted Funds and \$300,000 of Other Funds that have been raised for this purpose. KCTCS will receive

approximately 20 to 30 acres in this conveyance.

**(5) Salary Increases:** It is the intent of the 2010 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.

(Veto Item #2)

**(6) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$197,251,300 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### TOTAL - POSTSECONDARY EDUCATION

	2010-11	2011-12
General Fund (Tobacco)	6,417,100	5,987,600
General Fund	* <u>1,225,829,400</u> {1,206,885,600}	* <u>1,226,931,800</u> {1,245,875,600}
Restricted Funds	3,708,999,000	3,858,979,000
Federal Funds	853,826,100	824,596,000
TOTAL	* <u>5,795,071,600</u> {5,776,127,800}	* <u>5,916,494,400</u> {5,935,438,200}

#### L. PUBLIC PROTECTION CABINET

##### Budget Units

##### 1. SECRETARY

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>264,200</u> {265,100}	<u>258,000</u> {262,500}
Restricted Funds	4,691,700	4,766,600

(Veto Item #1)

TOTAL	<u>4,955,900</u> {4,956,800}	<u>5,024,600</u> {5,029,100}
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##### 2. BOXING AND WRESTLING AUTHORITY

	2010-11	2011-12
Restricted Funds	138,300	140,100

##### 3. ALCOHOLIC BEVERAGE CONTROL

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>800,200</u> {803,000}	<u>781,200</u> {795,000}
Restricted Funds	4,896,800	5,024,100

(Veto Item #1)

TOTAL	<u>5,697,000</u> {5,699,800}	<u>5,805,300</u> {5,819,100}
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##### 4. CHARITABLE GAMING

	2010-11	2011-12
Restricted Funds	3,080,900	3,154,300
<b>5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD</b>		

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>618,600</u> <del>{620,800}</del>	<u>604,000</u> <del>{614,600}</del>
Restricted Funds	1,758,600	1,785,800
Federal Funds	508,700	508,700

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>2,885,900</b></u> <del>{2,888,100}</del>	<u><b>2,898,500</b></u> <del>{2,909,100}</del>
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#### 6. FINANCIAL INSTITUTIONS

	2010-11	2011-12
Restricted Funds	9,213,200	9,213,200

#### 7. HORSE RACING COMMISSION

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>2,988,400</u> <del>{2,999,000}</del>	<u>2,917,400</u> <del>{2,969,000}</del>
Restricted Funds	26,139,600	26,080,400

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>29,128,000</b></u> <del>{29,138,600}</del>	<u><b>28,997,800</b></u> <del>{29,049,400}</del>
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#### 8. HOUSING, BUILDINGS AND CONSTRUCTION

	2010-11	2011-12
<i>(Veto Item #1)</i>		

General Fund	<u>2,174,700</u> <del>{2,182,400}</del>	<u>2,123,100</u> <del>{2,160,600}</del>
Restricted Funds	14,041,100	14,711,300
Federal Funds	1,150,100	157,900

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>17,365,900</b></u> <del>{17,373,600}</del>	<u><b>16,992,300</b></u> <del>{17,029,800}</del>
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(1) **Funding Flexibility:** Notwithstanding KRS 198B.090(10), 198B.095(2), 198B.676(2), 227.620(5), 227A.050(1) and (2), 236.130(3), and 318.136, the Department of Housing, Buildings and Construction may expend, with the approval of any affected boards, any Restricted Funds for programs administered by the Department. The Department shall return any funds transferred from a board back to the board within the fiscal biennium.

#### 9. INSURANCE

	2010-11	2011-12
General Fund (Tobacco)	18,084,700	16,581,400
Restricted Funds	19,796,300	19,959,000
<b>TOTAL</b>	<b>37,881,000</b>	<b>36,540,400</b>

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$18,084,700 in fiscal year 2010-2011 and \$16,581,400 in fiscal year 2011-2012 for the Kentucky Access Program.

(2) **Insurance License Fee and Tax:** Notwithstanding any other statutory provision to the contrary, no license fee or tax imposed under KRS 91A.080 shall apply to premiums paid to insurance companies or surplus lines brokers by non-profit self-insurance groups whose membership consists of cities, counties, charter county governments, urban-county governments, consolidated local governments, school districts, or any other political subdivisions of the Commonwealth.

## 10. TAX APPEALS

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>382,700</u> <del>{384,000}</del>	<u>373,600</u> <del>{380,200}</del>

### TOTAL - PUBLIC PROTECTION CABINET

	2010-11	2011-12
General Fund (Tobacco)	18,084,700	16,581,400
<i>(Veto Item #1)</i>		
General Fund	<u>7,228,800</u> <del>{7,254,300}</del>	<u>7,057,300</u> <del>{7,181,900}</del>
Restricted Funds	83,756,500	84,834,800
Federal Funds	1,658,800	666,600
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>110,728,800</b></u> <del>{110,754,300}</del>	<u><b>109,140,100</b></u> <del>{109,264,700}</del>

## M. TOURISM, ARTS AND HERITAGE CABINET

### Budget Units

#### 1. SECRETARY

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>2,751,900</u> <del>{2,761,700}</del>	<u>2,686,600</u> <del>{2,734,100}</del>
Restricted Funds	10,088,900	10,111,900
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>12,840,800</b></u> <del>{12,850,600}</del>	<u><b>12,798,500</b></u> <del>{12,846,000}</del>

(1) **Outdoor Drama Grants:** Included in the above Restricted Funds 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. If the agency finds that an Outdoor Drama grant recipient no longer exists, the appropriation for that grant shall lapse to the credit of the Tourism, Meeting, and Convention Marketing Fund established under KRS 142.406.

(2) **International Mystery Writers' Festival Grant:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2010-2011 and \$150,000 in fiscal year 2011-2012 for a grant to the RiverPark Center in Owensboro to be used for the support of the International Mystery Writers' Festival. This grant is subject to a one-to-one dollar match from other funds that shall be certified by the RiverPark Center to the Office of the Secretary.

(3) **Unexpended Restricted Funds:** Notwithstanding KRS 45.229, included in the above Restricted Funds appropriation is \$255,700 in fiscal year 2010-2011 and \$255,700 in fiscal year 2011-2012 from unexpended coal severance funds from the Local Government Economic Development Fund, Multi-County Fund, from prior fiscal years for Tourism Marketing and Development on behalf of the coal-producing counties.

#### 2. ARTISANS CENTER

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>299,800</u> <del>{300,800}</del>	<u>292,700</u> <del>{297,800}</del>
Restricted Funds	1,728,100	1,750,900
Road Fund	350,000	350,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>2,377,900</u></b> <del>{2,378,900}</del>	<b><u>2,393,600</u></b> <del>{2,398,700}</del>

**3. TRAVEL**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>3,281,000</u> <del>{3,292,600}</del>	<u>3,203,000</u> <del>{3,259,700}</del>
Restricted Funds	100,000	100,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>3,381,000</u></b> <del>{3,392,600}</del>	<b><u>3,303,000</u></b> <del>{3,359,700}</del>

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

**4. PARKS**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>29,795,300</u> <del>{29,901,400}</del>	<u>29,608,800</u> <del>{30,133,100}</del>
Restricted Funds	53,296,200	54,187,300
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>83,091,500</u></b> <del>{83,197,600}</del>	<b><u>83,796,100</u></b> <del>{84,320,400}</del>

(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 \$275,000 in fiscal year 2010-2011 and \$803,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**5. HORSE PARK COMMISSION**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>3,316,400</u> <del>{3,328,200}</del>	<u>2,303,900</u> <del>{2,344,600}</del>
Restricted Funds	7,492,000	7,608,600
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<b><u>10,808,400</u></b> <del>{10,820,200}</del>	<b><u>9,912,500</u></b> <del>{9,953,200}</del>

**6. STATE FAIR BOARD**

	2010-11	2011-12
Restricted Funds	44,342,600	45,251,500

(1) **Debt Service:** Included in the above Restricted Funds appropriation is \$4,423,600 in fiscal year 2010-2011 and \$4,422,300 in fiscal year 2011-2012 for previously issued bonds.

**7. FISH AND WILDLIFE RESOURCES**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	30,693,400	31,226,600
Federal Funds	17,311,300	17,581,400
<b>TOTAL</b>	<b>48,004,700</b>	<b>48,808,000</b>

**8. HISTORICAL SOCIETY**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>6,078,000</u> <del>{6,099,600}</del>	<u>5,933,600</u> <del>{6,038,600}</del>
Restricted Funds	702,700	724,900
Federal Funds	444,700	45,200
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u>7,225,400</u> <del>{7,247,000}</del>	<u>6,703,700</u> <del>{6,808,700}</del>

**9. ARTS COUNCIL**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>3,064,900</u> <del>{3,075,800}</del>	<u>2,992,200</u> <del>{3,045,100}</del>
Restricted Funds	153,900	153,900
Federal Funds	805,700	805,700
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u>4,024,500</u> <del>{4,035,400}</del>	<u>3,951,800</u> <del>{4,004,700}</del>

(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**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>765,900</u> <del>{768,600}</del>	<u>747,800</u> <del>{761,000}</del>
Restricted Funds	273,700	278,100
Federal Funds	764,700	781,900
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u>1,804,300</u> <del>{1,807,000}</del>	<u>1,807,800</u> <del>{1,821,000}</del>

**11. KENTUCKY CENTER FOR THE ARTS**

	<b>2010-11</b>	<b>2011-12</b>
<i>(Veto Item #1)</i>		
General Fund	<u>913,700</u> <del>{916,900}</del>	<u>892,000</u> <del>{907,700}</del>

**TOTAL - TOURISM, ARTS AND HERITAGE CABINET**

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>50,266,900</u> <del>[50,445,600]</del>	<u>48,660,600</u> <del>[49,521,700]</del>
Restricted Funds	148,871,500	151,393,700
Federal Funds	19,326,400	19,214,200
Road Fund	350,000	350,000

(Veto Item #1)

TOTAL	<u>218,814,800</u> <del>[218,993,500]</del>	<u>219,618,500</u> <del>[220,479,600]</del>
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➔Section 3. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part III, General Provisions; 26. General Fund Expenditure Reductions, at page 138, is amended to read as follows:

(Veto Item #6)

**26. General Fund Expenditure Reductions:** The Governor shall reduce General Fund expenditures appropriated in this Act in fiscal year 2010-2011 and **by \$168,900,000** in fiscal year 2011-2012. This reduction shall be achieved **through operating efficiencies, including**~~[in part]~~ but not limited to the following measures: **a reduction in non-merit employees and a reduction**~~[review]~~ of state contracts, including master agreements and personal services contracts~~], a coordination of information technology to include procurement and implementation practices, a review of improved management and utilization of fleet vehicles, the identification and sale of surplus assets including real property, and a review of leased space].~~ **All General Fund expenditure reductions shall result in recurring annual savings.** ~~[The State Budget Director with the recommendation from the Secretary of the Finance and Administration Cabinet shall utilize the information from these reviews and associated actions to determine the amount of General Fund expenditure reductions per year that can be obtained from each budget unit of the Executive Branch.]~~ **No debt service savings or savings from debt restructuring shall be used to comply with the expenditure reductions mandated in this section for fiscal year 2011-2012.** The State Budget Director is authorized to withhold General Fund allotments associated with the determined General Fund expenditure reductions. ~~[The State Budget Director shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue outlining the actions taken or planned pursuant to this section.]~~ Notwithstanding any statute or administrative regulation to the contrary, Restricted Funds savings may be transferred to the General Fund.

➔Section 4. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part III, General Provisions; after 40. Reduction of Contract Expenditures, at page 140, is amended to read as follows:

(Veto Item #7)

**42. General Fund Debt Restructuring: 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, the 2010-2012 state/executive branch budget as originally enacted by the First Extraordinary Session of the 2010 General Assembly, was predicated on the Governor having the authority to restructure General Fund debt in the amount of \$72,853,800 in fiscal year 2010-2011 and \$130,000,000 in fiscal year 2011-2012. Due to the fact the Governor has chosen to restructure the General Fund debt in the amount of \$139,828,140 in fiscal year 2010-2011, this budget provision specifically restricts any General Fund debt restructuring during the 2010-2012 fiscal biennium to a total of \$202,853,800, the amount on which the biennial budget was predicated upon.**

(Veto Item #8)

**43. Road Fund Debt Restructuring: 2010 (1st Extra. Sess.) Kentucky Acts Chapter 3, the 2010-2012 Transportation Cabinet budget as originally enacted by the First Extraordinary Session of the 2010 General Assembly, was predicated on certain levels of necessary Road Fund debt restructuring, \$52,000,000 in fiscal year 2010-2011 and \$53,000,000 in fiscal year 2011-2012. This budget provision specifically prohibits the restructuring of any Road Fund debt in fiscal year 2010-2011 and restricts any Road Fund debt restructuring in fiscal year 2011-2012 to a total of \$53,000,000.**

**44. Additional Revenue: Notwithstanding KRS 48.115, 48.120, and any other statute to the contrary, in addition to the estimated General Fund revenue receipts for fiscal year 2010-2011 as specified in Part VI of this Act, \$22,400,000 of General Fund revenue receipts are hereby recognized and appropriated in fiscal year 2010-2011.**

(Veto Item #9)

45. Debt Service: Any General Fund moneys appropriated for debt service that are not expended specifically for debt service shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

(Veto Item #10)

46. Reporting Requirements: Beginning with the effective date of this Act, the Governor shall report monthly to the Legislative Research Commission the status of all budgetary savings and efficiencies that have been achieved for the 2010-2012 fiscal biennium. These measures shall apply but not be limited to expenditure reductions, non-merit employee reductions, contract reductions, and any other area that is used to achieve the savings mandated in this Act. This report shall be due by the 15th day of each month.

(Veto Item #11)

47. Legislative Intent: Any language provision that expresses legislative intent regarding a specific appropriation shall not be reduced by a greater percentage than the reduction to the General Fund appropriation for that budget unit.

(Veto Item #12)

48. Medicaid Managed Care Savings: The Legislative Research Commission shall employ an established accounting firm that has extensive expertise in the area of Medicaid benefits and the implementation of managed care. The Cabinet for Health and Family Services shall provide all documentation as requested. Notwithstanding any statute to the contrary, the firm and the Consensus Forecasting Group shall work together to provide their evaluated savings in fiscal year 2011-2012 from the implementation of managed care. By January 1, 2012, the firm and the Consensus Forecasting Group shall submit a joint final report to the Legislative Research Commission and to the Secretary of the Finance and Administration Cabinet that shall provide their evaluated savings for fiscal year 2011-2012. All costs associated with this section 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).

(Veto Item #13)

49. Medicaid Managed Care Analysis Reporting: Beginning August 1, 2011, the Department for Medicaid Services shall submit a monthly Medicaid managed care analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of:

(a) Actual expenditures;

(b) Eligibles;

(c) Average monthly cost per eligible by type of eligible compared to projections for each managed care contract; and

(d) Actual savings achieved along with any revisions to projected savings with an explanation of any variances.

Any additional information requested by the General Assembly shall also be provided in a timely manner no later than the next monthly Medicaid managed care analysis report.

(Veto Item #14)

50. Additional Appropriations to Medicaid Benefits: Any General Fund appropriation reductions that are mandated to occur on January 30, 2012, by the First Extraordinary Session of the 2011 General Assembly shall be transferred and appropriated to the Medicaid Benefits budget unit in fiscal year 2011-2012.

(Veto Item #15)

51. Restoration of Education Funding: This Act is predicated on the Governor achieving \$69,795,800 of General Fund savings in fiscal year 2011-2012, which is half the \$139,591,600 of General Fund savings projected by the Governor as needed in fiscal year 2011-2012. If General Fund savings derived from the implementation of managed care as reported pursuant to Section 48. of this Part are greater than \$69,795,800 in fiscal year 2011-2012, it is the intent of the General Assembly to act prior to January 30, 2012, to rescind the mandatory reductions to SEEK and Postsecondary Education.

(Veto Item #16)

52. Accounting and Auditing Services: The Legislative Research Commission may contract with an accounting firm to assist with evaluating all expenditure reductions and efficiency savings within state



**government.**

➔ Section 5. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part IV, State Salary/Compensation, Benefit, and Employment Policy; after 10. Employer Retirement Contribution Rates, at pages 143 to 145, is amended to read as follows:

(Veto Item #17)

~~¶11. Furlough of State Employees:~~ In response to requests by the Executive Branch for maximum flexibility in regard to personnel matters, the following authority is provided relating to the furlough of state employees. Further, it is the intent of the General Assembly that this authority is only provided to prevent a permanent layoff of state employees in areas of critical services to the citizens of the Commonwealth. Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2010, through June 30, 2012, in the event that the fiscal situation of the Commonwealth requires that the Executive Branch place employees on furlough:

(a) For the purposes of this section:

1. "Appointing Authority" means "Appointing authority" as defined in KRS 18A.005(1) and 151B.010(1). In relation to KRS Chapter 16, "Appointing Authority" means the Commissioner of the Department of Kentucky State Police;
2. "Secretary" means the Secretary of the Personnel Cabinet as provided for in KRS 18A.115;
3. "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the Appointing Authority within a pay period; and
4. "Lack of funds" means a current or projected deficiency of funding to maintain current or projected levels of staffing and operations of state government in a fiscal year;

(b) Notwithstanding any other provision of law, the Secretary, with the approval of the Governor, may develop, in conjunction with the Appointing Authorities and the Kentucky Technical Education Personnel Board, and implement a furlough plan for all state Executive Branch employees, based on a lack of funds as certified by the State Budget Director;

(c) The furlough plan developed and implemented by the Secretary shall include:

1. A provision that shall place all employees, merit and non-merit, classified and non-classified, on furlough for the same number of hours during a calendar month;
2. The temporary closing of state offices, wherever possible to achieve the maximum operational savings for state government;
3. A provision to work with Appointing Authorities that have 24 hour, seven day a week operations to place employees of those facilities on furlough for the specified number of hours during the affected pay period as all other employees;
4. A provision that would allow for the exemption of employees in specific job classifications directly responsible for the care or safety of inmates or residents in 24 hour correctional, juvenile justice, or mental health facilities, as requested and certified by the Secretary of the Justice and Public Safety Cabinet or the Secretary of the Cabinet for Health and Family Services and as approved by the Secretary of the Personnel Cabinet;
5. A provision that would allow for the exemption of specific classifications of uniformed law enforcement officers or trainees that are required to protect the lives and safety of the citizens of the Commonwealth, as certified by the Commissioner of State Police and as approved by the Secretary of the Personnel Cabinet;
6. A provision that would prohibit any contract employee, or otherwise non-state employee, who is compensated on an hourly basis, from performing similar services during the time that a state employee in the work unit for which the contract applies is placed on furlough;
7. A provision that no employee covered by the merit system shall be placed on furlough for more than 20 percent of his or her scheduled work hours in any one work week or for more than 24 work hours in a six month calendar period;
8. A provision that allows the Appointing Authority to place non-merit policy making employees

~~employed under the provisions of KRS 18A.115(1)(d), (e), (f), (g), (h), or (i) on furlough for more hours than specified in paragraph 7. of this subsection; and~~  
~~9. Notice to the employee of the furlough by the Appointing Authority at least seven days prior to the date of the furlough;~~

- ~~(d) A furlough implemented in accordance with this section shall not be considered a penalization of the employee for the purposes of KRS Chapters 16, 18A, and 151B, and shall not be appealable to the State Personnel Board, the Kentucky Technical Education Personnel Board, or the Department of Kentucky State Police Personnel Board;~~
- ~~(e) The hours an employee is placed on furlough during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;~~
- ~~(f) An employee covered by the provisions of KRS Chapter 16, 18A, or 151B, may voluntarily request to be placed on furlough for more hours in a six month period than provided for in subsection (e) of this section, provided such a request is submitted in writing on a form prescribed by the Secretary of the Personnel Cabinet and approved by the Appointing Authority prior to the effective date of the voluntary furlough; [and]~~
- ~~(g) The Secretary shall promulgate an administration regulation to implement a furlough program, as specified by this section, prior to the implementation of any furlough of state employees.]~~

(Veto Item #18)

**12. Federal Patient Protection and Affordable Care Act Receipts: All receipts received by the Commonwealth of Kentucky through the Early Retiree Reinsurance Program of the Federal Patient Protection and Affordable Care Act shall be reported to the Interim Joint Committee on Appropriations and Revenue as received and shall be deposited in a sub-account of the Public Employee Health Insurance Trust Fund for future appropriation by the General Assembly. It is the intent of the First Extraordinary Session of the 2011 General Assembly to use these funds to cover a portion of health insurance premium increases in future plan years.**

➔Section 6. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part V, Funds Transfer; D. Finance and Administration Cabinet, at page 146, is amended to read as follows:

**D. FINANCE AND ADMINISTRATION CABINET**

**1. General Administration**

Fleet Management Fund	4,793,000	3,000,000	12,000,000
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**2. Controller**

KEES Reserve Trust Fund	-0-	5,000,000	2,500,000
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**3. Controller**

<u>Agency Revenue Fund</u>	<u>-0-</u>	<u>1,000,000</u>	<u>-0-</u>
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**4. Controller**

<u>Expendable Trust Fund</u>	<u>-0-</u>	<u>2,000,000</u>	<u>-0-</u>
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**5. Facilities and Support Services**

Capital Projects Fund	-0-	700,000	-0-
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**~~6.[4.] Finance and Administration~~**

Capital Construction			
Investment Income	-0-	10,250,000	10,250,000

➔Section 7. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 3, Part I, Operating Budget, at pages 189 to 195, is amended to read as follows:

**PART I**

**OPERATING BUDGET**

**(1) Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2010, and ending

June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, 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 budget units of the Transportation Cabinet 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.

### A. TRANSPORTATION CABINET

#### Budget Units

#### 1. GENERAL ADMINISTRATION AND SUPPORT

	2010-11	2011-12
Restricted Funds	20,000	20,000
Road Fund	68,791,100	69,188,100
TOTAL	68,811,100	69,208,100

(1) **Biennial Highway Construction Plan:** 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 2010-2012 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2010-2011 through fiscal year 2015-2016 as identified by the First Extraordinary Session of the 2010 General Assembly. This document shall mirror in data type and format the fiscal year 2008-2014 Recommended Six Year Road Plan as submitted to the 2008 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 2010 First Extraordinary Session of the General Assembly.

(2) **Debt Service:** Included in the above Road Fund appropriation is \$7,291,100 in fiscal year 2010-2011 and \$7,301,200 in fiscal year 2011-2012 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 Energy and Environment 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.

(5) **Review of Contract Expenditures:** The Secretary of the Transportation Cabinet shall maximize Road Fund resources through a review of the Transportation Cabinet's contract expenditures. To achieve this maximization of Road Fund resources, the Transportation Cabinet shall:

- (a) Rebid or renegotiate contracts where current economic conditions have reduced the cost of the services, goods, or commodities at issue;
- (b) Review vendor performance to identify and control cost overruns and underperformance of contractual terms, and maintain an updated list of such contracts;
- (c) Monitor and document contract performance and oversight in a readily reviewable format;
- (d) Implement billing standards to allow meaningful auditing of personal service contracts;
- (e) Reduce legal services contracts by requiring utilization of in-house counsel;
- (f) Reduce engineering services contracts by requiring utilization of in-house engineering and planning, where feasible;
- (g) Document cost overruns in all monitored information technology (IT) contracts and develop written evaluations of their effectiveness; and
- (h) Reduce sole source contracts to promote savings through the competitive bidding process.

The Transportation Cabinet shall report to the Legislative Research Commission no later than December 1, 2010, the maximization of Road Fund resources achieved through the review of contract expenditures.

## 2. AVIATION

	2010-11	2011-12
Restricted Funds	3,150,400	3,149,100
Federal Funds	15,000	15,000
Road Fund	2,280,100	2,865,900
TOTAL	5,445,500	6,030,000

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

(2) **Debt Service:** Included in the above Road Fund appropriation is \$994,800 in fiscal year 2010-2011 and \$996,000 in fiscal year 2011-2012 for debt service on previously issued bonds. Notwithstanding KRS 183.525, \$994,800 in fiscal year 2010-2011 and \$996,000 in fiscal year 2011-2012 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

(3) **Aviation Development Debt Service:** Included in the above Road Fund appropriation is \$296,500 in fiscal year 2010-2011 and \$848,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

## 3. DEBT SERVICE

	2010-11	2011-12
Road Fund	<u>107,247,000</u> <del>{74,747,000}</del>	116,904,800

(1) **Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$104,102,000~~{71,602,000}~~ in fiscal year 2010-2011 and \$88,537,800 in fiscal year 2011-2012 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.

(2) **Economic Development Road Bond Debt Service:** (a) Included in the above Road Fund appropriation is \$3,145,000 in fiscal year 2010-2011 and \$6,289,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2010-2011 to support projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(b) Included in the above Road Fund appropriation is \$2,712,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2011-2012 to support road projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(3) **Economic Development Road Bond Debt Service:** Included in the above Road Fund appropriation is \$19,366,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$400,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2011-2012 to support projects in the Biennial Highway Construction Plan.

(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 2010-2012 fiscal biennium.

## 4. HIGHWAYS

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>281,000</u> <del>{282,000}</del>	<u>554,200</u> <del>{564,000}</del>
Restricted Funds	211,230,800	515,230,800

Federal Funds	672,683,000	672,700,400
Road Fund	<u>683,444,200</u> <del>[715,944,200]</del>	735,682,600
Highway Bond	56,000,000	456,000,000
<i>(Veto Item #1)</i>		
TOTAL	* <u>1,623,640,000</u> <del>[1,656,140,000]</del>	<u>2,380,168,000</u> <del>[2,380,177,800]</del>

(1) **Debt Service:** Included in the above Federal Funds appropriation is \$68,645,900 in fiscal year 2010-2011 and \$68,609,500 in fiscal year 2011-2012 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) **Federally Supported Construction Program:** Included in the above Federal Funds appropriation is \$581,351,100 in fiscal year 2010-2011 and \$545,644,900 in fiscal year 2011-2012 for federal construction projects.

(3) **State Supported Construction Program:** Included in the above Road Fund appropriation is \$272,172,600~~[\$304,672,600]~~ in fiscal year 2010-2011 and \$323,799,800 in fiscal year 2011-2012 for the State Supported Construction Program. All State Supported Construction funds shall be spent according to the Six Year Road Plans set out in 2009 Ky. Acts ch. 9, 2009 Ky. Acts ch. 85, and as enacted in 2010 First Extraordinary Session HB 4. Projects in those plans with the "SPB" and "SB2" designations are projects to be completed with Highway Bonds authorized in 2009 Ky. Acts ch. 9 and 2010 First Extraordinary Session HB 3. Projects with the "SPB" and "SB2" designations that cannot be completed due to insufficient bond funds shall be given "SPP" funding priority. Projects with an "SPP" designation are state high priority projects and shall be given priority over other state projects with an "SP" funding designation.

(4) **State Resurfacing Program:** Included in the State Supported Construction Program is \$97,000,000 in fiscal year 2010-2011 and \$97,000,000 in fiscal year 2011-2012 from the Road Fund for the State Resurfacing Program.

(5) **Biennial Highway Construction Program:** Included in the State Supported Construction Program is \$144,172,600~~[\$176,672,600]~~ in fiscal year 2010-2011 and \$195,799,800 in fiscal year 2011-2012 from the Road Fund for state construction projects in the fiscal biennium 2010-2012 Biennial Highway Construction Program.

(6) **Highway Construction Contingency Account:** Included in the State Supported Construction Program is \$31,000,000 in fiscal year 2010-2011 and \$31,000,000 in fiscal year 2011-2012 for the Highway Construction Contingency Account. Also included in the Highway Construction Contingency Account appropriation is up to \$350,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 for the Northern Kentucky Port Authority for the Ohio River Bank Stabilization Study and up to \$2,000,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 and fiscal year 2011-2012 for the Shortline Railroad Assistance Fund. Also included in the Highway Construction Contingency Account is \$260,000 in fiscal year 2010-2011 for transportation enhancements for the Farnsely-Moreman Landing/Aydelotte project and \$2,000,000 in fiscal year 2010-2011 and \$2,000,000 in fiscal year 2011-2012 for the 21st Century Parks Project. Also included in the Highway Construction Contingency Account is \$20,000 in fiscal year 2010-2011 for the Violet Road Sidewalk Repair, \$100,000 in fiscal year 2010-2011 for the Lincoln River Greenway Walking Trail in the City of Covington, and \$500,000 in fiscal year 2010-2011 for Providence-Webster County Airport improvements.

(7) **Economic Development Road Bonds:** Included in the above Highway Bonds appropriation is \$56,000,000 in fiscal year 2010-2011 and \$56,000,000 in fiscal year 2011-2012 for new Economic Development Road Bonds to support projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(8) **Economic Development Road Bonds:** Included in the above Highway Bonds appropriation is \$400,000,000 in fiscal year 2011-2012 for new Economic Development Road Bonds to support projects in the Biennial Highway Construction Plan.

(9) **2010-2012 Biennial Highway Construction Plan:** Projects in the enacted 2008-2010 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2010-2012 fiscal biennium.

(10) **Kentucky Transportation Center:** Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is \$290,000 in fiscal year 2010-2011 and \$290,000 in fiscal year 2011-2012 for the Kentucky Transportation Center.

(11) **New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3), included in the above Restricted Funds appropriation is \$1,500,000 in fiscal year 2010-2011 and \$1,500,000 in fiscal year 2011-2012 from

the sale of surplus equipment to purchase new highway equipment.

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

**(13) 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 2010-2012 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.

**(14) 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 2009-2010 and in fiscal year 2010-2011 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, the Equipment Services program, and the Research program in fiscal year 2009-2010 and in fiscal year 2010-2011, up to the amount of ending cash balances and unissued Highway Bond Funds and grant balances shall not lapse but shall carry forward.

**(15) Wetland Restoration Debt Service:** Included in the above General Fund appropriation is \$282,000 in fiscal year 2010-2011 and \$564,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(16) Highways Maintenance:** Included in the above Highways Road Fund appropriation is \$323,212,500 in fiscal year 2010-2011 and \$323,212,500 in fiscal year 2011-2012 for Highways Maintenance. Highways Maintenance positions may be filled to the extent the above funding level and the Highways Maintenance continuing appropriation are sufficient to support those positions.

**(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds:** Included in the above Restricted Funds appropriation is \$330,000,000 in fiscal year 2011-2012 for GARVEE Bond Funds to be issued for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project and \$105,000,000 in fiscal year 2011-2012 for GARVEE Bond Funds to be issued for the Louisville-Southern Indiana Ohio River Bridges Project.

**(19) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:** Included in the above Federal Funds appropriation is \$20,627,000 in fiscal year 2011-2012 for GARVEE Bonds debt service payments relating to the US-68/KY-80 Lake Barkley and Kentucky Lake Bridge projects financed by \$330,000,000 in GARVEE Bonds and \$15,133,000 in fiscal year 2011-2012 for GARVEE Bonds debt service payments relating to the Louisville-Southern Indiana Ohio River Bridges Project.

**(20) 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.

**(21) Crittenden County Property:** Whereas the existing real property in Crittenden County located at 110 Old Salem Road has become unsuitable for public use as a Transportation Cabinet maintenance facility due to its age, and whereas this property would be more suitable for use by the Crittenden County Board of Education as it is adjacent to the Crittenden County High School, the General Assembly authorizes the exchange of this property with the Crittenden County Industrial Authority property in Industrial Park North. Upon conveyance of title to sufficient property to the Transportation Cabinet by the Crittenden County Industrial Authority, the Transportation Cabinet shall construct a new maintenance facility and all necessary adjacent facilities. Upon completion and occupation of the new maintenance facility and approval required by KRS 45A.045, the Commonwealth shall convey title to the existing maintenance facility property to the Crittenden County Board of Education.

**(22) Federal Aid Highway Moneys:** 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; and (b) All other funds shall be used to ensure that projects in the 2010-2012 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from 2009 Ky. Acts ch. 85.

**(23) Hart and Larue Counties Concrete Barrier:** The Transportation Cabinet is authorized to pursue a project to place a concrete barrier wall along the inside shoulder of I-65 in Hart and Larue Counties to serve as a crash protection device to prevent cross-median incidents.

**(24) Reauthorization:** Notwithstanding any statute to the contrary, 2009 Ky. Acts ch. 85 is hereby reauthorized in its entirety. If any project is contained in both 2009 Ky. Acts ch. 85 and 2010 First Extraordinary Session HB 4, the project detail in 2010 First Extraordinary Session HB 4 shall override the project detail in 2009 Ky. Acts ch. 85.

**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**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>4,558,400</u> <del>[4,574,600]</del>	<u>4,450,000</u> <del>[4,528,800]</del>
Restricted Funds	440,000	440,000
Federal Funds	44,546,000	44,546,000
<i>(Veto Item #1)</i>		
<b>TOTAL</b>	<u><b>49,544,400</b></u> <del>[49,560,600]</del>	<u><b>49,436,000</b></u> <del>[49,514,800]</del>

**(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 \$2,955,000 in fiscal year 2010-2011 and \$2,925,400 in fiscal year 2011-2012 for nonpublic school transportation.

**7. REVENUE SHARING**

	2010-11	2011-12
Road Fund	297,074,700	312,423,900

**(1) County Road Aid Program:** Included in the above Road Fund appropriation is \$112,177,600 in fiscal year 2010-2011 and \$117,997,000 in fiscal year 2011-2012 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 2010-2011 and \$38,000 in fiscal year 2011-2012, 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 \$136,084,400 in fiscal year 2010-2011 and \$143,144,000 in fiscal year 2011-2012 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been reduced by \$46,000 in fiscal year 2010-2011 and \$46,000 in fiscal year 2011-2012, 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 \$47,200,400 in fiscal year 2010-2011 and \$49,649,000 in fiscal year 2011-2012 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 2010-2011 and \$16,000 in fiscal year 2011-2012, 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 \$903,000 in fiscal year 2010-2011 and \$903,000 in fiscal year 2011-2012 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**

	2010-11	2011-12
Restricted Funds	12,597,700	12,624,100
Federal Funds	1,050,000	1,050,000
Road Fund	22,648,200	22,889,200
TOTAL	36,295,900	36,563,300

(1) **Debt Service:** Included in the above Road Fund appropriation is \$3,144,900 in fiscal year 2010-2011 and \$3,145,400 in fiscal year 2011-2012 for debt service on previously authorized bonds for the AVIS Replacement project.

**TOTAL - TRANSPORTATION CABINET**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>4,839,400</u> <del>[4,856,600]</del>	<u>5,004,200</u> <del>[5,092,800]</del>
Restricted Funds	227,438,900	531,464,000
Federal Funds	718,294,000	718,311,400
Road Fund	1,181,485,300	1,259,954,500
Highway Bond	56,000,000	456,000,000

*(Veto Item #1)*

TOTAL	<u>2,188,057,600</u> <del>[2,188,074,800]</del>	<u>2,970,734,100</u> <del>[2,970,822,700]</del>
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➔Section 8. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 3, Part III, Funds Transfer; after 5. Vehicle Regulation, at page 198, is amended to read as follows:

**6. Vehicle Regulation**

<u>Agency Revenue Fund</u>	<u>-0-</u>	<u>1,600,000</u>	<u>-0-</u>
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(KRS 186.240(3))

➔Section 9. 2010 Kentucky Acts Chapter 154, Part I, Operating Budget, at pages 2122 and 2123, is amended to read as follows:

**PART I  
OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, in the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

**1. Court of Justice****a. Court Operations and Administration**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>194,337,700</u> <del>[195,030,000]</del>	<u>189,720,200</u> <del>[193,079,700]</del>
Restricted Funds	35,218,000	35,218,000
Federal Funds	2,707,700	2,707,700



(Veto Item #1)

<b>TOTAL</b>	<b><u>232,263,400</u></b> <del>{232,955,700}</del>	<b><u>227,645,900</u></b> <del>{231,005,400}</del>
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(1) **Salary Adjustments:** No funds are provided in fiscal year 2010-2011 and fiscal year 2011-2012 for salary adjustments for non-elected court personnel, Justices, Judges, and Circuit Court Clerks.

(2) **Issuance of Employee Paychecks:** Notwithstanding any statute or administrative regulation to the contrary, the state payroll that would normally be scheduled to be paid on June 30, 2012, shall not be issued prior to July 1, 2012. The associated cost of this payroll shall be paid from fiscal year 2012-2013 resources. The Chief Justice shall transfer any Restricted Funds, that become excess as the result of this action, to the General Fund.

(3) **Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012.

(4) **Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the increase from 2008 in civil filings fees, the additional income resulting from the fee increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall be deposited into a trust and agency account for court operations. Any revenue generated by these increases in excess of \$5,000,000 in each fiscal year of the biennium shall be deposited into the General Fund.

(5) **Night Court in Jefferson County:** The Administrative Office of the Courts shall continue the operations and current schedule of night court in Okolona and Middletown in Jefferson County in fiscal year 2010-2011 and fiscal year 2011-2012.

**b. Local Facilities Fund**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	90,500,000	117,500,000

(1) **Local Court Facility Compensation:** Included in the above General Fund appropriation are moneys to compensate local units of government for providing court space and for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and provided in Part II of this Act, and to perform all other acts required or authorized by KRS Chapter 26A.

(2) **Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012.

(3) **Fayette County Courthouse Use Allowance:** The use allowance for the Fayette County Courthouse is contingent upon Short Street in Lexington, Kentucky, remaining open to traffic.

**c. Local Facilities Use Allowance Contingency Fund**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	-0-	-0-

(1) **Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012 to provide for cost overruns in authorized court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS Chapter 26A.

**TOTAL - COURT OF JUSTICE**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<b><u>284,837,700</u></b> <del>{285,530,000}</del>	<b><u>307,220,200</u></b> <del>{310,579,700}</del>
Restricted Funds	35,218,000	35,218,000
Federal Funds	2,707,700	2,707,700

(Veto Item #1)

<b>TOTAL</b>	<b><u>322,763,400</u></b> <del>{323,455,700}</del>	<b><u>345,145,900</u></b> <del>{348,505,400}</del>
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**2. Judicial Retirement System**

	2010-11	2011-12
General Fund	5,319,100	5,759,100

(1) **Judicial Retirement Benefits:** Notwithstanding KRS 21.345 to 21.580, included in the above General Fund appropriation is \$4,840,000 in fiscal year 2010-2011 and \$5,280,000 in fiscal year 2011-2012 to fund 44 percent in fiscal year 2010-2011 and 48 percent in fiscal year 2011-2012 of the actuarial assessed judicial retirement benefits.

**TOTAL - OPERATING BUDGET**

	2010-11	2011-12
<i>(Veto Item #1)</i>		
General Fund	<u>290,156,800</u> <del>[290,849,100]</del>	<u>312,979,300</u> <del>[316,338,800]</del>
Restricted Funds	35,218,000	35,218,000
Federal Funds	2,707,700	2,707,700

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>328,082,500</b></u> <del>[328,774,800]</del>	<u><b>350,905,000</b></u> <del>[354,264,500]</del>
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➔Section 10. In 2010 Kentucky Acts Chapter 156, Part I, Operating Budget, at pages 2129 and 2130, when published, the numeric amounts for both fiscal years for General Fund were misaligned. They have been correctly aligned in this Act. 2010 Kentucky Acts Chapter 156, Part I, Operating Budget, at pages 2129 and 2130, is amended to read as follows:

**PART I****OPERATING BUDGET**

**Funds Appropriations:** Funds are appropriated to the Legislative Research Commission for the Legislative Branch of government out of the General Fund and Restricted Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, in the following discrete sums, or so much thereof as may be necessary. Each appropriation is made by the source of respective fund or funds accounts to be used for the purposes of the Legislative Branch of government of the Commonwealth of Kentucky.

	2010-11	2011-12
<b>1. General Assembly</b>		
<i>(Veto Item #1)</i>		
General Fund	<u>18,033,500</u> <del>[18,097,700]</del>	<u>18,554,700</u> <del>[18,883,200]</del>
Restricted Funds	53,000	119,300

*(Veto Item #1)*

<b>TOTAL</b>	<u><b>18,086,500</b></u> <del>[18,150,700]</del>	<u><b>18,674,000</b></u> <del>[19,002,500]</del>
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(1) **Legislators Retirement and Compensation:** Notwithstanding KRS 6.500 to 6.577 and 21.345 to 21.580, included in the above General Fund appropriation are sufficient funds to pay 44 percent of the actuarially required contribution in fiscal year 2010-2011 and 48 percent of the actuarially required contribution in fiscal year 2011-2012 for the Legislators Retirement Plan. Notwithstanding KRS 6.190 and 6.213, the daily compensation provided by KRS 6.190 and the interim expense allowance provided by KRS 6.213 for members of the General Assembly shall remain at the January 1, 2010, level.

(2) **Kentucky Legislative Ethics Commission:** Included in the above General Fund appropriation is \$388,500 in fiscal year 2010-2011 and \$388,600 in fiscal year 2011-2012 for the Kentucky Legislative Ethics Commission. Included in the above Restricted Funds appropriation is \$48,000 in fiscal year 2010-2011 and \$114,300 in fiscal year 2011-2012 for the Kentucky Legislative Ethics Commission.

(3) **Kentucky Long-Term Policy Research Center:** Notwithstanding KRS 7B.010 to 7B.090, operation of the Kentucky Long-Term Policy Research Center and its governing board shall be suspended effective July 1,

2010, and shall remain suspended for the 2010-2012 fiscal biennium or until funding is restored. No funds are appropriated for the Kentucky Long-Term Policy Research Center for fiscal year 2010-2011 and fiscal year 2011-2012.

(Veto Item #19)

**(4) Legislators Compensation During Veto Period: (a) Except as provided in paragraph (b) and notwithstanding any statute to the contrary, members of the General Assembly shall not receive the daily compensation provided by KRS 6.190, the additional allowance provided by KRS 6.211, or any other payment or reimbursement for expenses for veto days during the First Extraordinary Session of the 2011 General Assembly. The Secretary of the Finance and Administration Cabinet and the State Treasurer shall not process any warrants or other documents for payment of compensation and expenses of the members for veto days during the First Extraordinary Session of the 2011 General Assembly. The State Treasurer shall not issue checks for payment of compensation and expenses for members of the General Assembly for said veto days.**

**(b) The President of the Senate and the Speaker of the House shall, during the veto days of the First Extraordinary Session of the 2011 General Assembly, have authority, including authority granted by KRS 7.090(10), to authorize days of official business per diem and expenses for individual members of their respective chambers.**

	2010-11	2011-12
<b>2. Legislative Research Commission</b>		
(Veto Item #1)		
General Fund	<u>32,669,800</u> <del>{32,786,100}</del>	<u>34,309,400</u> <del>{34,916,900}</del>
Restricted Funds	-0-	-0-
(Veto Item #1)		
<b>TOTAL</b>	<b><u>32,669,800</u></b> <del>{32,786,100}</del>	<b><u>34,309,400</u></b> <del>{34,916,900}</del>

**Permanent Full-time Employees:** The total number of permanent full-time employees hired by the Legislative Research Commission with the above appropriation, and not assigned specifically to the House and Senate members of the Legislative Research Commission, shall not exceed 232 in fiscal year 2010-2011 and 232 in fiscal year 2011-2012. In addition to this number, the total number of permanent full-time employees assigned specifically to the House members of the Legislative Research Commission shall not exceed 19 and the permanent full-time employees assigned specifically to the Senate members of the Legislative Research Commission shall not exceed 10.

#### TOTAL - OPERATING BUDGET

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>50,703,300</u> <del>{50,883,800}</del>	<u>52,864,100</u> <del>{53,800,100}</del>
Restricted Funds	53,000	119,300
(Veto Item #1)		
<b>TOTAL</b>	<b><u>50,756,300</u></b> <del>{50,936,800}</del>	<b><u>52,983,400</u></b> <del>{53,919,400}</del>

**Unexpended Balance:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2009-2010 shall not lapse but shall continue into fiscal year 2010-2011, and any unexpended balance in any succeeding fiscal year shall not lapse but shall continue into the following fiscal year.

#### TOTAL - LEGISLATIVE BRANCH BUDGET

	2010-11	2011-12
(Veto Item #1)		
General Fund	<u>50,703,300</u> <del>{50,883,800}</del>	<u>52,864,100</u> <del>{53,800,100}</del>
Restricted Funds	53,000	119,300

(Veto Item #1)

TOTAL	<u>50,756,300</u> <del>[50,936,800]</del>	<u>52,983,400</u> <del>[53,919,400]</del>
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➔Section 11. Whereas it has become necessary to address certain budgetary issues regarding the 2010-2012 biennium enacted branch budget bills, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Legislative Research Commission Note (5/24/2011).** KRS 48.313 provides that "[i]f a total or subtotal conflicts with the sum of the appropriation figures of which it consists, the amounts of the individual appropriations shall control" and directs the Reviser of Statutes to substitute corrected totals or subtotals in the Acts and journals of the General Assembly and in the Kentucky Revised Statutes. Under the procedure set out in that statute, the following items have been corrected in this Act, with the amounts that have been substituted preceded by an asterisk within the text of the Act:

The 2010-11 fiscal year total for General Government in Part I, Operating Budget;

The 2010-11 fiscal year total and the 2011-12 fiscal year total for Medicaid Services in Part I, Operating Budget;

The 2010-11 fiscal year total and the 2011-12 fiscal year total for the Health and Family Services Cabinet in Part I, Operating Budget;

The 2010-11 fiscal year total and the 2011-12 fiscal year total for Postsecondary Education in Part I, Operating Budget; and

The 2010-11 fiscal year total for the Highways budget unit in Part I, Operating Budget.

**Legislative Research Commission Note (5/24/2011).** In this bill, material that was referenced in the Governor's veto messages is enclosed with shading and preceded by the veto number.

**Vetoed in part March 25, 2011. Portions that were not vetoed became law March 25, 2011, without the Governor's signature.**