

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

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

➔Section 1. The State/Executive Branch Budget is 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, 2015, and ending June 30, 2016, for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, 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

	2015-16	2016-17	2017-18
General Fund (Tobacco)	-0-	2,050,000	2,050,000
General Fund	-0-	5,455,700	5,516,800
Restricted Funds	-0-	323,200	325,000
Federal Funds	870,000	2,506,200	1,078,900
TOTAL	870,000	10,335,100	8,970,700

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$2,050,000 in each fiscal year for the Early Childhood Advisory Council.

2. OFFICE OF STATE BUDGET DIRECTOR

	2016-17	2017-18
General Fund	3,135,100	3,165,500
Restricted Funds	229,100	242,300
TOTAL	3,364,200	3,407,800

3. STATE PLANNING FUND

	2016-17	2017-18
General Fund	137,200	137,200

4. HOMELAND SECURITY

	2016-17	2017-18
General Fund	229,200	231,800
Restricted Funds	1,468,100	1,460,400
Federal Funds	4,031,600	4,081,400
Road Fund	269,200	270,400
TOTAL	5,998,100	6,044,000

5. DEPARTMENT OF VETERANS' AFFAIRS

	2016-17	2017-18
General Fund	18,881,300	19,083,000
Restricted Funds	70,085,900	76,654,200

TOTAL	88,967,200	95,737,200
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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 for the 2016-2018 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 \$200,000 in each fiscal year for grants to Veterans' Service Organization programs.

6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

	2015-16	2016-17	2017-18
General Fund (Tobacco)	21,099,500	25,358,000	28,450,200
Restricted Funds	-0-	150,000	150,000
TOTAL	21,099,500	25,508,000	28,600,200

(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 \$8,875,300 in fiscal year 2016-2017 and \$9,957,600 in fiscal year 2017-2018 for the counties account as

specified in KRS 248.703(1)(a).

7. KENTUCKY INFRASTRUCTURE AUTHORITY

	2016-17	2017-18
General Fund	1,507,900	2,087,000
Restricted Funds	37,791,900	53,459,600
Federal Funds	29,381,900	29,381,900
TOTAL	68,681,700	84,928,500

(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) **Debt Service:** Included in the above General Fund appropriation is \$291,000 in fiscal year 2016-2017 and \$870,100 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Closed Kentucky Infrastructure Authority Water and Sewer Grant Projects:** As specified by Part II, (3) of this Act, unexpended fund balances from closed Kentucky Infrastructure Authority Water and Sewer Grant Projects shall be transferred to the Finance and Administration Cabinet in fiscal year 2016-2017 to pay debt service.

8. MILITARY AFFAIRS

	2016-17	2017-18
General Fund	9,779,500	9,912,800
Restricted Funds	33,164,600	33,314,800
Federal Funds	43,632,300	43,707,100
TOTAL	86,576,400	86,934,700

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

(2) **Disaster or Emergency Aid Funds:** There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures in this Act, which are required to match federal aid 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).

(3) **Residential Youth at Risk Program:** Included in the above General Fund appropriation is \$357,300 in each fiscal year to support the Bluegrass Challenge Academy and \$357,300 in each fiscal year to support the Appalachian Youth Challenge Academy.

9. COMMISSION ON HUMAN RIGHTS

	2016-17	2017-18
General Fund	1,684,700	1,703,600
Federal Funds	245,000	245,000
TOTAL	1,929,700	1,948,600

10. COMMISSION ON WOMEN

	2016-17	2017-18
General Fund	224,600	227,000

11. DEPARTMENT FOR LOCAL GOVERNMENT

	2016-17	2017-18
General Fund	10,897,400	10,205,300

Restricted Funds	1,123,700	882,400
Federal Funds	40,598,900	40,454,100
TOTAL	52,620,000	51,541,800

(1) **Area Development District Funding:** Included in the above General Fund appropriation is \$2,116,300 in each fiscal year for the Joint Funding Administration Program in support of the Area Development Districts.

(2) **Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the above General Fund appropriation is \$250,300 in each fiscal year for the support of the Mary Kendall Homes and \$250,300 in each fiscal year for the support of Gateway Juvenile Diversion.

(3) **Water and Sewer Local Match Grant Program:** Included in the above General Fund appropriation is \$736,000 in fiscal year 2016-2017 for the Department for Local Government to distribute to local governments for water and sewer projects. The Department for Local Government shall establish the criteria for grant awards for water and sewer projects. Local governments chosen to receive grant proceeds shall provide a 100 percent match to the amount granted and shall certify to the Department for Local Government that the match requirement will be met prior to disbursement of grant proceeds.

12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2016-17	2017-18
General Fund	49,431,100	44,593,400

(1) **Coal Severance Tax Collections and Transfers:** The above appropriations from the General Fund are based on the official estimate presented by the Office of State Budget Director.

(a) Notwithstanding KRS 42.450 to 42.495, coal severance tax collections during the 2016-2018 fiscal biennium shall first be allocated to the following programs or purposes on a quarterly basis:

1. Osteopathic Medicine Scholarship Program: Pursuant to KRS 164.7891(11) and (12), a transfer in the amount of \$306,000 in fiscal year 2016-2017 and \$326,000 in fiscal year 2017-2018 shall be made to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority;

2. Pharmacy Scholarships: Pursuant to KRS 164.7890(11), a transfer in the amount of \$540,000 in fiscal year 2016-2017 and \$580,000 in fiscal year 2017-2018 shall be made to the Coal County Pharmacy Scholarship Program within the Kentucky Higher Education Assistance Authority;

3. Trover Clinic Grant: A transfer in the amount of \$496,000 in fiscal year 2016-2017 and \$910,000 in fiscal year 2017-2018 shall be made to the Trover Clinic Grant within the Department for Local Government;

4. Robinson Scholars Program: An annual appropriation of \$1,000,000 in each fiscal year is appropriated as General Fund moneys to the University of Kentucky budget unit for the Robinson Scholars Program;

5. Mining Engineering Scholarship Program: An appropriation of \$300,000 in each fiscal year is appropriated as General Fund moneys to the University of Kentucky budget unit for the Mining Engineering Scholarship Program;

6. School Technology in Coal Counties: An annual appropriation of \$1,750,000 in each fiscal year 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;

7. Operation Unite: An annual appropriation of \$2,000,000 in each fiscal year is appropriated as General Fund moneys to the Justice Administration budget unit for Operation Unite in relation to the Federal Task Force on Drug Abuse;

8. Coal County College Completion Scholarship Program: An annual appropriation of \$2,000,000 in each fiscal year is appropriated as General Fund moneys to the Kentucky Higher Education Assistance Authority budget unit for the Coal County

College Completion Scholarship Program;

9. Shaping Our Appalachian Region (SOAR) Administrative Costs: An annual appropriation of \$200,000 in each fiscal year is appropriated as General Fund moneys to the Department for Local Government budget unit for administrative expenses relating to the Shaping Our Appalachian Region (SOAR) initiative;

10. Kentucky Infrastructure Authority: An annual appropriation of \$370,000 in each fiscal year is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit for Local Government Economic Development Fund project administration costs;

11. Department for Local Government: An annual appropriation of \$669,700 in each fiscal year is appropriated as General Fund moneys to the Department for Local Government budget unit for Local Government Economic Development Fund project administration costs;

12. Save the Children: An annual appropriation of \$500,000 in each fiscal year is appropriated as General Fund moneys to the Learning and Result Services budget unit within the Department of Education for the Save the Children Program;

13. Regional Strategic Development Fund: Funds totaling \$2,000,000 in each fiscal year shall be provided for the Regional Strategic Development Fund within the Department for Local Government;

14. Family Medicine Residency Program at Owensboro Health: A transfer in the amount of \$414,000 in fiscal year 2016-2017 shall be made to the Family Medicine Residency Program at Owensboro Health within the Department for Local Government; and

15. Debt Service: An annual appropriation of 25 percent of the debt service necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, in the amount of \$7,352,300 in fiscal year 2017-2018 is appropriated for that purpose.

(b) An amount equal to 50 percent of the remaining balance of severance and processing taxes on coal collected annually shall be transferred from the General Fund to the Local Government Economic Assistance Fund established by KRS 42.450. Transfers to the Local Government Economic Assistance Fund shall be made quarterly, based upon the revenue estimates prevailing at the time each quarterly transfer is due, except the last quarterly transfer shall be made after the close of the fiscal year accounting records, and shall be adjusted to provide the balance of the annual transfer required by this section.

(c) Prior to any distributions to local governments or any other use of the funds transferred to the Local Government Economic Assistance Fund pursuant to KRS 42.455, and 42.470, \$25,121,300 in fiscal year 2016-2017, representing 100 percent of debt service in fiscal year 2016-2017 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, and \$22,057,000 in fiscal year 2017-2018, representing the remaining 75 percent of the debt service in fiscal year 2017-2018 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, is appropriated for that purpose, and any amounts allowed as an incentive to an approved company under KRS 143.024 and 154.27-060 shall be deducted.

(d) No transfers shall be made to the Local Government Economic Development Fund established by KRS 42.4582.

13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

2016-17 2017-18

14. AREA DEVELOPMENT FUND

2016-17 2017-18

General Fund 431,000 431,000

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

15. EXECUTIVE BRANCH ETHICS COMMISSION

	2016-17	2017-18
General Fund	445,700	450,200
Restricted Funds	290,000	290,000
TOTAL	735,700	740,200

(1) Use of Restricted Funds: All penalties collected or received by the Executive Branch Ethics Commission shall be deposited in the State Treasury and credited to a trust and agency fund account to the credit of the Commission to be used by the Commission for the cost of conducting administrative hearings pursuant to KRS Chapter 13B. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

16. SECRETARY OF STATE

	2016-17	2017-18
General Fund	1,663,100	1,690,600
Restricted Funds	2,460,600	2,447,100
Federal Funds	277,000	221,400
TOTAL	4,400,700	4,359,100

(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

	2016-17	2017-18
General Fund	3,865,400	3,874,300
Restricted Funds	246,000	246,000
Federal Funds	5,211,200	4,044,900
TOTAL	9,322,600	8,165,200

(1) Cost of Elections: (a) 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, 2016, for fiscal year 2016-2017 and by November 1, 2017, for fiscal year 2017-2018.

(b) 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 paragraph (a) of this subsection.

18. REGISTRY OF ELECTION FINANCE

	2016-17	2017-18
General Fund	1,166,500	1,176,800

19. ATTORNEY GENERAL

	2016-17	2017-18
General Fund	10,333,900	10,436,900
Restricted Funds	15,434,600	15,726,700
Federal Funds	3,974,300	4,092,100
TOTAL	29,742,800	30,255,700

(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 2016-2018 fiscal biennium for this purpose to the Office of the Attorney General from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Without charge, 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. Expenditures under this subsection shall be reported to the Interim Joint Committee on Appropriations and Revenue by August 1 of each year.

(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) 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.

(5) Operations of the Office of the Attorney General: Notwithstanding KRS 367.478(2), 367.805(3), and 367.905(5), funds may be expended in support of the operations of the Office of the Attorney General.

(6) 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.

(7) Risperdal Settlement Funds: The Attorney General, after payment of attorney's fees and expenses, shall transfer the settlement funds resulting from the suit against Johnson and Johnson, et al. regarding the off-label marketing of the pharmaceutical Risperdal as follows:

(a) \$4,500,000 in fiscal year 2015-2016 and \$1,250,000 in each fiscal year of the 2016-2018 fiscal biennium shall be transferred to the Kentucky State Police to support statewide law enforcement purposes, inclusive of funding to reduce the DNA backlog at Kentucky State Police Forensic Laboratories;

(b) \$1,250,000 in each fiscal year of the 2016-2018 fiscal biennium shall be transferred to the Department for Behavioral Health, Developmental and Intellectual Disabilities to provide mental health services throughout the Commonwealth; and

(c) Any additional funds received, up to \$2,500,000 in the 2016-2018 fiscal biennium, shall be transferred to the Department for Behavioral Health, Developmental and Intellectual Disabilities to provide mental health services.

(8) Purdue Pharma Settlement Funds: The Attorney General, after payment of attorney's fees and expenses, shall transfer the settlement funds resulting from the suit against Purdue Pharma, et al. in the amount of \$5,000,000 in fiscal year 2015-2016 and

\$1,500,000 in each fiscal year of the 2016-2018 fiscal biennium to the Kentucky Teachers' Retirement System Medical Insurance Fund to be applied toward the unfunded liability.

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

	2016-17	2017-18
General Fund	48,439,600	49,024,300
Restricted Funds	1,653,000	1,652,900
Federal Funds	38,900	40,300
TOTAL	50,131,500	50,717,500

b. County Attorneys

	2016-17	2017-18
General Fund	42,080,300	42,647,000
Restricted Funds	554,700	554,600
Federal Funds	506,200	503,700
TOTAL	43,141,200	43,705,300

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2016-17	2017-18
General Fund	90,519,900	91,671,300
Restricted Funds	2,207,700	2,207,500
Federal Funds	545,100	544,000
TOTAL	93,272,700	94,422,800

21. TREASURY

	2016-17	2017-18
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General Fund	1,835,000	1,887,700
Restricted Funds	1,825,000	1,848,600
Road Fund	250,000	250,000
TOTAL	3,910,000	3,986,300

(1) **Unclaimed Property Fund:** Included in the above Restricted Funds appropriation is \$1,325,500 in fiscal year 2016-2017 and \$1,334,000 in fiscal year 2017-2018 from the Unclaimed Property Fund to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

22. AGRICULTURE

	2016-17	2017-18
General Fund (Tobacco)	600,000	600,000
General Fund	15,974,200	16,112,400
Restricted Funds	10,168,600	10,191,400
Federal Funds	6,406,900	6,406,900
TOTAL	33,149,700	33,310,700

(1) **Use of Restricted Funds:** Notwithstanding KRS 217.570 and 217B.580, funds may be expended in support of the operations of the Department of Agriculture.

(2) **County Fair Grants:** Included in the above General Fund appropriation is \$455,000 in each fiscal year to support capital improvement grants to the Local Agricultural Fair Aid Program.

(3) **Farms to Food Banks:** Included in the above General Fund (Tobacco) appropriation is \$600,000 in each fiscal year 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. The appropriations to the Farm to Food Banks Program may be used to purchase USDA-inspected meat to be distributed to local food pantries in Kentucky.

23. AUDITOR OF PUBLIC ACCOUNTS

	2015-16	2016-17	2017-18
General Fund	-0-	4,630,900	4,680,000
Restricted Funds	347,700	8,965,400	9,038,500
TOTAL	347,700	13,596,300	13,718,500

(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 audit services 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 for such services. The agency's request for audit services shall include 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.

24. PERSONNEL BOARD

	2016-17	2017-18
Restricted Funds	888,000	913,800

25. KENTUCKY RETIREMENT SYSTEMS

	2016-17	2017-18
General Fund	151,718,000	130,480,500
Restricted Funds	42,819,200	42,960,400
TOTAL	194,537,200	173,440,900

(1) **Direct Appropriation for Pension Liability:** Included in the above General Fund appropriation is \$44,668,000 in each fiscal year to be applied to the unfunded pension liability of the Kentucky Employees Retirement System nonhazardous pension

fund.

(2) Contingent General Fund Appropriation for Pension Liability: Included in the above General Fund appropriation is \$32,050,000 in fiscal year 2016-2017 and \$35,812,500 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Retirement Systems, nonhazardous plan. The amount of these appropriations to be allotted and made available in fiscal year 2016-2017 shall be calculated as 25 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,489,000,000, compared to the enacted estimate. The amount of these appropriations to be allotted and made available in fiscal year 2017-2018 shall be calculated as 25 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,732,250,000, compared to the enacted estimate.

(3) Dependent Subsidy for Retirees - Kentucky Employee Retirement System: From July 1, 2016, through June 30, 2018, in addition to the benefits conferred under KRS 61.702, the Kentucky Retirement Systems Board of Trustees shall have the authority to make the recipients of a nonhazardous monthly retirement allowance 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. If the Board of Trustees makes the recipients of a nonhazardous monthly retirement allowance eligible for the dependent subsidy, the Board shall submit a report to the Interim Joint Committee on State Government stating the cost of such action and providing the effect on the actuarial unfunded liability of the health trust.

(4) Dependent Subsidy for Retirees - County Employees Retirement System: From July 1, 2016, through June 30, 2018, in addition to the benefits conferred under KRS 61.702, the Kentucky Retirement Systems Board of Trustees shall have the authority to make the recipients of a nonhazardous monthly retirement allowance 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. If the Board of Trustees makes the recipients of a nonhazardous monthly retirement allowance eligible for the dependent subsidy, the Board shall submit a report to the Interim Joint Committee on State Government stating the cost of such action and providing the effect on the actuarial unfunded liability of the health trust.

26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Accountancy

	2016-17	2017-18
Restricted Funds	578,000	581,400

b. Certification of Alcohol and Drug Counselors

	2016-17	2017-18
Restricted Funds	102,200	102,200

c. Applied Behavior Analysis Licensing

	2016-17	2017-18
Restricted Funds	30,600	30,600

d. Architects

	2016-17	2017-18
Restricted Funds	460,800	463,700

e. Certification for Professional Art Therapists

	2016-17	2017-18
Restricted Funds	11,200	11,200

f. Auctioneers

	2016-17	2017-18
Restricted Funds	403,300	405,000

g. Barbering

	2016-17	2017-18
Restricted Funds	339,100	340,800

h. Chiropractic Examiners

	2016-17	2017-18
Restricted Funds	334,400	336,500

i. Dentistry

	2016-17	2017-18
Restricted Funds	934,600	940,200

j. Licensed Diabetes Educators

	2016-17	2017-18
Restricted Funds	26,800	26,800

k. Licensure and Certification for Dietitians and Nutritionists

	2016-17	2017-18
Restricted Funds	73,900	73,900

l. Embalmers and Funeral Directors

	2016-17	2017-18
Restricted Funds	424,900	427,800

m. Licensure for Professional Engineers and Land Surveyors

	2016-17	2017-18
Restricted Funds	1,383,300	1,393,000

n. Certification of Fee-Based Pastoral Counselors

	2016-17	2017-18
Restricted Funds	3,600	3,600

o. Registration for Professional Geologists

	2016-17	2017-18
Restricted Funds	106,900	106,900

p. Hairdressers and Cosmetologists

	2016-17	2017-18
Restricted Funds	1,443,400	1,451,800

q. Specialists in Hearing Instruments

	2016-17	2017-18
Restricted Funds	81,100	81,100

r. Interpreters for the Deaf and Hard of Hearing

	2016-17	2017-18
Restricted Funds	38,200	38,200

s. Home Inspectors

	2016-17	2017-18
Restricted Funds	83,800	83,800

t. Examiners and Registration of Landscape Architects

	2016-17	2017-18
Restricted Funds	68,900	69,300

u. Licensure of Marriage and Family Therapists

	2016-17	2017-18
Restricted Funds	136,400	136,400

v. Licensure for Massage Therapy

	2016-17	2017-18
Restricted Funds	188,600	188,600

w. Medical Imaging and Radiation Therapy

	2016-17	2017-18
Restricted Funds	400,600	401,600

x. Medical Licensure

	2016-17	2017-18
Restricted Funds	3,072,300	3,088,200

y. Nursing

	2016-17	2017-18
Restricted Funds	7,220,000	7,266,000

z. Licensure for Nursing Home Administrators

	2016-17	2017-18
Restricted Funds	61,100	61,100

aa. Licensure for Occupational Therapy

	2016-17	2017-18
Restricted Funds	176,600	176,600

ab. Ophthalmic Dispensers

	2016-17	2017-18
Restricted Funds	49,700	49,700

ac. Optometric Examiners

	2016-17	2017-18
Restricted Funds	216,000	217,100

ad. Pharmacy

	2016-17	2017-18
Restricted Funds	1,728,700	1,740,400

ae. Physical Therapy

	2016-17	2017-18
Restricted Funds	580,300	583,700

af. Podiatry

	2016-17	2017-18
Restricted Funds	38,800	39,900

ag. Private Investigators

	2016-17	2017-18
Restricted Funds	101,500	101,500

ah. Licensed Professional Counselors

	2016-17	2017-18
Restricted Funds	215,800	215,800

ai. Prosthetics, Orthotics, and Pedorthics

	2016-17	2017-18
Restricted Funds	46,200	46,200

aj. Examiners of Psychology

	2016-17	2017-18
Restricted Funds	256,400	256,400

ak. Real Estate Appraisers

	2016-17	2017-18
Restricted Funds	793,200	841,600

al. Real Estate Commission

	2016-17	2017-18
Restricted Funds	2,370,500	2,383,100

am. Respiratory Care

	2016-17	2017-18
Restricted Funds	218,100	219,500

an. Social Work

	2015-16	2016-17	2017-18
Restricted Funds	53,500	358,200	338,300

ao. Speech-Language Pathology and Audiology

	2016-17	2017-18
Restricted Funds	190,100	190,100

ap. Veterinary Examiners

	2016-17	2017-18
Restricted Funds	277,600	277,600

TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

	2015-16	2016-17	2017-18
Restricted Funds	53,500	25,625,700	25,787,200

27. KENTUCKY RIVER AUTHORITY

	2016-17	2017-18
General Fund	244,500	246,700
Restricted Funds	3,507,900	6,881,300
TOTAL	3,752,400	7,128,000

(1) **Debt Service:** Included in the above Restricted Funds appropriation is \$3,366,000 in fiscal year 2017-2018 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

28. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2016-17	2017-18
General Fund	121,161,800	126,950,800
Restricted Funds	525,000	-0-
TOTAL	121,686,800	126,950,800

(1) **Debt Service:** Included in the above General Fund appropriation is \$9,968,600 in fiscal year 2016-2017 and \$15,052,200 in fiscal year 2017-2018 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding 750 KAR 1:010, sec. 3, the General Assembly finds that bonds authorized and reauthorized in Part II, Capital Projects Budget, of this Act are sufficient to cover all offers of assistance from previous fiscal biennia, and that no offers of assistance from previous biennia shall be reduced due to funding constraints unless authorized by the General Assembly.

(2) **Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make an additional

\$91,000,000 in offers of assistance during the 2016-2018 biennium in anticipation of debt service availability during the 2018-2020 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2016-2018 biennium.

(3) Urgent Needs School Assistance: (a) If bonds for those Urgent Needs Schools authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b) are not issued by June 30, 2016, then the School Facilities Construction Commission is authorized to make offers of assistance to districts for the remaining Urgent Needs Schools as authorized in Part II, A., 10., 001. of this Act.

(b) If a school district receives an allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b) or in Part II, Capital Projects Budget, of this Act and subsequently, as a result of litigation or insurance, receives funds for the original facility, the school district shall reimburse the Commonwealth an amount equal to that received for such purposes. If the litigation or insurance receipts are less than the amount received, the district shall reimburse the Commonwealth an amount equal to that received as a result of litigation or insurance less the district's costs and legal fees in securing the judgment or payment. Any funds received in this manner shall be deposited in the Budget Reserve Trust Fund Account (KRS 48.705).

29. TEACHERS' RETIREMENT SYSTEM

	2015-16	2016-17	2017-18
General Fund	-0-	757,413,500	706,678,800
Restricted Funds	5,000,000	14,434,000	15,015,000
TOTAL	5,000,000	771,847,500	721,693,800

(1) 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.

(2) **Additional Employer Contribution for Pension Fund:** Included in the above General Fund appropriation is \$399,985,100 in fiscal year 2016-2017 and \$356,085,800 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Teachers' Retirement System, of which \$9,598,200 in fiscal year 2016-2017 and \$19,288,600 in fiscal year 2017-2018 represent lesser debt service funding requirements for bonds previously issued for the Kentucky Teachers' Retirement System.

(3) **Debt Service:** Included in the above General Fund appropriation is \$106,838,400 in fiscal year 2016-2017 and \$97,148,000 in fiscal year 2017-2018 for debt service on previously issued bonds.

(4) **State Annual Appropriations Deficit:** Pursuant to KRS 161.550(6), the Kentucky Teachers' Retirement System has identified a \$24,613,400 deficit for fiscal years 2013-2014 and 2014-2015. A portion of this deficit shall be funded from \$11,624,800 from the state medical insurance fund stabilization contribution for fiscal year 2015-2016 within the General Fund appropriation specified in 2014 Ky. Acts ch. 117, Part I, A., 29., and identified as the excess amount of the state medical insurance fund stabilization contribution by the Kentucky Teachers' Retirement System. Included in the above General Fund appropriation is \$12,988,600 in fiscal year 2016-2017 for the remaining portion of the deficit.

(5) **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 in the expense fund or expended for the administration of the retirement system.

(6) **Amortization of Sick Leave:** Included in the above General Fund appropriation is \$5,623,500 in fiscal year 2016-2017 and \$11,660,200 in fiscal year 2017-2018 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick leave, for members retiring during the 2016-2018 biennium.

(7) **Contribution for Retiree Medical Insurance:** Included in the above General

Fund appropriation is \$46,545,800 in fiscal year 2016-2017 and \$53,948,400 in fiscal year 2017-2018 to support the state's contribution for the cost of retiree health insurance for members not eligible for Medicare, who have retired since July 1, 2010, pursuant to KRS 161.550.

(8) Direct Appropriation for Pension Liability: Included in the above General Fund appropriation is \$44,668,000 in each fiscal year to be applied to the unfunded pension liability of the Kentucky Teachers' Retirement System.

(9) Contingent General Fund Appropriation for Pension Liability: Included in the above General Fund appropriation is \$32,050,000 in fiscal year 2016-2017 and \$35,812,500 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Teachers' Retirement System. The amount of these appropriations to be allotted and made available in fiscal year 2016-2017 shall be calculated as 25 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,489,000,000, compared to the enacted estimate. The amount of these appropriations to be allotted and made available in fiscal year 2017-2018 shall be calculated as 25 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,732,250,000, compared to the enacted estimate.

(10) Purdue Pharma Settlement Funds: Included in the above Restricted Funds appropriation is \$5,000,000 in fiscal year 2015-2016 and \$1,500,000 in each year of the 2016-2018 fiscal biennium for the Kentucky Teachers' Retirement System Medical Insurance Fund to be applied toward the unfunded liability. These funds shall represent the settlement funds resulting from the suit by the Office of the Attorney General against Purdue Pharma, et al., after payment of attorney's fees and expenses.

30. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

	2016-17	2017-18
General Fund	5,026,400	5,026,400

(1) Funding Sources for Appropriations Not Otherwise Classified: Funds

required to pay the costs of items included within 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 funded with 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 survivors of state and local police officers, firefighters, and active duty National Guard and Reserve members in accordance with KRS 61.315 and for the cost of insurance premiums for firefighters as provided in KRS 95A.070.

31. JUDGMENTS

	2016-17	2017-18
General Fund	-0-	-0-

(1) Payment of Judgments and Carry Forward of General Fund

Appropriation Balance: Notwithstanding KRS 45A.275, 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 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.

32. KENTUCKY COMMUNICATIONS NETWORK AUTHORITY

	2016-17	2017-18
Restricted Funds	18,469,200	27,941,900
Federal Funds	180,500	-0-
TOTAL	18,649,700	27,941,900

TOTAL - GENERAL GOVERNMENT

	2015-16	2016-17	2017-18
General Fund (Tobacco)	21,099,500	28,008,000	31,100,200
General Fund	-0-	1,267,793,500	1,198,657,800
Restricted Funds	5,401,200	292,203,400	327,984,100
Federal Funds	870,000	136,990,900	134,257,700

Road Fund	-0-	519,200	520,400
TOTAL	27,370,700	1,725,515,000	1,692,520,200

B. ECONOMIC DEVELOPMENT CABINET

Budget Units

1. ECONOMIC DEVELOPMENT

	2015-16	2016-17	2017-18
General Fund	-0-	17,888,600	18,878,200
Restricted Funds	975,000	2,994,300	3,013,300
Federal Funds	-0-	200,000	100,000
TOTAL	975,000	21,082,900	21,991,500

(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 Office of Entrepreneurship and are appropriated in addition to amounts appropriated above.

(2) **Lapse and Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2015-2016 and fiscal year 2016-2017 shall not lapse and shall carry forward.

(3) **Debt Service:** Included in the above General Fund appropriation is \$922,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

C. DEPARTMENT OF EDUCATION

Budget Units

1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2016-17	2017-18
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General Fund 3,035,747,400 3,024,776,100

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

(2) **Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above General Fund appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,981 per student in average daily attendance in fiscal year 2016-2017 and \$3,981 per student in average daily attendance in fiscal year 2017-2018 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 KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430. Notwithstanding KRS 45.229, any unexpended SEEK funds shall not lapse and shall be transferred to the Kentucky Teachers' Retirement System to be applied to the system's unfunded pension liability.

(3) **Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the above General Fund appropriation is \$2,102,272,800 in fiscal year 2016-2017 and \$2,090,700,100 in fiscal year 2017-2018 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.

(4) **Tier I Component:** Included in the above General Fund appropriation is \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 for the Tier I component as established by KRS 157.440.

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

(6) **Secondary Vocational Education:** Included in the above General Fund appropriation is \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year 2017-2018 to provide secondary vocational education in state-operated vocational schools.

(7) **Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$388,817,000 in fiscal year 2016-2017 and \$397,482,500 in fiscal year 2017-2018 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550.

(8) **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 attaining certification by the National Board for Professional Teaching Standards. Notwithstanding the provisions of KRS 157.395, if the appropriation is insufficient to provide the mandated salary supplement for teachers who have obtained this certification, the Department of Education is authorized to pro rata reduce the supplement.

(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 \$80,109,500 in fiscal year 2016-2017 and \$78,002,400 in fiscal year 2017-2018 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 \$17,234,200 in fiscal year 2016-2017 and \$16,414,200 in fiscal year 2017-2018 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 \$16,377,200 in fiscal year 2016-2017 and \$15,973,300 in fiscal year 2017-2018 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). In addition, a local board of education that levied a tax rate subject to recall by January 1, 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. Revenue to generate the five cent equivalent levy may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was

dedicated to facilities funding at the time of the levy. The equalization funds shall be used as provided in KRS 157.440(1)(b). For the 2016-2018 fiscal biennium, school districts that levied the tax rate subject to recall prior to January 1, 2014, shall be equalized at 100 percent of the calculated equalization funding, and school districts that levied the tax rate subject to recall after January 1, 2014, and before January 1, 2016, and began collecting the tax by fiscal year 2016-2017, shall be equalized at 25 percent of the calculated equalization funding in each fiscal year. It is the intent of the 2016 General Assembly that any local school district receiving partial equalization under this subsection in the 2016-2018 fiscal biennium shall receive full calculated equalization in the 2018-2020 fiscal biennium and thereafter, that the fiscal condition of the state shall guide future decisions regarding KRS 157.621(2) and its application, and that local school districts that levied the five cent equivalent rate subject to recall after January 1, 2014, shall receive equalization funds until the earlier of June 30, 2038, or the date the bonds for the local school district supported by this equalization funding are retired.

(14) Equalized Facility Funding: Included in the above General Fund appropriation is \$6,829,600 in fiscal year 2016-2017 and \$6,658,300 in fiscal year 2017-2018 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) BRAC Equalized Facility Funding: Included in the above General Fund appropriation is \$1,832,000 in fiscal year 2016-2017 and \$1,764,100 in fiscal year 2017-2018 to provide equalized facility funding to school districts meeting the eligibility requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

(16) Equalization Funding for Critical Construction Needs Schools: Included in the above General Fund appropriation is \$5,639,300 in fiscal year 2016-2017 and \$5,532,800 in fiscal year 2017-2018 to school districts in accordance with 2010 (1st Extra. Sess.) Ky. Acts ch. 1, Part I, C., 4., (18).

(17) Hold-Harmless Guarantee: A modified hold-harmless guarantee is

established in fiscal biennium 2016-2018 which provides that every local school district shall receive at least the same amount of Support Education Excellence in Kentucky (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, and allotments to local school districts are reduced in accordance with KRS 157.430, allocations to school districts subject to this provision shall not be reduced.

(18) Residential Youth-at-Risk Programs: In accordance with KRS 157.360, no funds from the SEEK Program shall be distributed to the programs operated by the Kentucky Guard Youth Challenge Division of the Department of Military Affairs. Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary, any nonresident school district providing educational services to students enrolled in programs operated by the Kentucky Guard Youth Challenge Division of the Department of Military Affairs shall be paid for those services from the General Fund appropriation in Part I, A., 8. of this Act.

(19) Additional SEEK Funding: If the General Fund appropriation contained in 2014 Ky. Acts ch. 117, Part I, C., 1. is not sufficient to fully fund the SEEK Program, including any adjustments pursuant to KRS 157.360 in fiscal year 2015-2016, or if the above General Fund appropriation is not sufficient to fully fund the SEEK Program, including any adjustments pursuant to KRS 157.360 in fiscal year 2016-2017 or fiscal year 2017-2018, the Kentucky Department of Education may request up to \$10,000,000 in each fiscal year, which 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. OPERATIONS AND SUPPORT SERVICES

	2016-17	2017-18
General Fund	50,661,800	50,719,800

Restricted Funds	7,390,000	7,401,500
Federal Funds	328,954,900	328,966,400
TOTAL	387,006,700	387,087,700

(1) **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 those employees' compensation comparable to the competitive market.

(2) **Blind/Deaf Residential Travel Program:** Included in the above General Fund appropriation is \$477,800 in each fiscal year for the Blind/Deaf Residential Travel Program.

(3) **School Food Services:** Included in the above General Fund appropriation is \$3,318,000 in each fiscal year for the School Food Services Program.

3. LEARNING AND RESULTS SERVICES

	2016-17	2017-18
General Fund	1,007,578,900	1,009,165,400
Restricted Funds	26,752,500	26,787,400
Federal Funds	559,520,200	559,526,700
TOTAL	1,593,851,600	1,595,479,500

(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 the 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 2016-2017 and in fiscal year 2017-2018 to the Cabinet for Health and Family Services consistent with KRS 156.496. 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 \$694,800,000 in fiscal year 2016-2017 and \$696,247,500 in fiscal year 2017-2018 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(5) **Program Flexibility:** Notwithstanding KRS 157.3175(3) and (4) and 160.345(8) with regard to the state allocation for Professional Development, Extended School Services, Instructional Resources, and Safe Schools, local school districts shall be provided additional flexibility in the utilization of these funds. Local school districts shall

continue to address the governing statutes and serve the intended student population but may utilize funds from these programs for general operating expenses in each year of the biennium. Local school districts that utilize these funds for general operating expenses shall report to the Kentucky Department of Education and the Interim Joint Committee on Education on an annual basis the amount of each program funding utilized for general operating expenses.

(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) 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 or to meet federal requirements.

(8) 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.

(9) 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. Notwithstanding KRS 157.3175(1)(a) and (b) and 157.3175(4)(b), the Department of Education shall continue to implement entrance age requirements for preschool in the 2016-2017 school year to align with the new school entrance age requirements pursuant to KRS 158.030.

(10) Surplus Property: Notwithstanding KRS 45.777, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center shall be deposited in a separate restricted account for each facility and shall not be expended without appropriation authority granted by the General Assembly.

(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 four 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 2016-2017 and 2017-2018, 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) Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2016-2018 fiscal biennium, but no portion of these funds shall be utilized for state-level administrative purposes:

- (a) \$1,124,800 in each fiscal year for the ACT and WorkKeys testing;
- (b) \$65,800 in each fiscal year for the Appalachian Learning Disabled Tutoring Program;
- (c) \$1,115,300 in each fiscal year for the Collaborative Center for Literacy Development;
- (d) \$1,236,500 in each fiscal year for the Commonwealth School Improvement Fund;
- (e) \$1,762,100 in each fiscal year for the Community Education Program;
- (f) \$385,900 in each fiscal year for the Elementary Arts and Humanities Program;
- (g) \$23,214,700 in each fiscal year for the Extended School Services Program;
- (h) \$48,870,500 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (i) \$6,026,300 in each fiscal year for the Gifted and Talented Program;
- (j) \$299,200 in each fiscal year for the Leadership and Mentor Fund;
- (k) \$1,483,700 in each fiscal year for the Local School District Life Insurance;
- (l) \$4,871,800 in each fiscal year for the Mathematics Achievement Fund;
- (m) \$308,700 in each fiscal year for the Middle School Academic Center;
- (n) \$82,185,400 in each fiscal year for the Preschool Program;
- (o) \$10,854,200 in each fiscal year for the Professional Development Program;
- (p) \$553,000 in each fiscal year for the Teacher's Professional Growth Fund;

- (q) \$15,469,100 in each fiscal year for the Read to Achieve Program;
- (r) \$9,444,300 in each fiscal year for the Safe Schools Program;
- (s) \$856,700 in each fiscal year for the Save the Children/Rural Literacy Program;
- (t) \$9,187,800 in each fiscal year for the State Agency Children Program;
- (u) \$1,274,700 in each fiscal year for the Teacher Academies Program;
- (v) \$15,197,000 in each fiscal year for Instructional Resources;
- (w) \$1,217,800 in each fiscal year for the Teacher Recruitment and Retention Program-Educator Quality and Diversity;
- (x) \$637,300 in each fiscal year for the Virtual Learning Program;
- (y) \$486,200 in each fiscal year for the Writing Program;
- (z) \$1,092,000 in each fiscal year for AdvanceKentucky; and
- (aa) \$227,500 in each fiscal year for Teach for America.

(15) 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 2016-2018 fiscal biennium.

(16) Transfer of State-Operated Secondary Vocational Education and Technology Centers: (a) Notwithstanding KRS 156.808, 156.812, 156.814, 156.816, 156.820, and 156.826, effective at the beginning of fiscal year 2016-2017, 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 156, 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 156. 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 156 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 Kentucky 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 2016-2017. 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.

(17) Transfer of Locally Operated Secondary Vocational Education and Technology Centers: (a) Effective at the beginning of fiscal year 2016-2017, a local board of education that has operated a career and technical center for at least five years may submit a request to the Executive Director of the Office of Career and Technical Education to relinquish authority for the management and control of the career and technical center to the Office of Career and Technical Education. 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 locally operated career and technical center, the local board of education shall transfer all personnel, equipment, and supplies to the Office of Career and Technical Education.

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

(c) A certified employee shall be granted credit for accrued sick leave by the Office of Career and Technical Education up to the maximum allowed for transfers for teachers between school districts. The Office of Career and Technical Education shall award sick leave credit to a classified employee based on the sick leave accumulated in

the local district. Any excess sick leave that a classified or certified employee earned that had been held in escrow by the appropriate state personnel system under KRS Chapter 18A or 156 when a transfer was made to the local board of education shall be restored to the employee.

(d) An employee who is to be transferred to the Office of Career and Technical Education under the provisions of this subsection but who chooses not to accept employment with the Commonwealth shall be separated from the local board of education, and the employee's position shall be abolished. The employee may apply for any local board of education or 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 area vocational education and technical center.

(e) A certified employee, other than a principal, who has earned continuing status in the local school district under KRS 161.740(1), shall be granted continuing status under the provisions of KRS 156.820. A principal may be granted continuing status as a teacher, but the provisions relating to demotion under KRS 156.820(8) shall apply.

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

(g) General Fund moneys previously appropriated to a local board of education for support of the career and technical center shall be appropriated to the Office of Career and Technical Education. In addition, the Office of Career and Technical 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 career and technical center.

(18) 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 expenses related to property or purchased property services in fiscal year 2016-2017 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission Program. Prior to August 1, 2016, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of education. Beginning in fiscal year 2017-2018, local boards of education shall utilize all capital funds in accordance with KRS 157.420, 157.440, 157.621, and any other statutes that may apply.

(19) Local School District Program Responsibilities: A local school district that is located in a county that has adopted either a consolidated local government plan or an urban-county form of government shall make payments to the Heuser Hearing and Language Academy in the amount of \$91,000 in each fiscal year, the Visually Impaired Preschool Services Program in the amount of \$45,500 in each fiscal year, and the Lexington Hearing and Speech Center in the amount of \$91,000 in each fiscal year, if the services offered by the program are provided at a facility or office that is located within the boundaries of the local school district.

TOTAL - DEPARTMENT OF EDUCATION

	2016-17	2017-18
General Fund	4,093,988,100	4,084,661,300
Restricted Funds	34,142,500	34,188,900
Federal Funds	888,475,100	888,493,100
TOTAL	5,016,605,700	5,007,343,300

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	2017-18
General Fund	4,793,000	9,099,500

Restricted Funds	5,720,900	5,770,900
Federal Funds	2,589,900	2,589,900
TOTAL	13,103,800	17,460,300

(1) **Debt Service:** Included in the above General Fund appropriation is \$4,272,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Governor's School for Entrepreneurs:** Included in the above General Fund appropriation is \$200,200 in each year for the Governor's School for Entrepreneurs.

2. PROPRIETARY EDUCATION

	2016-17	2017-18
Restricted Funds	286,500	288,600

3. DEAF AND HARD OF HEARING

	2016-17	2017-18
General Fund	862,900	873,900
Restricted Funds	1,109,600	1,109,600
TOTAL	1,972,500	1,983,500

4. KENTUCKY EDUCATIONAL TELEVISION

	2016-17	2017-18
General Fund	12,622,200	12,731,100
Restricted Funds	1,451,000	1,451,000
TOTAL	14,073,200	14,182,100

5. ENVIRONMENTAL EDUCATION COUNCIL

	2016-17	2017-18
Restricted Funds	211,900	188,700

(1) **Environmental Education Council:** Notwithstanding KRS 224.43-505(2)(b), the Council may use interest received to support the operations of the Council.

6. LIBRARIES AND ARCHIVES

a. General Operations

	2016-17	2017-18
General Fund	5,898,900	5,943,700
Restricted Funds	1,983,500	1,981,100
Federal Funds	1,447,300	1,460,300
TOTAL	9,329,700	9,385,100

b. Direct Local Aid

	2016-17	2017-18
General Fund	6,058,100	6,058,100
Restricted Funds	592,200	592,200
Federal Funds	139,900	139,900
TOTAL	6,790,200	6,790,200

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

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

(3) **Public Libraries Facilities Construction:** Included in the above General Fund appropriation is a total of \$3,329,600 in each fiscal year for the Public Libraries Facilities Construction Fund. Notwithstanding the provisions of KRS 171.027 and 725 KAR 2:015, local public libraries that currently own property, have debt service obligations, or are actively engaged in a construction project and have not been able to secure assistance from this fund due to lack of available funds shall be permitted to apply for grant funds during the 2016-2018 fiscal biennium.

TOTAL - LIBRARIES AND ARCHIVES

	2016-17	2017-18
General Fund	11,957,000	12,001,800

Restricted Funds	2,575,700	2,573,300
Federal Funds	1,587,200	1,600,200
TOTAL	16,119,900	16,175,300

7. OFFICE FOR THE BLIND

	2015-16	2016-17	2017-18
General Fund	-0-	1,361,200	1,375,100
Restricted Funds	900,000	1,477,600	1,482,300
Federal Funds	-0-	7,627,700	7,674,200
TOTAL	900,000	10,466,500	10,531,600

(1) **Accessible Electronic Information Service Program:** Included in the above General Fund appropriation is \$36,400 in each fiscal year for the Accessible Electronic Information Service Program.

8. EMPLOYMENT AND TRAINING

	2016-17	2017-18
Restricted Funds	18,002,300	22,037,500
Federal Funds	689,594,500	694,504,400
TOTAL	707,596,800	716,541,900

(1) **Unemployment Compensation Administration Fund:** Notwithstanding KRS 341.240 and 341.295, funds from the Unemployment Compensation Administration Fund may be used each fiscal year to support the Wagner-Peyser program.

9. VOCATIONAL REHABILITATION

	2016-17	2017-18
General Fund	11,849,300	11,872,700
Restricted Funds	3,307,100	3,308,800
Federal Funds	45,767,800	45,855,700
TOTAL	60,924,200	61,037,200

10. EDUCATION PROFESSIONAL STANDARDS BOARD

	2016-17	2017-18
General Fund	6,819,400	6,839,300
Restricted Funds	1,352,800	1,353,100
Federal Funds	205,000	205,000
TOTAL	8,377,200	8,397,400

(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 161.028(1)(q), the Education Professional Standards Board may use the funds generated from professional school personnel certification fees to support the operations of the 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.

TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET

	2015-16	2016-17	2017-18
General Fund	-0-	50,265,000	54,793,400
Restricted Funds	900,000	35,495,400	39,563,800
Federal Funds	-0-	747,372,100	752,429,400
TOTAL	900,000	833,132,500	846,786,600

E. ENERGY AND ENVIRONMENT CABINET

Budget Units

1. SECRETARY

	2016-17	2017-18
General Fund	3,029,300	3,059,400
Restricted Funds	2,021,000	1,967,900
Federal Funds	810,900	856,300
TOTAL	5,861,200	5,883,600

(1) **Administrative Support:** Notwithstanding KRS 224.60-130, 224.60-140, and 224.60-145, the Secretary may use Restricted Funds to support the Environmental Quality Commission. The use of these funds shall not exceed \$225,100 in fiscal year 2016-2017 and \$233,600 in fiscal year 2017-2018.

2. ENVIRONMENTAL PROTECTION

	2016-17	2017-18
General Fund	22,877,100	22,479,100
Restricted Funds	71,968,800	71,301,000
Federal Funds	24,331,900	24,052,900
Road Fund	320,900	320,900
TOTAL	119,498,700	118,153,900

(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 \$9,000 in fiscal year 2016-2017 and \$180,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

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

(4) **Equipment and Maintenance:** Included in the above General Fund appropriation is \$350,000 in fiscal year 2016-2017 for the relocation of the Department

for Environmental Protection's laboratory equipment to the new state office building on Sower Boulevard and \$550,000 in fiscal year 2016-2017 for the construction of a maintenance and equipment garage on Sower Boulevard to house the Cabinet's machinery and equipment.

3. NATURAL RESOURCES

	2016-17	2017-18
General Fund (Tobacco)	5,000,000	5,000,000
General Fund	32,330,000	32,632,200
Restricted Funds	14,844,800	14,657,900
Federal Funds	48,521,700	45,758,500
TOTAL	100,696,500	98,048,600

(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:** Notwithstanding KRS 351.140 and 351.090, the number of mandatory inspections to be carried out by the Division of Mine Safety in underground coal mines shall be three inspections, with one of these general inspections being a complete electrical inspection.

(3) **Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$5,000,000 in fiscal year 2016-2017 and \$5,000,000 in fiscal year 2017-2018 for the Environmental Stewardship Program.

(4) **Conservation Districts:** Included in the above General Fund appropriation is

\$864,500 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.

4. ENERGY DEVELOPMENT AND INDEPENDENCE

	2016-17	2017-18
General Fund	1,241,200	1,249,200
Restricted Funds	1,412,400	1,103,600
Federal Funds	762,400	582,000
TOTAL	3,416,000	2,934,800

5. KENTUCKY NATURE PRESERVES COMMISSION

	2016-17	2017-18
General Fund	1,050,000	1,061,500
Restricted Funds	336,900	288,600
Federal Funds	39,000	39,000
TOTAL	1,425,900	1,389,100

6. PUBLIC SERVICE COMMISSION

	2016-17	2017-18
General Fund	16,498,900	16,582,600
Restricted Funds	200,000	200,000
Federal Funds	444,400	445,100
TOTAL	17,143,300	17,227,700

(1) **Debt Service:** Included in the above General Fund appropriation is \$474,000 in each fiscal year for debt service for previously issued bonds.

(2) **Lapse of General Fund Appropriation Balance:** Notwithstanding KRS 278.150(3), \$7,068,000 in fiscal year 2016-2017 and \$7,068,000 in fiscal year 2017-2018 shall lapse to the credit of the General Fund.

TOTAL - ENERGY AND ENVIRONMENT CABINET

	2016-17	2017-18
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General Fund (Tobacco)	5,000,000	5,000,000
General Fund	77,026,500	77,064,000
Restricted Funds	90,783,900	89,519,000
Federal Funds	74,910,300	71,733,800
Road Fund	320,900	320,900
TOTAL	248,041,600	243,637,700

F. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2016-17	2017-18
General Fund	9,405,200	13,575,300
Restricted Funds	32,431,600	32,638,200
Road Fund	445,100	448,100
TOTAL	42,281,900	46,661,600

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,563,500 in fiscal year 2016-2017 and \$6,662,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **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.

(3) **Performance Review of State Motor Vehicle Fleet:** The Secretary of the Finance and Administration Cabinet shall conduct a performance review of the state motor vehicle fleet, which shall include evaluation of vehicle fleet demand, operations,

maintenance, procurement, replacement rate, and utilization. The performance review shall be submitted to the Interim Joint Committee on Appropriations and Revenue by December 1, 2016.

2. CONTROLLER

	2016-17	2017-18
General Fund	5,848,700	5,893,900
Restricted Funds	11,342,200	11,521,200
TOTAL	17,190,900	17,415,100

(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

	2016-17	2017-18
General Fund (Tobacco)	26,985,300	26,667,700
General Fund	422,369,900	469,749,500
Restricted Funds	736,000	-0-
TOTAL	450,091,200	496,417,200

(1) **General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4) of this Act, \$2,151,400 in fiscal year 2016-2017 and \$2,218,000 in fiscal year 2017-2018 shall lapse.

(2) **Source of Restricted Funds:** The above Restricted Funds appropriation is composed of unexpended fund balances from closed Kentucky Infrastructure Authority water and sewer grant projects transferred as specified by Part II, (3) of this Act.

4. FACILITIES AND SUPPORT SERVICES

	2016-17	2017-18
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General Fund	5,396,200	6,072,800
Restricted Funds	47,577,600	45,547,000
TOTAL	52,973,800	51,619,800

(1) **Debt Service:** Included in the above General Fund appropriation is \$151,000 in fiscal year 2016-2017 and \$775,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. COUNTY COSTS

	2016-17	2017-18
General Fund	15,897,000	15,897,000
Restricted Funds	1,702,500	1,702,500
TOTAL	17,599,500	17,599,500

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

(2) **Reimbursement to Sheriffs' Offices for Court Security Services:** Notwithstanding KRS 64.092(6), the sheriff or other law enforcement officer serving a Circuit or District Court shall be compensated at the rate of \$9 per hour of service.

6. COMMONWEALTH OFFICE OF TECHNOLOGY

	2016-17	2017-18
Restricted Funds	130,856,000	128,376,100
Federal Funds	1,262,800	1,262,800
TOTAL	132,118,800	129,638,900

(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

	2016-17	2017-18
General Fund (Tobacco)	250,000	250,000
General Fund	90,164,700	90,756,400
Restricted Funds	12,533,000	12,660,600
Road Fund	3,078,000	3,097,800
TOTAL	106,025,700	106,764,800

(1) Operations of Revenue: Notwithstanding KRS 132.672, 134.552(2), 136.652, and 365.390(2), funds may be expended in support of the operations of the Department of Revenue.

8. PROPERTY VALUATION ADMINISTRATORS

	2016-17	2017-18
General Fund	46,644,700	47,600,200
Restricted Funds	4,690,000	4,690,000
TOTAL	51,334,700	52,290,200

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

TOTAL - FINANCE AND ADMINISTRATION CABINET

	2016-17	2017-18
General Fund (Tobacco)	27,235,300	26,917,700
General Fund	595,726,400	649,545,100
Restricted Funds	241,868,900	237,135,600
Federal Funds	1,262,800	1,262,800
Road Fund	3,523,100	3,545,900

TOTAL	869,616,500	918,407,100
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G. HEALTH AND FAMILY SERVICES CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	2017-18
General Fund	30,506,000	31,052,200
Restricted Funds	16,961,500	16,550,400
Federal Funds	42,460,600	42,710,300
TOTAL	89,928,100	90,312,900

(1) **Debt Service:** Included in the above General Fund appropriation is \$101,500 in fiscal year 2016-2017 and \$304,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Human Services Transportation Delivery:** Notwithstanding KRS 281.010, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee.

(3) **Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Income Support, Commission for Children with Special Health Care Needs, Department for Community Based Services, Department for Behavioral Health, Developmental and Intellectual Disabilities, Family Resource Centers and Volunteer Services, Department for Aging and Independent Living, 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.

(4) **Reallocation of Appropriations Among Budget Units:** The Secretary of the Cabinet for Health and Family Services shall operate the Cabinet within the appropriations for the Cabinet authorized in this Act. The Secretary may request a revision or reallocation among the departments and offices of the Cabinet up to ten

percent of the General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2016-2017 and 2017-2018 for approval by the State Budget Director. No request shall relate to moneys in a fiduciary fund account. A request shall explain the need and use for the transfer authority under this subsection.

2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	2016-17	2017-18
General Fund	5,711,100	5,824,800
Restricted Funds	9,587,500	9,864,900
Federal Funds	4,566,100	4,566,100
TOTAL	19,864,700	20,255,800

3. MEDICAID SERVICES

a. Medicaid Administration

	2016-17	2017-18
General Fund	41,085,800	40,549,800
Restricted Funds	16,012,300	16,012,300
Federal Funds	155,521,100	156,843,800
TOTAL	212,619,200	213,405,900

(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.

(3) Eligibility and Enrollment System Operation and Maintenance: Included in the above appropriation is \$5,610,700 in Restricted Funds and \$11,527,200 in Federal Funds in each fiscal year for the Medicaid Eligibility and Enrollment System operations and maintenance.

b. Medicaid Benefits

	2015-16	2016-17	2017-18
General Fund	-0-	1,757,921,900	1,957,630,200
Restricted Funds	109,079,600	520,759,500	535,420,200
Federal Funds	-0-	8,299,738,200	8,586,627,900
TOTAL	109,079,600	10,578,419,600	11,079,678,300

(1) Medicaid and KCHIP Premiums and Cost-Sharing: Notwithstanding KRS

205.6312 and 205.6485(1)(c), the Department for Medicaid Services may utilize premiums and cost-sharing for services rendered to Medicaid and KCHIP recipients not to exceed amounts permitted by federal law or waivers. KCHIP premiums are suspended for the 2016-2018 biennium.

(2) Disproportionate Share Hospital (DSH) 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. Notwithstanding KRS 205.640 and 205.641, the disproportionate share factor for hospitals in fiscal years 2016-2017 and 2017-2018 shall be the same disproportionate share factor for hospitals that was established as the final fiscal year 2015-2016 disproportionate share factor as soon as the DSH factor is available. If the final fiscal year 2015-2016 DSH factor is not available, the hospitals and the Cabinet for Health and Family Services shall provide a report to the Interim Joint Committee on Health and Welfare by September 1, 2016. If sufficient justification is provided to the Interim Joint Committee on Health and Welfare and approval is granted by the Cabinet for Health and Family Services, the DSH factor as established in the most recent fiscal year available shall be used in fiscal year 2016-2017.

The final fiscal year 2015-2016 disproportionate share factor shall account for all corrected data submitted by a hospital by June 30, 2014. If a hospital's corrected data submitted by June 30, 2014, was not included in the final disproportionate share factor used to make disproportionate share hospital payments in fiscal years 2014-2015 and 2015-2016, a one-time catch up payment shall be made in fiscal year 2016-2017 by:

(a) Calculating the dollar difference between the hospital's total disproportionate share hospital payments received in fiscal years 2014-2015 and 2015-2016 and the amount the hospital would have received if the corrected data had been included; and

(b) Reducing the final indigent care factor for all remaining hospitals in fiscal year 2016-2017 by a uniform percentage to yield the amount of the catch-up payment.

In the interim, based upon the Centers for Medicare and Medicaid Services' revised rules for the Disproportionate Share Hospital Program, the hospitals shall work with the Cabinet for Health and Family Services to develop or select a method for determining the hospital share factor by December 31, 2016.

(3) 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.

(4) 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.

(5) 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.

(6) 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 no later than 75 days after the quarter's end. 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.

(7) Medicaid Benefits Budget Deficit: If Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Cabinet for Health and Family Services may 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.

(8) 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.

(9) Critical Access Hospitals: Beginning with the effective date of this Act

through June 30, 2018, 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, 2016, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

(10) Medicaid Managed Care Organization Reporting: Except as provided by KRS 61.878, all records and correspondence relating to Kentucky Medicaid, revenues derived from Kentucky Medicaid funds, and expenditures utilizing Kentucky Medicaid funds of a Medicaid managed care company operating within the Commonwealth shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. All records and correspondence relating to Medicaid specifically prohibited from disclosure by the federal Health Insurance Portability and Accountability Act privacy rules shall not be provided under this Act.

No later than 60 days after the end of a quarter, each Medicaid managed care company operating within the Commonwealth shall prepare and submit to the Department for Medicaid Services sufficient information to allow the department to meet the following requirements 90 days after the end of the quarter. The Department shall forward to the Legislative Research Commission Budget Review Office a quarterly report detailing monthly actual expenditures by service category, monthly eligibles, and average monthly cost per eligible for Medicaid and the Kentucky Children's Health Insurance Program (KCHIP) along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for other categories such as pharmacy rebates and reinsurance. Finally, the Department shall include in this report the most recent information or report available regarding the amount withheld to meet Department of Insurance reserve requirements, and any distribution of moneys received or retained in excess of these reserve requirements.

(11) 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.

(12) Waiver Slots: Included in the above appropriation are the necessary funds to support the phase-in of the following additional waiver slots:

(a) Supports for Community Living - 41 additional slots in fiscal year 2016-2017 and 130 additional slots in fiscal year 2017-2018 for a total of 171 new slots added over the 2016-2018 fiscal biennium;

(b) Acquired Brain Injury - 8 additional long-term care slots in each fiscal year for a total of 16 new slots added over the 2016-2018 fiscal biennium; and

(c) Michelle P - 83 additional slots in fiscal year 2016-2017 and 166 additional slots in fiscal year 2017-2018 for a total of 249 new slots added over the 2016-2018 fiscal biennium.

(13) Medicaid Pharmacy: Notwithstanding KRS 205.6312(4), a pharmacy provider participating in the Medical Assistance Program or a pharmacy provider serving Kentucky Medicaid recipients through a Medicaid Managed Care Organization 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 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. The Medicaid Managed Care Organization shall determine its policies with respect to dispensing fees.

TOTAL - MEDICAID SERVICES

	2015-16	2016-17	2017-18
General Fund	-0-	1,799,007,700	1,998,180,000
Restricted Funds	109,079,600	536,771,800	551,432,500
Federal Funds	-0-	8,455,259,300	8,743,471,700
TOTAL	109,079,600	10,791,038,800	11,293,084,200

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

	2016-17	2017-18
General Fund (Tobacco)	891,400	891,400
General Fund	179,118,200	179,583,900
Restricted Funds	210,648,300	210,956,700
Federal Funds	40,215,900	40,232,000
TOTAL	430,873,800	431,664,000

(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) Lease Payments for Eastern State Hospital: Included in the above General Fund appropriation is \$11,257,800 in each fiscal year to make lease payments to the Lexington-Fayette Urban County Government to retire its debt for the construction of the new facility.

(3) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$891,400 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(4) **Debt Service:** Included in the above General Fund appropriation is \$19,500 in fiscal year 2016-2017 and \$228,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(5) **Regional Mental Health/Mental Retardation Boards Retirement Cost Increase:** Included in the above General Fund appropriation is a total of \$24,825,700 in each fiscal year for Regional Mental Health/Mental Retardation Boards to assist them with employer contributions for the Kentucky Employees Retirement System. In July and January of each year the Department for Behavioral Health, Intellectual and Developmental Disabilities shall obtain the total creditable compensation reported by each Regional Mental Health/Mental Retardation Board to the Kentucky Retirement System and utilize that number to determine how much of this total appropriation shall be distributed to each Regional Mental Health/Mental Retardation Board. Payments to the Mental Health/Mental Retardation Boards shall be made on September 1 and April 1 of each fiscal year.

5. PUBLIC HEALTH

	2016-17	2017-18
General Fund (Tobacco)	13,933,100	14,168,100
General Fund	73,703,400	74,548,200
Restricted Funds	85,262,900	85,680,900
Federal Funds	188,417,600	187,879,400
TOTAL	361,317,000	362,276,600

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in each fiscal year for the Health Access Nurturing Development Services Program, \$1,000,000 in each fiscal year for Healthy Start

initiatives, \$80,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in each fiscal year for Early Childhood Mental Health, \$500,000 in each fiscal year for Early Childhood Oral Health, and \$2,353,100 in fiscal year 2016-2017 and \$2,588,100 in fiscal year 2017-2018 for Smoking Cessation.

(2) Local and District Health Department Retirement Cost Increase: Included in the above General Fund appropriation is a total of \$26,390,900 in fiscal year 2016-2017 and \$27,087,600 in fiscal year 2017-2018 for Local and District Health Departments to assist them with employer contributions for the Kentucky Employees Retirement System. In July and January of each year the Department for Public Health shall obtain the total creditable compensation reported by each Local and District Health Department Board to the Kentucky Retirement System and utilize that number to determine how much of this total appropriation shall be distributed to each department. Payments to the Departments shall be made on September 1 and April 1 of each fiscal year.

(3) Local and District Health Department Payments: The Department for Public Health shall not interfere with the ability of a local or district health department to receive reimbursement for services provided. The Department for Public Health shall submit to the Department for Medicaid Services and the Medicaid Managed Care Organizations all requests for payment for services received from a local or district health department.

(4) Kentucky Lung Cancer Education, Awareness, Detection, and Survivorship Collaborative (Kentucky LEADS): Included in the above General Fund appropriation is \$10,000 in each fiscal year for the Kentucky LEADS Collaborative to support lung cancer care and control research.

(5) Norton Kosair Children's Hospital Poison Control Center: Included in the above General Fund appropriation is \$729,000 in each fiscal year to support the poison control center activities.

6. HEALTH POLICY

	2016-17	2017-18
General Fund	437,400	441,500
Restricted Funds	818,600	818,600
Federal Funds	1,511,100	1,013,100
TOTAL	2,767,100	2,273,200

7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES

	2016-17	2017-18
General Fund	1,402,300	1,412,600
Federal Funds	4,869,100	4,869,100
TOTAL	6,271,400	6,281,700

8. INCOME SUPPORT

	2016-17	2017-18
General Fund	7,635,600	7,635,600
Restricted Funds	16,130,800	16,130,800
Federal Funds	83,226,700	84,968,900
TOTAL	106,993,100	108,735,300

9. COMMUNITY BASED SERVICES

	2015-16	2016-17	2017-18
General Fund (Tobacco)	2,046,600	6,668,400	8,894,700
General Fund	-0-	370,805,000	371,835,000
Restricted Funds	-0-	155,293,900	156,517,300
Federal Funds	-0-	514,443,900	519,023,000
TOTAL	2,046,600	1,047,211,200	1,056,270,000

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$2,046,600 in fiscal year 2015-2016 for the Early Childhood Development Program. The \$2,046,600 shall not be expended in fiscal year 2015-2016, and shall continue into fiscal year 2016-2017. Included in the above General Fund

(Tobacco) appropriation is \$6,668,400 in fiscal year 2016-2017 and \$8,894,700 in fiscal year 2017-2018 for the Early Childhood Development Program.

(2) **Relative Placement Support Benefit:** Included in the above General Fund appropriation is \$1,000,000 in each fiscal year for start-up costs associated with placing children with non-parental relatives.

(3) **Domestic Violence Shelters:** Included in the above General Fund appropriation is \$250,000 in each fiscal year for operational costs.

(4) **Rape Crisis Centers:** Included in the above General Fund appropriation is \$250,000 in each fiscal year for operational costs.

10. AGING AND INDEPENDENT LIVING

	2016-17	2017-18
General Fund	42,583,200	42,716,800
Restricted Funds	3,184,400	3,184,400
Federal Funds	24,829,300	24,829,300
TOTAL	70,596,900	70,730,500

(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 2015-2016. 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 compliance.

11. HEALTH BENEFIT AND INFORMATION EXCHANGE

	2016-17	2017-18
Restricted Funds	20,370,100	8,186,800
Federal Funds	22,658,500	9,227,000
TOTAL	43,028,600	17,413,800

(1) **Kentucky Access Fund:** Notwithstanding KRS 304.17B-021, excess Restricted Funds in the amount of \$23,800,000 in fiscal year 2015-2016 shall be transferred to the Department for Medicaid Services from the Kentucky Access Fund. Any excess Restricted Funds not needed for the operations, maintenance, or transition cost for the Health Benefit Exchange in fiscal year 2016-2017 and fiscal year 2017-2018 shall be transferred from the Kentucky Access Fund to the Department for Medicaid Services.

(2) **Assessment on Insurers:** Notwithstanding KRS 304.17B-021 or any other provision of the Kentucky Revised Statutes to the contrary, for insurers who offer Qualified Health Plans (QHPs), as defined in 42 U.S.C. sec. 18021, in the 2017 or 2018 Plan Year on the Federal Exchange in the individual market segment, the amount of the assessment imposed by KRS 304.17B-021 on health benefit plan premiums written in the individual market segment may be independently determined by the Department of Insurance but shall not exceed the maximum set forth in KRS 304.17B-021.

TOTAL - HEALTH AND FAMILY SERVICES CABINET

	2015-16	2016-17	2017-18
General Fund (Tobacco)	2,046,600	21,492,900	23,954,200
General Fund	-0-	2,510,909,900	2,713,230,600
Restricted Funds	109,079,600	1,055,029,800	1,059,323,300
Federal Funds	-0-	9,382,458,100	9,662,789,900
TOTAL	111,126,200	12,969,890,700	13,459,298,000

H. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units

1. JUSTICE ADMINISTRATION

	2016-17	2017-18
General Fund (Tobacco)	1,609,100	1,769,800
General Fund	28,812,800	29,499,800

Restricted Funds	1,554,500	1,493,000
Federal Funds	21,172,100	21,178,700
TOTAL	53,148,500	53,941,300

(1) **Operation Unite:** Included in the above General Fund appropriation is \$2,000,000 in each fiscal year from the Local Government Economic Development Fund for the Operation Unite program.

(2) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$1,609,100 in fiscal year 2016-2017 and \$1,769,800 in fiscal year 2017-2018 for the Office of Drug Control Policy.

(3) **Madisonville Medical Examiner's Office:** Included in the above General Fund appropriation is \$297,800 in each fiscal year for the operation of the Madisonville Medical Examiner's Office. The Office shall not be relocated or closed during the 2016-2018 fiscal biennium. The Justice and Public Safety Cabinet shall conduct a study to determine the feasibility of relocating the Madisonville Medical Examiner's Office to another location in western Kentucky. The basis of the study shall include analyzing a more efficient location that increases the likelihood of obtaining the necessary workforce to eliminate the need for using personnel from other medical examiner offices. The study shall take into consideration the new location's ability to meet the demands of western Kentucky without a reduction in services. The Cabinet shall finalize and report this study to the House and Senate Standing Committees on Appropriations and Revenue by January 15, 2017.

(4) **Public Safety First Programs:** Included in the appropriations for the Justice and Public Safety Cabinet is \$1,001,000 in each fiscal year for Public Safety First programs. Expenditure of these funds may be from a combination of any of the following appropriation units: Justice Administration, State Police, Corrections Management, Adult Correctional Institutions, and Community Services and Local Facilities.

2. CRIMINAL JUSTICE TRAINING

	2015-16	2016-17	2017-18
Restricted Funds	-0-	71,545,000	67,826,200
Federal Funds	47,600	249,500	260,000
TOTAL	47,600	71,794,500	68,086,200

(1) **Kentucky Law Enforcement Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$70,451,900 in fiscal year 2016-2017 and \$66,827,500 in fiscal year 2017-2018 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 \$4,000 in each fiscal year for each participant for training incentive payments.

(3) **Training Incentive Stipends Expansion to Other Peace Officers:** Notwithstanding KRS 15.410, 15.420(2), 15.460(1), and 15.470(2) and (4), included in the above Restricted Funds appropriation is sufficient funding for a \$4,000 annual training incentive stipend and associated fringe benefit costs for Kentucky state troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous device investigators, Kentucky State Police legislative security specialists, Kentucky vehicle enforcement officers, Horse Park mounted patrol officers, Parks rangers, Agriculture investigators, Charitable Gaming investigators, Alcoholic Beverage Control investigators, Insurance Fraud investigators, School Resource Officers, and Attorney General investigators from the Kentucky Law Enforcement Foundation Program Fund.

(4) **Support for Statewide Law Enforcement Purposes:** Notwithstanding KRS 15.470, included in the above Restricted Funds appropriation is \$2,000,000 in fiscal year 2016-2017 and \$2,350,000 in fiscal year 2017-2018 to be transferred to law enforcement capital projects for the State Police as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 15.470, included in the above Restricted Funds appropriation is \$1,613,300 in fiscal year 2016-2017, and \$1,966,400 in fiscal year 2017-2018 to be

transferred to the State Police for law enforcement purposes.

3. JUVENILE JUSTICE

	2015-16	2016-17	2017-18
General Fund	-0-	85,770,200	86,488,700
Restricted Funds	1,795,100	13,559,400	13,651,000
Federal Funds	-0-	12,226,500	12,323,400
TOTAL	1,795,100	111,556,100	112,463,100

4. STATE POLICE

	2015-16	2016-17	2017-18
General Fund	-0-	95,577,600	99,030,600
Restricted Funds	4,500,000	28,732,200	28,395,200
Federal Funds	-0-	11,764,400	11,801,000
Road Fund	-0-	87,676,700	88,596,700
TOTAL	4,500,000	223,750,900	227,823,500

(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 \$4,000 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), 65.7631,

189A.050(3)(a), 237.110(18), and 281A.160(2)(b), 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) Commercial Vehicle Enforcement Candidacy Study: The Kentucky State Police shall conduct a study to determine an efficient and direct method by which Commercial Vehicle Enforcement Officers may be commissioned as Kentucky state troopers who are recognized by all state government entities as having the same status held by any present and future State Police troopers. This study shall be accessible to all Commercial Vehicle Enforcement Officers and shall be made known to all present and future Commercial Vehicle Enforcement Officers. This study shall be submitted to the House and Senate Standing Committees on Judiciary by January 15, 2017.

(6) Fee Feasibility Study: The Kentucky State Police shall conduct a study to determine the following:

(a) The achievability of levying a fee for services provided to requesting parties involved in civil proceedings. The study shall specifically address vehicular collision reconstructions and crime scene reconstructions but shall also consider other specialized reconstructions requested by all third parties outside of the agency from which the report was generated;

(b) The feasibility of adding a fee to traffic tickets to compensate state law enforcement units of government; and

(c) The viability of imposing a fee on all citations to compensate state law enforcement units of government.

The study shall include but is not limited to an assessment of the resources expended by state and local units of government used to construct a finalized report and

shall consider the raw resources expended, as well as the time expended to construct each report. The study shall ascertain the feasibility of providing a fee structure representative of the true cost of performing these services and is not limited to analyzing only the services mentioned. The Kentucky State Police shall take into consideration the practices used by other states that are most applicable to Kentucky when making a fee determination. This study shall be submitted to the House and Senate Standing Committees on Judiciary by January 15, 2017.

(7) **State Police Salary Schedule:** Included in the above appropriations are sufficient funds to provide for a new salary schedule for state trooper classifications based on rank and years of service.

5. CORRECTIONS

a. Corrections Management

	2016-17	2017-18
General Fund	9,335,300	9,404,900
Restricted Funds	300,000	300,000
Federal Funds	75,000	75,000
TOTAL	9,710,300	9,779,900

(1) **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 each fiscal year. 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.

(2) **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 with mental illness who reside in detention centers. 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 deemed mentally ill who are incarcerated or in detention.

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.

(3) **Local Correctional Facilities, Reimbursement of Design Fees for Architectural and Engineering Services:** In accordance with the provisions of KRS 441.420(3), the Department of Corrections shall pay unreimbursed fees and costs for architectural plans and engineering services associated with any new local correctional facility that was approved by the Local Correctional Facilities Construction Authority on or before January 1, 2016. A jurisdiction shall certify to the Department the amount of such fees and costs for which reimbursement is sought, and the amounts requested 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). Notwithstanding KRS 441.420, no county jail construction projects approved by the Local Correctional Facilities Construction Authority after January 1, 2016, shall qualify for reimbursement from the Department of Corrections.

b. Adult Correctional Institutions

	2015-16	2016-17	2017-18
General Fund	15,800,000	270,456,700	271,096,300
Restricted Funds	-0-	17,454,400	17,459,700
Federal Funds	-0-	521,500	521,500
TOTAL	15,800,000	288,432,600	289,077,500

(1) **Debt Service:** Included in the above General Fund appropriation is \$252,500 in fiscal year 2016-2017 and \$926,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **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.

(3) **Canteen Fund Proceeds:** The Department of Corrections shall file annual 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 report shall be due September 1 of each year.

c. Community Services and Local Facilities

	2016-17	2017-18
General Fund	202,325,300	205,363,200
Restricted Funds	6,200,000	3,000,000
Federal Funds	695,500	695,500
TOTAL	209,220,800	209,058,700

(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 each fiscal year, 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 \$5,333,200 in fiscal year 2016-2017 and \$2,000,000 in fiscal year 2017-2018 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support.

(3) **Parole for Infirm Inmates:** (a) The Commissioner of the Department of Corrections shall certify and notify the Parole Board when a prisoner meets the requirements of paragraph (c) of this subsection for parole.

(b) Notwithstanding any statute to the contrary, within 30 days of receiving notification as prescribed by paragraph (a) of this subsection, the Parole Board shall grant parole.

(c) A prisoner who has been determined by the Department of Corrections to be physically or mentally debilitated, incapacitated, or infirm as a result of advanced age, chronic illness, disease, or any other qualifying criteria that constitutes an infirm prisoner shall be eligible for parole if:

1. The prisoner was not convicted of a capital offense and sentenced to death or was not convicted of a sex crime as defined in KRS 17.500;
2. The prisoner has reached his or her parole eligibility date or has served one-half of his or her sentence, whichever occurs first;
3. The prisoner is substantially dependent on others for the activities of daily living; and
4. There is a low risk of the prisoner presenting a threat to society if paroled.

(d) Unless a new offense is committed that results in a new conviction subsequent to a prisoner being paroled, paroled prisoners shall not be considered to be under the

custody of the state in any way.

(e) Prisoners paroled under this subsection shall be paroled to a licensed long-term-care facility in the Commonwealth.

(f) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall provide all needed assistance and support in seeking and securing approval from the United States Department of Health and Human Services for federal assistance, including Medicaid funds, for the provision of long-term-care services to those eligible for parole under paragraph (c) of this subsection.

(g) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall have the authority to contract with community providers that meet the requirements of paragraph (f) and that are willing to house any inmates deemed to meet the requirements of this section so long as contracted rates do not exceed current expenditures related to the provisions of this section.

(h) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet are encouraged to corroborate with other states that are engaged in similar efforts so as to achieve the mandates of this section.

(i) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall provide a report to the Interim Joint Committee on Appropriations and Revenue by December 15 of each fiscal year concerning these provisions. The report shall include the number of persons paroled, the identification of the residential facilities utilized, an estimate of cost savings as a result of the project, and any other relevant material to assist the General Assembly in assessing the value of continuing and expanding the project.

(4) Participation in Transparent Governing - Full Disclosure of Inmate Population Forecasts and Related Materials: The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to project biennial offender population forecasts conducted by the Office of State Budget

Director, the Kentucky Department of Corrections, and any consulting firms, to the Interim Joint Committee on Appropriations and Revenue by November 15, 2018. This submission shall include but not be limited to the projected state, county, and community offender populations for the 2018-2020 fiscal biennium and must coincide with the budgeted amount for these populations. This submission shall clearly divulge the methodology and reasoning behind the budgeted and projected offender population in a commitment to participate in transparent governing.

(5) Participation in Transparent Governing - Calculating Avoided Costs Relating to Legislative Action: The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to calculate any avoided costs pursuant to the implementation of 2011 Ky. Acts ch. 2 by November 15, 2018. This submission shall clearly divulge the methodology and reasoning behind the projected costs avoided in a commitment to participate in transparent governing.

d. Local Jail Support

	2016-17	2017-18
General Fund	16,712,300	16,712,300

(1) Local Corrections Assistance Fund Allocation: Moneys in the fund shall be distributed to the counties each year. Amounts distributed from the fund shall be used to support local correctional facilities and programs, including the transportation of prisoners, as follows:

(a) In each fiscal year, the first \$3,000,000 received by the fund, or, if the fund receives less than \$3,000,000, the entire balance of the fund, shall be divided equally among all counties; and

(b) Any moneys remaining after making the distributions required by paragraph (a) of this subsection shall be distributed to each county based on a ratio, the numerator of which shall be the county's county inmate population on the second Thursday in January during the prior fiscal year, and the denominator of which shall be the total counties'

county inmate population for the entire state on the second Thursday in January during the prior fiscal year.

(2) **Local Corrections Assistance Funds:** Notwithstanding KRS 196.288(5)(a), included in the above General Fund appropriation is \$4,917,600 in each fiscal year for the Local Corrections Assistance Fund.

(3) **Life Safety or Closed Jails:** Included in the above General Fund appropriation is \$873,600 in each fiscal year to provide a monthly payment of an annual amount of \$20,000 to each county with a life safety jail or closed jail. The payment shall be in addition to the payment required by KRS 441.206(2).

(4) **Inmate Medical Care Expenses:** Included in the above General Fund appropriation is \$847,200 in each fiscal year 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 \$873,600 in each fiscal year, 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 that exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold.

TOTAL - CORRECTIONS

	2015-16	2016-17	2017-18
General Fund	15,800,000	498,829,600	502,576,700
Restricted Funds	-0-	23,954,400	20,759,700
Federal Funds	-0-	1,292,000	1,292,000
TOTAL	15,800,000	524,076,000	524,628,400

6. PUBLIC ADVOCACY

	2015-16	2016-17	2017-18
General Fund	377,500	49,987,800	50,399,300
Restricted Funds	-0-	2,855,200	2,716,100

Federal Funds	937,100	2,004,800	1,962,900
TOTAL	1,314,600	54,847,800	55,078,300

(1) Compensatory Leave Conversion to Sick Leave: If the Department for 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

	2015-16	2016-17	2017-18
General Fund (Tobacco)	-0-	1,609,100	1,769,800
General Fund	16,177,500	758,978,000	767,995,100
Restricted Funds	6,295,100	142,200,700	134,841,200
Federal Funds	984,700	48,709,300	48,818,000
Road Fund	-0-	87,676,700	88,596,700
TOTAL	23,457,300	1,039,173,800	1,042,020,800

I. LABOR CABINET

Budget Units

1. SECRETARY

	2016-17	2017-18
Restricted Funds	4,596,900	4,640,700
Federal Funds	139,800	139,800
TOTAL	4,736,700	4,780,500

2. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	2017-18
General Fund	3,193,600	3,219,000
Restricted Funds	3,106,100	3,111,000
Federal Funds	73,400	73,400

TOTAL	6,373,100	6,403,400
3. WORKPLACE STANDARDS		
	2016-17	2017-18
General Fund	1,757,400	1,775,300
Restricted Funds	81,774,200	83,865,900
Federal Funds	3,436,300	3,436,300
TOTAL	86,967,900	89,077,500
4. WORKERS' CLAIMS		
	2016-17	2017-18
Restricted Funds	18,876,000	19,040,800
5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION		
	2016-17	2017-18
Restricted Funds	806,500	813,100
6. WORKERS' COMPENSATION FUNDING COMMISSION		
	2016-17	2017-18
Restricted Funds	115,325,100	117,379,800
TOTAL - LABOR CABINET		
	2016-17	2017-18
General Fund	4,951,000	4,994,300
Restricted Funds	224,484,800	228,851,300
Federal Funds	3,649,500	3,649,500
TOTAL	233,085,300	237,495,100

J. PERSONNEL CABINET

Budget Units

1. GENERAL OPERATIONS

	2016-17	2017-18
Restricted Funds	29,586,000	30,320,800

(1) **Pro Rata Assessment:** Included in the above Restricted Funds appropriation is \$2,692,600 in each fiscal year are funds to be transferred to the General Fund to support debt service on bonds previously issued for the Kentucky Human Resources Information System.

(2) **Kentucky Employees' Health Plan and Medicaid State Plan Cost-Savings Demonstration Projects:** The Personnel Cabinet and the Cabinet for Health and Family Services shall implement the Kentucky Employees' Health Plan Program and Kentucky Medicaid State Plan Program cost-savings projects centered on process improvement and patient empowerment with door-to-door engagement via use of interactive technology to capture the potential for improved medical outcomes at reduced cost. The demonstration project shall include established patients who have, within 24 months of the telehealth services, visited established providers and maintained a clinical relationship with a qualified health professional licensed in Kentucky through an in-office and in-person evaluation, including a medical history and a physical examination. These cost-reduction projects shall not increase premiums nor reduce benefits.

The Personnel Cabinet and the Cabinet for Health and Family Services are authorized to expend up to \$400,000 from the State Group Health Trust and State Medicaid Administration appropriation to support two demonstration projects for both areas. The initial capital outlay may be recouped from cost savings to the State Group Health Trust and State Medicaid Administration Program. The demonstration projects shall be a proof of concept to confirm the ability to capture an annualized savings of up to ten percent in the Kentucky Employees' Health Plan Program and an annualized savings of up to five percent in the Kentucky Medicaid State Plan Program starting from January 1, 2017.

The Personnel Cabinet and the Cabinet for Health and Family Services shall enter into an agreement with one or both of the university teaching hospitals in the Commonwealth to leverage the substantial return on investment of the demonstration

projects. The demonstration projects shall be implemented as provided in this Act pursuant to the contracts utilized for the purpose of administering the Kentucky Employees' Health Plan Program and the Kentucky Medicaid State Plan Program. For purposes of the demonstration projects, the participating contractor to be given the first option from the Kentucky Medicaid State Plan Program shall be one that services the largest contingent of recipients in the program and one that services a rural area that has an underserved population that has already demonstrated concept of cost savings through interactive technology.

The demonstration projects shall be awarded no later than December 1, 2016, and shall be based on a competitive bid via a formal Request for Information (RFI) process. The demonstration projects should be completed and a report regarding the proof of concept shall be submitted to the Program Review and Investigations Committee, the Personnel Cabinet, and the Cabinet for Health and Family Services by December 1, 2017.

If the proof of concept demonstrates an annual savings, the Personnel Cabinet and the Cabinet for Health and Family Services shall implement the final project on a larger scale. If implemented, the large scale project shall be awarded via a formal Request for Proposal (RFP) process to capture the mandated annualized savings of up to ten percent in the Kentucky Employees' Health Plan Program and an annualized savings of up to five percent in the Kentucky Medicaid State Plan Program. The cost of implementing a large scale project shall be paid via a shared-savings model wherein the contractor shall be compensated by a percentage of the savings captured by the projects.

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2016-17	2017-18
Restricted Funds	9,315,500	9,340,700

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2016-17	2017-18
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Restricted Funds	25,280,300	26,328,600
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4. STATE GROUP HEALTH INSURANCE FUND

	2016-17	2017-18
General Fund	873,200	873,200

(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 shall 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

	2016-17	2017-18
General Fund	873,200	873,200
Restricted Funds	64,181,800	65,990,100
TOTAL	65,055,000	66,863,300

K. POSTSECONDARY EDUCATION

Budget Units

1. COUNCIL ON POSTSECONDARY EDUCATION

	2016-17	2017-18
General Fund (Tobacco)	4,706,100	5,176,100
General Fund	39,285,600	39,327,400
Restricted Funds	5,041,000	5,045,100
Federal Funds	18,102,500	18,102,500
TOTAL	67,135,200	67,651,100

(1) **Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2015-2016 and fiscal year 2016-2017 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 2015-2016 and fiscal year 2016-2017 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) Adult Education: Included in the above General Fund appropriation are funds in each fiscal year for the Kentucky Adult Education Funding Program.

(6) Contract Spaces: Included in the above General Fund appropriation is \$5,680,100 in each fiscal year for the Contract Spaces Program.

(7) Veterinary Medicine: If General Fund appropriations are not sufficient to

fully fund 164 veterinary slots, the Council on Postsecondary Education shall fully fund the 164 slots out of the Council's base budget.

(8) **Council Presidential Compensation:** Notwithstanding KRS 164.013(6), the Council on Postsecondary Education shall set the salary of the President at an amount no greater than the salary he was receiving on January 1, 2012.

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2015-16	2016-17	2017-18
General Fund (Tobacco)	-0-	1,100,000	1,100,000
General Fund	1,400,000	237,244,000	242,244,000
Restricted Funds	754,500	32,328,200	34,151,700
Federal Funds	-0-	33,800	33,800
TOTAL	2,154,500	270,706,000	277,529,500

(1) **KEES Dual Credit Scholarships:** Notwithstanding KRS 154A.130(4) and any other statute to the contrary, included in the above General Fund appropriation is \$27,442,000 in fiscal year 2016-2017 and \$31,552,900 in fiscal year 2017-2018 for the Kentucky Educational Excellence Scholarships (KEES) for tuition grant awards to any student who is:

- (a) 1. A high school senior beginning in the 2016-2017 academic year; or
2. A high school junior or senior beginning in the 2017-2018 academic year; and
- (b) Enrolled in:
 1. A dual credit program as defined in KRS 154.002(5); or
 2. A career or technical course or courses required for an industry-recognized certificate or licensure program.

The amount used to pay for tuition in accordance with this subsection shall not exceed the total KEES award amount earned at the time of enrollment in the course or courses.

It is the intent of the 2016 General Assembly that the KEES award maximum for an eligible postsecondary student shall be reduced by proportionally applying any amount used while in high school over eight academic terms, or ten academic terms for a student who is enrolled in a five-year undergraduate degree program as described in KRS 164.7881(6); and that use of a KEES award by an eligible high school student as described in this subsection shall not affect the length of time and the number of academic terms during which an eligible postsecondary student may receive a KEES award in accordance with KRS 164.7874 to 164.7885.

Any funds in excess of those required for the KEES dual credit scholarships shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b).

(2) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$59,514,400 in each fiscal year for the College Access Program.

(3) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$32,419,100 in each fiscal year for the Kentucky Tuition Grant Program.

(4) Teacher Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$1,732,800 in each fiscal year for the Teacher Scholarship Program.

(5) Kentucky National Guard Tuition Award Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$1,400,000 in fiscal year 2015-2016 and \$7,398,100 in each fiscal year of the 2016-2018 fiscal biennium for the National Guard Tuition Award Program. If the appropriated amounts are not sufficient to fully fund the program based on demand, then any excess costs 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).

(6) **Kentucky Educational Excellence Scholarships (KEES):** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$105,320,100 in fiscal year 2016-2017 and \$106,149,200 in fiscal year 2017-2018 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is \$9,338,200 in fiscal year 2016-2017 and \$11,123,100 in fiscal year 2017-2018 for KEES.

(7) **Early Childhood Scholarships:** Included in the above General Fund (Tobacco) appropriation is \$1,100,000 in each fiscal year for Early Childhood Scholarships.

(8) **Work Study:** Included in the above General Fund appropriation is \$400,000 in each fiscal year for the Work Study Program.

(9) **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). 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.

(10) **Contingent Appropriation of Excess Lottery Revenues:** Based on the official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be \$232,000,000 in fiscal year 2015-2016, \$236,000,000 in fiscal year 2016-2017, and \$241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth, excluding any unclaimed lottery prize money received under Part III, Section 22. of this Act, exceed the official estimate in any fiscal year, the first \$5,000,000 in unanticipated lottery receipts during the 2016-2018 fiscal biennium shall be transferred to the General Fund, and any unanticipated lottery receipts above \$5,000,000 during the 2016-2018 fiscal biennium shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b).

3. EASTERN KENTUCKY UNIVERSITY

	2016-17	2017-18
General Fund	61,710,800	46,233,100
Restricted Funds	201,038,500	207,018,900
Federal Funds	104,484,500	105,529,100
TOTAL	367,233,800	358,781,100

4. KENTUCKY STATE UNIVERSITY

	2016-17	2017-18
General Fund	24,621,000	24,621,000
Restricted Funds	18,220,000	19,220,000
Federal Funds	19,000,000	19,000,000
TOTAL	61,841,000	62,841,000

(1) **Land Grant Match:** Included in the above General Fund appropriation is \$3,300,000 in each fiscal year to fully fund the state match payments required of land-grant universities under federal law.

(2) **Performance Plan:** Kentucky State University shall be required to prepare a four-year management and improvement plan with annual goals and measurable metrics to meet those goals. The management and improvement plan and all goals shall include performance standards established in consultation with the Council on Postsecondary Education, and shall be subject to the approval of the Council. Kentucky State University shall prepare and submit an annual report to the Interim Joint Committee on Appropriations and Revenue detailing progress and implementation of the plan, to be submitted by December 1, 2016, and each December 1 thereafter.

5. MOREHEAD STATE UNIVERSITY

	2016-17	2017-18
General Fund	39,438,900	29,579,200
Restricted Funds	120,719,600	125,861,500

Federal Funds	102,084,900	103,930,500
TOTAL	262,243,400	259,371,200

(1) Conveyance of Property: Notwithstanding KRS 45.777 and 164A.575(7), Morehead State University may convey to the Morgan County Board of Education fee simple title to certain of its real property and improvements located in Morgan County. With the transition to online course delivery, the property has become surplus to Morehead State University. The conveyance shall be completed at a price that is acceptable to both parties. Morehead State University is specifically authorized to purchase from the Rowan County Board of Education real property and improvements located adjacent to the Morehead campus which has become surplus to the Board of Education. The proceeds from the conveyance of the Morgan County real property may be retained by Morehead State University and shall be used to purchase the Rowan County Board of Education property.

(2) Craft Academy: Included in the above General Fund appropriation is \$2,300,000 in each fiscal year for the Craft Academy for Excellence in Science and Mathematics.

6. MURRAY STATE UNIVERSITY

	2016-17	2017-18
General Fund	43,702,900	32,777,200
Restricted Funds	129,754,600	135,149,500
Federal Funds	18,692,100	18,692,100
TOTAL	192,149,600	186,618,800

(1) Breathitt Veterinary Center: Included in the above General Fund appropriation is \$366,900 in each fiscal year for the Breathitt Veterinary Center at Murray State University.

7. NORTHERN KENTUCKY UNIVERSITY

	2016-17	2017-18
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General Fund	44,169,200	36,767,500
Restricted Funds	177,415,800	180,924,700
Federal Funds	16,849,400	16,849,400
TOTAL	238,434,400	234,541,600

(1) Conveyance of Property: Notwithstanding KRS 45.777 and 164A.575(7), Northern Kentucky University may dispose of real property and improvements located in Covington, Kentucky that will become surplus to its needs and retain the proceeds from any sale to be used in Covington, Kentucky.

8. UNIVERSITY OF KENTUCKY

	2016-17	2017-18
General Fund	254,446,300	190,834,700
Restricted Funds	3,133,535,600	3,439,190,500
Federal Funds	241,824,500	255,681,300
TOTAL	3,629,806,400	3,885,706,500

(1) University of Kentucky Diagnostic Laboratories: Included in the above General Fund appropriation is \$366,900 in each fiscal year for the diagnostic laboratories at the University of Kentucky.

9. UNIVERSITY OF LOUISVILLE

	2016-17	2017-18
General Fund	126,559,900	94,919,900
Restricted Funds	1,001,343,000	1,029,921,100
Federal Funds	113,548,100	114,333,600
TOTAL	1,241,451,000	1,239,174,600

10. WESTERN KENTUCKY UNIVERSITY

	2016-17	2017-18
General Fund	67,931,000	52,714,500
Restricted Funds	288,960,600	294,816,600

Federal Funds	38,811,000	38,811,000
TOTAL	395,702,600	386,342,100

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2016-17	2017-18
General Fund	173,047,700	129,785,800
Restricted Funds	468,816,400	486,161,000
Federal Funds	257,392,000	270,270,700
TOTAL	899,256,100	886,217,500

(1) **Firefighters Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$47,300,300 in fiscal year 2016-2017 and \$46,358,100 in fiscal year 2017-2018 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 \$4,000 in each fiscal year. Notwithstanding KRS 95A.262(2), the aid payment for each qualified volunteer fire department shall be \$11,000 in each fiscal year. Notwithstanding KRS 95A.200 to 95A.300, \$1,500,000 in fiscal year 2016-2017 shall be transferred to support a project as set forth in Part II, Capital Projects Budget, of this Act.

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

(3) **Conveyance of Property:** Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and Technical College System may dispose of real property and improvements that have become surplus to its needs and retain the proceeds from any sale.

(4) **Equity for Legacy Employees:** It is the intent of the 2016 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.

(5) Guaranteed Energy Savings Performance Contracts: Notwithstanding KRS 56.770 and 56.774, guaranteed energy savings performance contracts may be executed for buildings operated by the Kentucky Community and Technical College System under agreements governed by KRS 164.593.

(6) BuildSmart: Notwithstanding KRS 164.020(8), the Kentucky Community and Technical College System (KCTCS) may assess a mandatory student fee not to exceed eight dollars per credit hour to be used exclusively for debt service on amounts not to exceed 75 percent of the total projects cost of KCTCS agency bond projects included in 2014 Ky. Acts ch. 117, Part II, J., 11.. The mandatory student fee shall only be used for debt service on agency bond projects. Any fee established pursuant to this section shall cease to be assessed upon the retirement of the project bonds for which it serviced debt. Prior to the issuance of any bonds, KCTCS shall certify in writing to the Secretary of the Finance and Administration Cabinet that sufficient funds have been raised to meet the local match equivalent to 25 percent of the total project cost.

(7) Housing Allowance for the President: Beginning January 1, 2015, no housing allowance shall be provided for the President of the Kentucky Community and Technical College System.

12. POSTSECONDARY EDUCATION PERFORMANCE FUND

	2016-17	2017-18
General Fund	-0-	204,603,900

(1) Postsecondary Education Performance Fund: Included in the above General Fund appropriation is \$204,603,900 in fiscal year 2017-2018 for the Postsecondary Education Performance Fund, to be distributed to postsecondary institutions based on achievement of performance goals, according to the metrics and goals contained in this section.

(2) Postsecondary Institution Sectors: Postsecondary institutions shall be measured for performance goals within sectors based on institutional similarities. Institutional similarities include but are not limited to institutional mission, focus, breadth of educational offerings, and size. Postsecondary Institution Sectors shall be as follows:

(a) Sector 1 shall include the University of Kentucky and the University of Louisville;

(b) Sector 2 shall include all comprehensive universities except for Kentucky State University. Kentucky State University shall be addressed individually, based on its size and funding factors; and

(c) Sector 3 shall include the Kentucky Community and Technical College System.

(3) Measurement Metrics: Each postsecondary institution in Sectors 1, 2, and 3 shall be assigned a score based on the following five measurement metrics, developed and defined by the Council on Postsecondary Education, with definitions based on accepted professional research and utilized by other states in developing similar performance programs:

(a) Degrees and Credentials: Universities shall be measured on baccalaureate degrees, and the Kentucky Community and Technical College System colleges shall be measured on certificates and associate degrees awarded. A premium shall be added for

STEM+H degrees, total degrees, underrepresented minorities, and students from low-income families;

(b) Retention Rates: All postsecondary institutions shall be measured on student retention from first to second year enrollment. A premium shall be added for underrepresented minorities and students from low-income families;

(c) Progression Metrics: All postsecondary institutions shall be measured on the percentage of full-time undergraduate degree and credential-seeking students earning 30 or more credit hours in the academic year;

(d) Graduation Rates: Universities shall be measured on the percentage of students seeking a baccalaureate degree who graduate within six years. The Kentucky Community and Technical College System colleges shall be measured on the percentage of students seeking a two-year degree or certification who graduate or obtain certification within three years; and

(e) Sector-Specific Metrics: For Sector 1, the primary metric shall be the amount of research grants and expenditures. For Sector 2, the primary metric shall be the percentage of STEM+H degrees compared to all degrees. For Sector 3, the primary metric shall be the number of workforce training hours and the number of students transferring to other postsecondary institutions who earn an associate degree from a college within the Kentucky Community and Technical College System.

(4) Scoring Procedure: (a) Each postsecondary institution shall be assigned a score for each of the measurement metrics contained in subsection (3) of this section. The score for each metric shall be determined by comparing the net percent of improvement of that metric for the two most recent academic years to the modified measure of net percent of improvement of that metric for the four preceding years, consistent with metrics currently used by the Council on Postsecondary Education. The score for the five metrics to be measured shall then be added together to determine a score for that postsecondary institution.

(b) Each postsecondary institution within Sector 1 and Sector 2 shall be compared to the others within the respective sector. The highest score shall be expressed as 100 percent, and other scores shall be expressed as percentages, based on the high score being 100 percent.

(c) The 16 colleges within the Kentucky Community and Technical College System shall be compared to the others, according to paragraph (a) of this subsection.

(5) Competition For Funds In Sector 1 and Sector 2: Each postsecondary institution shall be tentatively appropriated an amount to be distributed through the performance funding formula for fiscal year 2017-2018 as follows:

(a) Current Year Performance Funds Awards: Each postsecondary institution shall only be awarded current year performance funds that are tentatively appropriated to that postsecondary institution. The amount appropriated in the Postsecondary Education Performance Fund to each postsecondary institution as a tentative appropriation shall be equal to 25 percent of that institution's fiscal year 2017-2018 General Fund appropriation;

(b) Competition For Unawarded Funds: If a postsecondary institution is not awarded 100 percent of its tentative Postsecondary Education Performance Fund amount, the amount not awarded shall be reserved for future awards to the institutions within that Sector; and

(c) Underfunding Protection: Regardless of the amount that this process directs to be awarded, the Governor may, at the request of the Council on Postsecondary Education, increase the amount awarded to a postsecondary institution that receives less than 80 percent of its tentative award, up to 100 percent of the tentative award.

(6) Competition For Funds In Sector 3: Performance funds for the Kentucky Community and Technical College System shall be distributed to the Kentucky Community and Technical College System where the colleges within the System shall compete for the performance funds. Each college shall be tentatively appropriated an amount to be distributed through the performance funding formula for the Kentucky

Community and Technical College System for fiscal year 2017-2018 as follows:

(a) **Current Year Performance Funds Awards:** Each college shall only be awarded current year performance funds that are tentatively appropriated to that college. The amount appropriated for each college as a tentative appropriation shall be equal to 25 percent of the fiscal year 2017-2018 General Fund appropriation applicable to that college;

(b) **Competition For Unawarded Funds:** If a college is not awarded 100 percent of its tentative amount, the amount not awarded shall be reserved for future awards to the colleges within the Kentucky Community and Technical College System; and

(c) **Underfunding Protection:** Regardless of the amount that this process directs to be awarded, the Governor may, at the request of the Council on Postsecondary Education, increase the amount awarded to a college that receives less than 80 percent of its tentative award, up to 100 percent of the tentative award.

(7) **Kentucky State University:** Kentucky State University shall be required to prepare a four-year management and improvement plan with annual goals and measurable metrics to meet those goals. The management and improvement plan and all goals shall include performance standards established in consultation with the Council on Postsecondary Education, and shall be subject to the approval of the Council. Kentucky State University shall prepare and submit an annual report to the Interim Joint Committee on Appropriations and Revenue detailing progress and implementation of the plan, to be submitted by December 1, 2016, and each December 1 thereafter.

TOTAL - POSTSECONDARY EDUCATION

	2015-16	2016-17	2017-18
General Fund (Tobacco)	-0-	5,806,100	6,276,100
General Fund	1,400,000	1,112,157,300	1,124,408,200
Restricted Funds	754,500	5,577,173,300	5,957,460,600
Federal Funds	-0-	930,822,800	961,234,000

TOTAL	2,154,500	7,625,959,500	8,049,378,900
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L. PUBLIC PROTECTION CABINET

Budget Units

1. SECRETARY

	2016-17	2017-18
General Fund	276,400	279,700
Restricted Funds	6,297,700	6,346,000
TOTAL	6,574,100	6,625,700

2. BOXING AND WRESTLING AUTHORITY

	2016-17	2017-18
Restricted Funds	161,300	161,800

3. ALCOHOLIC BEVERAGE CONTROL

	2016-17	2017-18
General Fund	587,100	591,700
Restricted Funds	7,146,300	7,154,700
TOTAL	7,733,400	7,746,400

4. CHARITABLE GAMING

	2016-17	2017-18
Restricted Funds	3,714,300	3,742,200

5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

	2016-17	2017-18
General Fund	709,800	721,800
Restricted Funds	957,700	967,900
Federal Funds	246,400	157,200
TOTAL	1,913,900	1,846,900

6. FINANCIAL INSTITUTIONS

	2016-17	2017-18
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Restricted Funds	12,274,100	12,678,500
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7. HORSE RACING COMMISSION

	2016-17	2017-18
General Fund	2,623,000	2,647,200
Restricted Funds	29,038,800	29,646,200
TOTAL	31,661,800	32,293,400

8. HOUSING, BUILDINGS AND CONSTRUCTION

	2016-17	2017-18
General Fund	2,392,800	2,414,500
Restricted Funds	21,000,000	20,783,000
TOTAL	23,392,800	23,197,500

(1) Funding Flexibility: Notwithstanding KRS 198B.090(10), 198B.095(2), 198B.4037(2), (3), and (4), 198B.6674, 227.620(5), 227A.050(1) and (2), 227.715, 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 may return any funds transferred within the fiscal biennium.

9. INSURANCE

	2016-17	2017-18
Restricted Funds	18,375,200	18,422,200
Federal Funds	1,123,000	1,138,500
TOTAL	19,498,200	19,560,700

10. TAX APPEALS

	2016-17	2017-18
General Fund	450,000	453,800

TOTAL - PUBLIC PROTECTION CABINET

	2016-17	2017-18
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General Fund	7,039,100	7,108,700
Restricted Funds	98,965,400	99,902,500
Federal Funds	1,369,400	1,295,700
TOTAL	107,373,900	108,306,900

M. TOURISM, ARTS AND HERITAGE CABINET

Budget Units

1. SECRETARY

	2016-17	2017-18
General Fund	2,531,500	2,561,000
Restricted Funds	13,299,900	14,303,200
TOTAL	15,831,400	16,864,200

(1) **Statewide Marketing Plan:** The Tourism, Arts and Heritage Cabinet shall develop a statewide marketing plan for the Tourism, Meeting, and Convention Marketing Fund. The plan shall detail the projected uses of revenues from the transient room tax and develop strategies for maximizing the effectiveness of statewide marketing efforts supported by this tax. The Cabinet shall present this plan to the Interim Joint Committee on Appropriations and Revenue by October 1, 2016.

2. ARTISANS CENTER

	2016-17	2017-18
General Fund	399,000	404,400
Restricted Funds	1,585,400	1,585,400
Road Fund	439,800	445,200
TOTAL	2,424,200	2,435,000

3. TRAVEL

	2016-17	2017-18
General Fund	3,008,400	3,034,300
Restricted Funds	41,100	41,100

TOTAL	3,049,500	3,075,400
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(1) **Bluegrass State Games:** Included in the above General Fund appropriation is \$45,500 in each fiscal year for the Bluegrass State Games.

4. PARKS

	2015-16	2016-17	2017-18
General Fund	12,380,000	35,202,000	36,044,800
Restricted Funds	-0-	49,556,400	49,570,600
TOTAL	12,380,000	84,758,400	85,615,400

(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 \$376,500 in fiscal year 2016-2017 and \$915,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. HORSE PARK COMMISSION

	2015-16	2016-17	2017-18
General Fund	-0-	2,395,800	2,417,600
Restricted Funds	1,200,000	12,026,600	12,062,000
TOTAL	1,200,000	14,422,400	14,479,600

6. STATE FAIR BOARD

	2015-16	2016-17	2017-18
General Fund	2,300,000	4,382,200	4,902,200
Restricted Funds	-0-	41,864,100	43,232,600
TOTAL	2,300,000	46,246,300	48,134,800

(1) **Debt Service:** Included in the above General Fund appropriation is \$31,000 in fiscal year 2016-2017 and \$373,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Property Sale Proceeds:** Notwithstanding KRS 45.777, the proceeds from

any sale of real property assigned to the State Fair Board, not to exceed \$8,900,000, shall be transferred to the Finance and Administration Cabinet to offset debt service paid by the Cabinet on behalf of the State Fair Board. Any proceeds in excess of \$8,900,000 shall be deposited in a Restricted Funds account for the benefit of the State Fair Board.

7. FISH AND WILDLIFE RESOURCES

	2016-17	2017-18
Restricted Funds	38,129,600	38,246,700
Federal Funds	17,310,200	17,207,500
TOTAL	55,439,800	55,454,200

(1) **Fish and Wildlife Resources Peace Officers' Stipend:** Included in the above Restricted Funds appropriation is sufficient funding for a \$4,000 annual training incentive stipend for Fish and Wildlife Resources Conservation officers from the Fish and Game Fund.

(2) **Fees-in-Lieu-of Stream Mitigation Projects:** Fees-in-Lieu-of Stream Mitigation project resources shall be available statewide, to all 120 counties, subject to federal and state regulatory requirements.

8. HISTORICAL SOCIETY

	2016-17	2017-18
General Fund	5,557,200	5,596,500
Restricted Funds	457,800	457,800
Federal Funds	207,900	180,400
TOTAL	6,222,900	6,234,700

9. ARTS COUNCIL

	2016-17	2017-18
General Fund	2,625,700	2,640,700
Restricted Funds	151,600	151,600
Federal Funds	708,500	708,500

TOTAL	3,485,800	3,500,800
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(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

	2016-17	2017-18
General Fund	711,300	717,100
Restricted Funds	276,800	278,700
Federal Funds	857,700	863,800
TOTAL	1,845,800	1,859,600

11. KENTUCKY CENTER FOR THE ARTS

	2016-17	2017-18
General Fund	885,300	887,300

TOTAL - TOURISM, ARTS AND HERITAGE CABINET

	2015-16	2016-17	2017-18
General Fund	14,680,000	57,698,400	59,205,900
Restricted Funds	1,200,000	157,389,300	159,929,700
Federal Funds	-0-	19,084,300	18,960,200
Road Fund	-0-	439,800	445,200
TOTAL	15,880,000	234,611,800	238,541,000

N. BUDGET RESERVE TRUST FUND

Budget Units

1. BUDGET RESERVE TRUST FUND

	2016-17	2017-18
General Fund	64,100,000	97,952,300

(1) **Direct Appropriation to Budget Reserve Trust Fund:** Included in the above General Fund appropriation is \$26,327,300 in fiscal year 2017-2018 to the Budget Reserve Trust Fund.

(2) **Contingent General Fund Appropriation to Budget Reserve Trust Fund:** Included in the above General Fund appropriation is \$64,100,000 in fiscal year 2016-2017 and \$71,625,000 in fiscal year 2017-2018 to the Budget Reserve Trust Fund. The amount of these appropriations to be allotted and made available in fiscal year 2016-2017 shall be calculated as 50 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,489,000,000, compared to the enacted estimate. The amount of these appropriations to be allotted and made available in fiscal year 2017-2018 shall be calculated as 50 percent of the amount that actual General Fund receipts at the end of each fiscal year exceed \$10,732,250,000, compared to the enacted estimate.

PART II

CAPITAL PROJECTS BUDGET

(1) **Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2016-2018 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) **Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2016, unless reauthorized in this Act with the following exceptions: (a) A construction or

purchase contract for the project shall have been awarded by June 30, 2016; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the fiscal biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties by June 30, 2016. Notwithstanding the criteria set forth in this subsection, the disposition of 2016-2018 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

(3) Bond Proceeds Investment Income: Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations.

(4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer projects; Repair of State-Owned Dams; Guaranteed Energy Savings Performance Contract projects; Wetland and Stream Mitigation projects; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Workforce Development Construction Pool; Flood Control projects; Bond-funded maintenance pools; Postsecondary Education pools; and Commonwealth Office of Technology Infrastructure Upgrades. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and

Bond Oversight Committee.

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

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

(7) Expiring Debt: The following amount of previously appropriated bond funds shall expire upon passage of this Act: Maxey Flats Cap (\$9,000,000) as set forth in 2012 Ky. Acts ch. 144, Part II, E., 2., 001..

A. GENERAL GOVERNMENT

Budget Units	2015-16	2016-17	2017-18
1. DEPARTMENT OF VETERANS' AFFAIRS			
001. Maintenance Pool - 2016-2018			
Investment Income	-0-	400,000	400,000
2. KENTUCKY INFRASTRUCTURE AUTHORITY			
001. KIA Fund A - Federally Assisted Wastewater Program - 2016-2018			
Federal Funds	-0-	17,870,000	17,870,000
Bond Funds	-0-	3,750,000	3,750,000
Agency Bonds	-0-	100,000,000	-0-
TOTAL	-0-	121,620,000	21,620,000

(1) Permitted Use of Funds: The Bond Funds shall be used to meet the state match requirement for federal funds for the Wastewater State Revolving Loan Fund

program.

002. KIA Fund F - Drinking Water Revolving Loan Program - 2016-2018

Federal Funds	-0-	13,770,000	13,770,000
Bond Funds	-0-	3,050,000	3,050,000
Agency Bonds	-0-	25,000,000	-0-
TOTAL	-0-	41,820,000	16,820,000

(1) Permitted Use of Funds: The Bond Funds shall be used to meet the state match requirement for federal funds for the Safe Drinking Water State Revolving Loan Fund program.

003. KIA Fund A - Federally Assisted Wastewater Program - 2014-2016

Reauthorization (\$100,000,000 Agency Bonds)

004. KIA Fund F - Drinking Water Revolving Loan Program - 2014-2016

Reauthorization (\$25,000,000 Agency Bonds)

3. MILITARY AFFAIRS

001. Construct Building 352 - Bluegrass Station

Other Funds	-0-	7,000,000	-0-
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(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

002. Construct Replacement Human Resources Office Building - Frankfort

Restricted Funds	-0-	525,000	-0-
Federal Funds	-0-	1,575,000	-0-
TOTAL	-0-	2,100,000	-0-

003. Maintenance Pool - 2016-2018

Investment Income	-0-	1,000,000	1,000,000
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004. Renovation of Bay A in Building 3 at Bluegrass Station

Restricted Funds	2,000,000	-0-	-0-
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005. Construct Structural Repairs Harrodsburg Armory

Restricted Funds	-0-	330,000	-0-
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	Federal Funds	-0-	330,000	-0-
	TOTAL	-0-	660,000	-0-
006.	Construct Structural Repairs Walton Armory			
	Restricted Funds	-0-	330,000	-0-
	Federal Funds	-0-	330,000	-0-
	TOTAL	-0-	660,000	-0-
007.	Renovation Butler Building Property Phase 2 - Louisville			
	Reauthorization (\$2,000,000 Restricted Funds)			
4.	REGISTRY OF ELECTION FINANCE			
001.	System Modernization			
	General Fund	-0-	1,836,000	-0-
5.	ATTORNEY GENERAL			
001.	Franklin County - Lease			
6.	UNIFIED PROSECUTORIAL SYSTEM			
a.	Commonwealth's Attorneys			
001.	Jefferson County - Lease			
7.	TREASURY			
001.	Lease-Purchase Check Printers			
	Investment Income	-0-	115,600	-0-
8.	OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS			
a.	Nursing			
001.	Jefferson County - Lease			
9.	KENTUCKY RIVER AUTHORITY			
001.	Construct Lock and Dam 10			
	Agency Bonds	-0-	34,000,000	-0-
002.	Design and Repair Dam 7			
	Agency Bonds	-0-	292,000	2,789,000

003. Design and Repair Dam 6

Agency Bonds	-0-	197,000	2,102,000
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10. SCHOOL FACILITIES CONSTRUCTION COMMISSION**001.** Special Offers of Assistance - 2014-2016

Bond Funds	-0-	103,112,000	-0-
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(1) Special Offers of Assistance: The Bond Funds shall be limited to those projects authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b).

002. Offers of Assistance - 2014-2016

Bond Funds	-0-	91,000,000	-0-
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003. School Facilities Construction Commission Reauthorization

(\$94,532,000 Bond Funds)

B. ECONOMIC DEVELOPMENT CABINET

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

(2) Use of New Economy Funds: Notwithstanding KRS 154.12-100, 154.12-278(4) and (5), and 154.20.035, the Secretary of the Cabinet for Economic Development may use funds appropriated in the Economic Development Bond Program, High-Tech Construction/Investment Pool, and the Kentucky Economic Development Finance Authority Loan Pool interchangeably for economic development projects.

Budget Units	2016-17	2017-18
1. ECONOMIC DEVELOPMENT		
001. Economic Development Bond Program - 2016-2018		
Bond Funds	-0-	7,000,000
002. High-Tech Construction/Investment Pool - 2016-2018		
Bond Funds	-0-	7,000,000
003. Kentucky Economic Development Finance Authority Loan Pool - 2016-2018		
Bond Funds	-0-	7,000,000

C. DEPARTMENT OF EDUCATION

Budget Units	2016-17	2017-18
1. OPERATIONS AND SUPPORT SERVICES		
001. Maintenance Pool - 2016-2018		
Investment Income	675,000	675,000

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units	2016-17	2017-18
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Workforce Development Construction Pool		
Bond Funds	50,000,000	-0-
002. Maintenance Pool - 2016-2018		
Investment Income	400,000	400,000
2. KENTUCKY EDUCATIONAL TELEVISION		
001. Maintenance Pool - 2016-2018		
Investment Income	300,000	300,000
3. EMPLOYMENT AND TRAINING		
001. Hardin County - Lease		
002. Kenton County - Lease		

4. VOCATIONAL REHABILITATION**001.** Fayette County - Lease**E. ENERGY AND ENVIRONMENT CABINET**

Budget Units	2016-17	2017-18
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1. SECRETARY**001.** Maintenance Pool - 2016-2018

Investment Income	200,000	200,000
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2. ENVIRONMENTAL PROTECTION**001.** State-Owned Dam Repair - 2016-2018

Bond Funds	4,000,000	-0-
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F. FINANCE AND ADMINISTRATION CABINET

Budget Units	2016-17	2017-18
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1. GENERAL ADMINISTRATION**001.** Business One-Stop Portal - Phase III

Bond Funds	-0-	12,000,000
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002. Lexington Convention Center

Bond Funds	60,000,000	-0-
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2. FACILITIES AND SUPPORT SERVICES**001.** Maintenance Pool - 2016-2018

Bond Funds	2,850,000	2,850,000
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002. HVAC Replacement - CHR Building

Bond Funds	4,500,000	-0-
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003. Upgrade L&N Building

Bond Funds	4,375,000	-0-
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004. Guaranteed Energy Savings Performance Contracts**3. COMMONWEALTH OFFICE OF TECHNOLOGY****(1) Transfer of Restricted Funds from Operating Budget:** For the major

equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed.

001. Enterprise Infrastructure - 2016-2018

Restricted Funds	3,000,000	3,000,000
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002. Enterprise Document Management

Restricted Funds	3,000,000	-0-
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003. Boone County - Lease

004. Franklin County - Lease

4. KENTUCKY LOTTERY CORPORATION

001. Replace Sales Force Management Solution

Other Funds	700,000	-0-
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002. Enterprise Resource Planning Upgrade

Other Funds	-0-	600,000
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G. HEALTH AND FAMILY SERVICES CABINET

Budget Units	2016-17	2017-18
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1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

001. Maintenance Pool - 2016-2018

Bond Funds	2,375,000	2,375,000
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002. Fayette County - Lease

2. HEALTH BENEFIT AND INFORMATION EXCHANGE

001. Franklin County - Lease

3. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

001. Jefferson County - Lease

4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

001. Western State Hospital - Electrical Upgrade - Phase I

Bond Funds	4,867,500	-0-
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5. INCOME SUPPORT**001. Franklin County - Lease****002. Jefferson County - Lease****6. COMMUNITY BASED SERVICES****001. Boone County - Lease****002. Boyd County - Lease****003. Campbell County - Lease****004. Daviess County - Lease****005. Fayette County - Lease****006. Fayette County - Lease - Centre Parkway****007. Hardin County - Lease****008. Johnson County - Lease****009. Kenton County - Lease****010. Perry County - Lease****011. Shelby County - Lease****012. Warren County - Lease****013. Warren County - Lease - Suwannee Trail Court****H. JUSTICE AND PUBLIC SAFETY CABINET**

Budget Units	2016-17	2017-18
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1. CRIMINAL JUSTICE TRAINING**001. Bizzack Complex HVAC Repair/Replacement**

Restricted Funds	2,812,000	-0-
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002. Funderburk Building HVAC Upgrade

Restricted Funds	1,200,000	-0-
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2. JUVENILE JUSTICE

001. Maintenance Pool - 2016-2018		
Investment Income	750,000	750,000
3. STATE POLICE		
001. Replace/Upgrade Existing Kentucky AFIS Phase II		
Restricted Funds	2,000,000	600,000
002. Replace Gas Chromatograph/Mass Spectrometers		
Restricted Funds	-0-	1,500,000
003. Maintenance Pool - 2016-2018		
Investment Income	400,000	400,000
004. Ion Trap GC/MSD		
Restricted Funds	-0-	250,000
4. CORRECTIONS		
a. Adult Correctional Institutions		
001. Maintenance Pool - 2016-2018		
Bond Funds	2,612,500	2,612,500
002. Stabilization of Dorm 8 Kentucky State Reformatory		
Bond Funds	4,155,000	-0-
003. Repair and Stabilize Tower Kentucky State Reformatory		
Bond Funds	3,797,000	-0-
004. Kentucky Correctional Institution for Women - Sewer Plant/Line		
Bond Funds	2,560,000	-0-
5. COMMUNITY SERVICES AND LOCAL FACILITIES		
001. Fayette County - Lease		
6. PUBLIC ADVOCACY		
001. Franklin County - Lease		

I. LABOR CABINET

Budget Units	2016-17	2017-18
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1. SECRETARY**001.** Franklin County - Lease**2. WORKERS' CLAIMS****001.** Franklin County - Lease**J. POSTSECONDARY EDUCATION**

Budget Units	2015-16	2016-17	2017-18
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1. COUNCIL ON POSTSECONDARY EDUCATION**001.** Franklin County - Lease**2. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION****001.** Jefferson County - Lease**3. EASTERN KENTUCKY UNIVERSITY****001.** Replace and Renovate Student Housing

Other Funds	-0-	50,000,000	-0-
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(1) Authorization: The above authorization is approved pursuant to KRS 45.763.**002.** Construct Dining Facility

Other Funds	-0-	35,000,000	-0-
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003. Construct Regional Health Facility

Federal Funds	-0-	12,500,000	-0-
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004. Construct Alumni and Welcome Center

Other Funds	-0-	12,000,000	-0-
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005. Construct EKV Scholar House

Restricted Funds	-0-	1,200,000	-0-
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Other Funds	-0-	10,800,000	-0-
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TOTAL	-0-	12,000,000	-0-
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006. Miscellaneous Maintenance Pool - 2016-2018

Restricted Funds	-0-	5,000,000	5,000,000
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007. Purchase Networked Education System Components

Restricted Funds	-0-	3,450,000	3,500,000
008. Upgrade and Improve Residence Halls Pool			
Restricted Funds	-0-	3,000,000	3,000,000
009. Renovate HVAC Systems Pool			
Restricted Funds	-0-	5,000,000	-0-
010. Upgrade Academic Computing			
Restricted Funds	-0-	2,500,000	2,500,000
011. Construct Pedestrian Improvements			
Restricted Funds	-0-	4,500,000	-0-
012. Upgrade and Improve Athletics Facilities Pool			
Restricted Funds	-0-	1,750,000	-0-
Other Funds	-0-	1,750,000	-0-
TOTAL	-0-	3,500,000	-0-
013. Construct ECU Early Childhood Center			
Restricted Funds	-0-	3,350,000	-0-
014. Expand Indoor Tennis Facility			
Other Funds	-0-	3,225,000	-0-
015. Upgrade Administrative Computing System			
Restricted Funds	-0-	1,650,000	1,500,000
016. Renovate Baseball Complex			
Other Funds	-0-	3,000,000	-0-
017. Renovate Women's Softball and Soccer Complex			
Other Funds	-0-	3,000,000	-0-
018. Construct Student Health Center			
Other Funds	-0-	2,705,000	-0-
019. Pedestrian Bridge			
Restricted Funds	-0-	2,000,000	-0-

020.	Renovate Lancaster Center Building			
	Other Funds	-0-	1,472,000	-0-
021.	Renovate Ambulance Building			
	Restricted Funds	-0-	980,000	-0-
022.	Alumni Coliseum Sound System Upgrade			
	Restricted Funds	-0-	750,000	-0-
023.	Guaranteed Energy Savings Performance Contracts			
024.	New Housing Space - Lease			
025.	Madison County - Student Housing - Lease			
026.	Expand/Upgrade Campus Data Network			
	Restricted Funds	-0-	1,000,000	-0-
	Other Funds	-0-	11,212,000	-0-
	TOTAL	-0-	12,212,000	-0-
027.	Commonwealth Hall Partial Repurposing and Renovation			
	Restricted Funds	-0-	6,000,000	-0-
028.	Construct Public Safety Training Facility - Additional			
	Other Funds	-0-	9,938,000	-0-
029.	Purchase of Adjacent Property			
	Restricted Funds	-0-	3,000,000	-0-
030.	Renovate Property			
	Other Funds	-0-	3,000,000	-0-
031.	Honors College			
	Restricted Funds	-0-	8,000,000	-0-
032.	Steam Line Upgrades			
	Other Funds	-0-	10,000,000	-0-
4.	KENTUCKY STATE UNIVERSITY			
001.	Life Safety Upgrade Pool - 2016-2018			

Restricted Funds	-0-	5,000,000	-0-
002. Expand Emergency Notification System			
Restricted Funds	-0-	4,580,000	-0-
003. Construct Warehouse			
Restricted Funds	-0-	3,642,000	-0-
004. Replace Enterprise Resource Planning System			
Restricted Funds	1,750,000	-0-	-0-
Federal Funds	1,750,000	-0-	-0-
TOTAL	3,500,000	-0-	-0-
005. Improvements to Instructional Technology			
Restricted Funds	-0-	2,500,000	-0-
006. Guaranteed Energy Savings Performance Contracts			
007. School of Nursing			
Federal Funds	-0-	13,014,000	-0-
008. Acquire Land/Campus Master Plan 2016			
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	1,000,000	-0-
TOTAL	-0-	2,000,000	-0-
5. MOREHEAD STATE UNIVERSITY			
001. Capital Renewal and Maintenance Pool			
Restricted Funds	-0-	5,000,000	-0-
002. ADA Modifications Pool			
Restricted Funds	-0-	5,000,000	-0-
003. Upgrade Administrative Office Systems			
Restricted Funds	-0-	4,864,000	-0-
004. Construct New Volleyball Facility - Phase 2			
Restricted Funds	-0-	3,300,000	-0-

005.	Purchase Instructional Technology Initiatives			
	Restricted Funds	-0-	3,021,000	-0-
006.	Enhance Network/Infrastructure Resources - Additional			
	Restricted Funds	-0-	3,000,000	-0-
007.	Reconstruct Central Campus			
	Restricted Funds	-0-	3,000,000	-0-
008.	Upgrade Campus Fire and Security Systems			
	Restricted Funds	-0-	2,670,000	-0-
009.	Construct Classroom/Lab Building at Browning Orchard			
	Restricted Funds	-0-	1,942,000	-0-
010.	Replace Electrical Switchgear B			
	Restricted Funds	-0-	1,800,000	-0-
011.	Upgrade and Expand Distance Learning			
	Restricted Funds	-0-	1,700,000	-0-
012.	Enhance Library Automation Resources			
	Restricted Funds	-0-	1,539,000	-0-
013.	Water Plant Sediment Basin			
	Restricted Funds	-0-	1,500,000	-0-
014.	Renovate Howell-McDowell			
	Restricted Funds	-0-	1,296,000	-0-
015.	Purchase Equipment for Biochemistry Lab			
	Restricted Funds	-0-	548,000	-0-
016.	Guaranteed Energy Savings Performance Contracts			
017.	Purchase of Rowan County Board of Education Building			
	Restricted Funds	-0-	2,000,000	-0-
6.	MURRAY STATE UNIVERSITY			
	001. Construct Residential Suite-Style Housing			

Other Funds	-0-	20,000,000	-0-
(1) Authorization:	The above authorization is approved pursuant to KRS 45.763.		
002. Construct Sorority Suites			
Other Funds	-0-	13,500,000	-0-
(1) Authorization:	The above authorization is approved pursuant to KRS 45.763.		
003. Provide Bookstore			
Other Funds	-0-	8,000,000	-0-
(1) Authorization:	The above authorization is approved pursuant to KRS 45.763.		
004. Renovate Winslow Cafeteria			
Restricted Funds	-0-	4,550,000	-0-
005. Provide Alternate Dining Facility			
Other Funds	-0-	4,000,000	-0-
(1) Authorization:	The above authorization is approved pursuant to KRS 45.763.		
006. College of Science Instructional/Research Equipment Pool			
Restricted Funds	-0-	3,500,000	-0-
007. Upgrade Campus Network			
Restricted Funds	-0-	3,162,000	-0-
008. Construct Livestock Instructional Laboratory			
Restricted Funds	-0-	2,824,000	-0-
009. Demolish Woods Hall			
Restricted Funds	-0-	2,301,000	-0-
010. Renovate White Hall HVAC System			
Restricted Funds	-0-	2,074,000	-0-
011. Install Solar Panels and/or Geothermal Power			
Restricted Funds	-0-	2,000,000	-0-
012. Renovate Wrather Hall			
Restricted Funds	-0-	2,000,000	-0-

013.	Repairs of Biology Building			
	Restricted Funds	-0-	2,000,000	-0-
014.	Repairs of Chemistry Building			
	Restricted Funds	-0-	2,000,000	-0-
015.	Upgrade Campus Phone System			
	Restricted Funds	-0-	1,781,000	-0-
016.	Upgrade Applied Science Electrical System			
	Restricted Funds	-0-	1,626,000	-0-
017.	Install Sprinkler System - Blackburn Science Building			
	Restricted Funds	-0-	1,599,000	-0-
018.	Renovate White Hall Interior			
	Restricted Funds	-0-	1,558,000	-0-
019.	Renovate Pogue Library Electric and HVAC			
	Restricted Funds	-0-	1,555,000	-0-
020.	ITV Upgrades to Murray State University System			
	Restricted Funds	-0-	1,547,000	-0-
021.	Construct Open-Sided Stall Barn at Expo Center			
	Restricted Funds	-0-	1,521,000	-0-
022.	Install CFSB Center Generator			
	Restricted Funds	-0-	1,500,000	-0-
023.	Replace CFSB Center Seating			
	Restricted Funds	-0-	1,500,000	-0-
024.	Renovate Regents Hall Electrical System			
	Restricted Funds	-0-	1,446,000	-0-
025.	Renovate Curris Center			
	Restricted Funds	-0-	1,400,000	-0-
026.	Renovate White Hall Electrical System			

Restricted Funds	-0-	1,336,000	-0-
027. Renovate Hart Hall Electrical System			
Restricted Funds	-0-	1,286,000	-0-
028. Replace E&G Chiller/CFC Compliance			
Restricted Funds	-0-	1,221,000	-0-
029. Replace Exposition Center Roof			
Restricted Funds	-0-	1,201,000	-0-
030. Replace CFSB Center Scoreboard			
Restricted Funds	-0-	1,200,000	-0-
031. Waterproof Stewart Stadium			
Restricted Funds	-0-	1,116,000	-0-
032. Replace White Hall Domestic Water Piping			
Restricted Funds	-0-	1,112,000	-0-
033. Renovate General Services			
Restricted Funds	-0-	1,000,000	-0-
034. Agriculture Instructional Laboratory and Technology Equipment			
Restricted Funds	-0-	800,000	-0-
035. Information Technology Infrastructure for TSM and IET			
Restricted Funds	-0-	791,000	-0-
036. Replace Blackburn Science Roof			
Restricted Funds	-0-	750,000	-0-
037. Broadcasting Education Laboratory Equipment			
Restricted Funds	-0-	225,000	-0-
038. Guaranteed Energy Savings Performance Contracts			
039. Acquire Agriculture Research Farm Land			
Restricted Funds	-0-	1,200,000	-0-
040. Acquire Property			

Restricted Funds	-0-	4,000,000	-0-
041. Renovate Civic Center			
Restricted Funds	-0-	1,000,000	-0-
Other Funds	-0-	3,600,000	-0-
TOTAL	-0-	4,600,000	-0-

7. NORTHERN KENTUCKY UNIVERSITY

001. Construct Mixed-Use Facility with Student Housing

Other Funds	-0-	125,000,000	-0-
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(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

002. Construct Basketball Practice Facility

Other Funds	-0-	15,000,000	-0-
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003. Renew Electrical Distribution Systems Pool

Restricted Funds	-0-	5,000,000	-0-
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004. Scientific/Technology Equipment Pool

Restricted Funds	-0-	5,000,000	-0-
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005. Renovate Civic Center Building

Restricted Funds	-0-	4,600,000	-0-
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006. Upgrade Instructional Technology Pool

Restricted Funds	-0-	3,500,000	-0-
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007. Repair Norse/Woodcrest Exterior Stairs/Landings

Restricted Funds	-0-	3,000,000	-0-
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008. Replace Underground Gas Mains

Restricted Funds	-0-	2,500,000	-0-
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009. Campus Telecommunications Upgrade

Restricted Funds	-0-	1,500,000	-0-
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010. Enhance/Upgrade Cyber Security System

Restricted Funds	-0-	1,500,000	-0-
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011.	Upgrade Infrastructure for Administrative Systems			
	Restricted Funds	-0-	1,500,000	-0-
012.	Budget Planning System			
	Restricted Funds	-0-	1,400,000	-0-
013.	Capital Equipment Lease Pool			
	Restricted Funds	-0-	2,000,000	-0-
014.	Renew Kenton Garage			
	Restricted Funds	-0-	1,100,000	-0-
015.	Purchase Large Format Color Press			
	Restricted Funds	-0-	700,000	-0-
016.	Purchase Coach Bus			
	Restricted Funds	-0-	690,000	-0-
017.	Construct Center for Applied Ecology Building Reauthorization (\$1,000,000 Restricted, \$1,000,000 Other Funds)			
018.	Renovate Brown Building Reauthorization (\$3,000,000 Restricted Funds, \$1,000,000 Other Funds)			
019.	Academic Space - Lease			
020.	Guaranteed Energy Savings Performance Contracts			
021.	Expand Herrmann Science Center			
	Restricted Funds	-0-	3,000,000	-0-
022.	Repair Structural Heaving Landrum Hall/Fine Arts Center			
	Restricted Funds	-0-	7,000,000	-0-
023.	Renovate Gateway/Highland Heights Campus			
	Other Funds	-0-	6,000,000	-0-
024.	E1-Renew E&G Building Systems Projects Pool			
	Restricted Funds	-0-	10,000,000	-0-
025.	Renovate Residence Halls 2016-2018			

Restricted Funds	-0-	10,000,000	-0-
026. Renew HVAC Project Pool			
Restricted Funds	-0-	6,500,000	-0-
027. Renovate/Expand Baseball Field - Additional Reauthorization			
Restricted Funds	-0-	5,300,000	-0-
028. Acquire Land/Master Plan 2010-2012 - Additional Reauthorization			
Restricted Funds	-0-	4,000,000	-0-
Other Funds	-0-	4,000,000	-0-
TOTAL	-0-	8,000,000	-0-
029. Construct Satellite Parking Lot			
Restricted Funds	-0-	6,000,000	-0-
Other Funds	-0-	6,000,000	-0-
TOTAL	-0-	12,000,000	-0-
8. UNIVERSITY OF KENTUCKY			
001. Construct Student Housing Pool - Additional Reauthorization			
(\$202,000,000 Other Funds)			
Restricted Funds	-0-	50,000,000	-0-
Other Funds	-0-	100,000,000	-0-
TOTAL	-0-	150,000,000	-0-
(1) Authorization:			
The above authorization is approved pursuant to KRS 45.763.			
002. Construct New Alumni Center			
Other Funds	-0-	38,000,000	-0-
003. Renovate/Expand Wildcat Coal Lodge			
Other Funds	-0-	21,000,000	-0-
004. Upgrade Dining Facilities - Additional Reauthorization (\$50,000,000			
Other Funds)			
Other Funds	-0-	20,000,000	-0-

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

005. Clinical Services Pool - UK HealthCare

Restricted Funds	-0-	15,000,000	-0-
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006. Design Library - Knowledge Center

Restricted Funds	-0-	13,335,000	-0-
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007. Disaster Recovery and Business Continuity IT Project

Restricted Funds	-0-	12,000,000	-0-
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008. Fit-up Pool for New Housing and Dining Facilities

Restricted Funds	-0-	12,000,000	-0-
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009. Construct Equine Campus - Phase 2

Restricted Funds	-0-	10,500,000	-0-
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010. Renovate Chemistry/Physics Building

Restricted Funds	-0-	10,500,000	-0-
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011. Renovate Taylor Education Building

Restricted Funds	-0-	10,500,000	-0-
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012. Acquire Telemedicine/Virtual ICU

Restricted Funds	-0-	10,000,000	-0-
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013. Acquire/Upgrade UK HealthCare IT Systems

Restricted Funds	-0-	10,000,000	-0-
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014. Clinical Information System Pool

Restricted Funds	-0-	10,000,000	-0-
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015. Fit-Up Academic/Administrative Space 2

Restricted Funds	-0-	10,000,000	-0-
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016. Fit-Up Academic/Administrative Space 1

Restricted Funds	-0-	10,000,000	-0-
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017. Implement Enterprise Security System - UK HealthCare

Restricted Funds	-0-	10,000,000	-0-
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018.	Implement Medication Bar Coding System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
019.	Implement Patient Communication System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
020.	Purchase Digital Medical Record Expansion			
	Restricted Funds	-0-	10,000,000	-0-
021.	Purchase Document Scanning System			
	Restricted Funds	-0-	10,000,000	-0-
022.	Purchase Document Scanning System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
023.	Renovate/Expand Cooper House			
	Restricted Funds	-0-	10,000,000	-0-
024.	Renovate/Expand Patterson Hall			
	Restricted Funds	-0-	10,000,000	-0-
025.	Renovate/Upgrade Academic/Administrative Space 1			
	Restricted Funds	-0-	10,000,000	-0-
026.	Renovate/Upgrade Academic/Administrative Space 2			
	Restricted Funds	-0-	10,000,000	-0-
027.	Expand Boone Tennis Center			
	Other Funds	-0-	9,500,000	-0-
028.	Renovate Dentistry			
	Restricted Funds	-0-	9,500,000	-0-
029.	Fit-Up Student Center			
	Restricted Funds	-0-	9,000,000	-0-
030.	Improve DLAR Facilities Pool			
	Restricted Funds	-0-	9,000,000	-0-
031.	Improve Vivarium Spaces Pool			

Restricted Funds	-0-	9,000,000	-0-
032. Upgrade and Renovate Dining Facilities Pool			
Restricted Funds	-0-	8,000,000	-0-
033. Renovate/Expand Terrell Civil Engineering Building			
Restricted Funds	-0-	7,500,000	-0-
034. Construct and Fit-Up Retail Space Pool			
Other Funds	-0-	6,500,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
035. Renovate Multi-Disciplinary Science Building			
Restricted Funds	-0-	6,500,000	-0-
036. Renovate Nursing Units - UK HealthCare			
Restricted Funds	-0-	6,500,000	-0-
037. Renovate/Upgrade Commonwealth Stadium			
Other Funds	-0-	6,500,000	-0-
038. Upgrade Clinical Enterprise Network - UK HealthCare			
Restricted Funds	-0-	6,500,000	-0-
039. Renovate and Upgrade Memorial Hall			
Restricted Funds	-0-	6,000,000	-0-
040. Renovate Frazee Hall			
Restricted Funds	-0-	6,000,000	-0-
041. Renovate Mineral Industries Building			
Restricted Funds	-0-	6,000,000	-0-
042. Upgrade/Expand Campus Security Platform			
Restricted Funds	-0-	6,000,000	-0-
043. Construct Transit Center			
Restricted Funds	-0-	5,500,000	-0-
044. Construct University Storage Facility			

Restricted Funds	-0-	5,500,000	-0-
045. Expand KGS Well Sample and Core Repository			
Restricted Funds	-0-	5,500,000	-0-
046. Renovate/Upgrade Ecological Research Facility			
Restricted Funds	-0-	5,500,000	-0-
047. Acquire Enterprise Resource Planning Phase V			
Restricted Funds	-0-	5,350,000	-0-
048. Acquire Data Repository System			
Restricted Funds	-0-	5,000,000	-0-
049. Acquire Data Repository System - UK HealthCare			
Restricted Funds	-0-	5,000,000	-0-
050. Acquire Personal Electronic Health Records			
Restricted Funds	-0-	5,000,000	-0-
051. ADA Compliance Pool			
Restricted Funds	-0-	5,000,000	-0-
052. Construct or Renovate/Upgrade Athletic Facility 1			
Other Funds	-0-	5,000,000	-0-
053. Improve Athletics Facility 1			
Other Funds	-0-	5,000,000	-0-
054. Improve Building Electrical Systems Pool			
Restricted Funds	-0-	5,000,000	-0-
055. Improve Building Shell Systems Pool			
Restricted Funds	-0-	5,000,000	-0-
056. Improve Elevator Systems Pool			
Restricted Funds	-0-	5,000,000	-0-
057. Improve Spindletop Hall Facilities Pool			
Restricted Funds	-0-	5,000,000	-0-

058.	Improve W.T. Young Facility			
	Restricted Funds	-0-	5,000,000	-0-
059.	Purchase Oncology Information System - UK HealthCare			
	Restricted Funds	-0-	5,000,000	-0-
060.	Purchase/Expand PACS System			
	Restricted Funds	-0-	5,000,000	-0-
061.	Renovate Central Computing Facility			
	Restricted Funds	-0-	5,000,000	-0-
062.	Renovate Fine Arts			
	Restricted Funds	-0-	5,000,000	-0-
063.	Renovate Nutter Facility			
	Restricted Funds	-0-	5,000,000	-0-
064.	Renovate/Upgrade Academic/Administrative Space 3			
	Restricted Funds	-0-	5,000,000	-0-
065.	Renovate/Upgrade Academic/Administrative Space 4			
	Restricted Funds	-0-	5,000,000	-0-
066.	Renovate/Upgrade Academic/Administrative Space 5			
	Restricted Funds	-0-	5,000,000	-0-
067.	Surgical Services Pool - UK HealthCare			
	Restricted Funds	-0-	5,000,000	-0-
068.	Construct and Fit-Up Retail Space			
	Other Funds	-0-	4,500,000	-0-
069.	Construct Hall of Fame Plaza			
	Other Funds	-0-	4,500,000	-0-
070.	Acquire/Renovate Golf Facility			
	Other Funds	-0-	4,000,000	-0-
071.	Purchase Cardiology Information System - UK HealthCare			

Restricted Funds	-0-	4,000,000	-0-
072. Renovate Anderson Tower			
Restricted Funds	-0-	4,000,000	-0-
073. Expand/Renovate Sturgill Development Building			
Restricted Funds	-0-	3,500,000	-0-
074. Install Artificial Turf on Pieratt Recreational Fields			
Restricted Funds	-0-	3,500,000	-0-
075. Support Services Projects Pool - UK HealthCare			
Restricted Funds	-0-	3,500,000	-0-
076. Acquire Mainframe Computer - UK HealthCare			
Restricted Funds	-0-	3,000,000	-0-
077. Construct or Renovate/Upgrade Athletic Facility 2			
Other Funds	-0-	3,000,000	-0-
078. Implement Unified Communication System - UK HealthCare			
Restricted Funds	-0-	3,000,000	-0-
079. Improve UK Radio Communications System			
Restricted Funds	-0-	3,000,000	-0-
080. Purchase Telephone System Replacement - UK HealthCare			
Restricted Funds	-0-	3,000,000	-0-
081. Upgrade Perioperative Information System			
Restricted Funds	-0-	3,000,000	-0-
082. Improve Parking Garage 1			
Restricted Funds	-0-	2,500,000	-0-
083. Improve Parking Garage 2			
Restricted Funds	-0-	2,500,000	-0-
084. Purchase Upgraded Communications Infrastructure 1			
Restricted Funds	-0-	2,500,000	-0-

085.	Purchase Upgraded Communications Infrastructure 2			
	Restricted Funds	-0-	2,500,000	-0-
086.	Relocate/Replace Greenhouses			
	Restricted Funds	-0-	2,500,000	-0-
087.	Emerging Technologies Academic Support			
	Restricted Funds	-0-	2,000,000	-0-
088.	Healthcare Services Pool			
	Restricted Funds	-0-	2,000,000	-0-
089.	Improve Athletics Facilities II			
	Other Funds	-0-	2,000,000	-0-
090.	Purchase Transport Buses			
	Restricted Funds	-0-	2,000,000	-0-
091.	Remote Site Fiber Infrastructure			
	Restricted Funds	-0-	2,000,000	-0-
092.	Renovate Dickey Hall			
	Restricted Funds	-0-	2,000,000	-0-
093.	Renovate/Upgrade Athletics Playing Fields 1			
	Other Funds	-0-	2,000,000	-0-
094.	Renovate/Upgrade Athletics Playing Fields 2			
	Other Funds	-0-	2,000,000	-0-
095.	Upgrade Financial Systems			
	Restricted Funds	-0-	2,000,000	-0-
096.	Acquire Communications Equipment			
	Restricted Funds	-0-	1,500,000	-0-
097.	Renovate and Upgrade Eagle Building			
	Restricted Funds	-0-	1,500,000	-0-
098.	Purchase Allergy Information System - UK HealthCare			

Restricted Funds	-0-	1,000,000	-0-
099. Renovate Nursing Building			
Restricted Funds	-0-	1,000,000	-0-
100. UK Mobile Communication Center			
Restricted Funds	-0-	200,000	-0-
Federal Funds	-0-	200,000	-0-
TOTAL	-0-	400,000	-0-
101. Guaranteed Energy Savings Performance Contracts			
102. Fayette County - Lease - Administrative Office			
103. Fayette County - Lease - Good Samaritan Hospital			
104. Fayette County - Lease - Grant Project 2			
105. Fayette County - Lease - Kentucky Utilities Building			
106. Lease - Grant Project 1			
107. Lease - Grant Project 3			
108. Lease - Health Affairs Office			
109. Lease - Health Affairs Office 10			
110. Lease - Health Affairs Office 11			
111. Lease - Health Affairs Office 12			
112. Lease - Health Affairs Office 2			
113. Lease - Health Affairs Office 3			
114. Lease - Health Affairs Office 4			
115. Lease - Health Affairs Office 5			
116. Lease - Health Affairs Office 6			
117. Lease - Health Affairs Office 7			
118. Lease - Health Affairs Office 8			
119. Lease - Health Affairs Office 9			
120. Lease - Off Campus - Athletics			

121.	Lease - Off Campus 1			
122.	Lease - Off Campus 2			
123.	Lease - Off Campus 3			
124.	Lease - Off Campus 4			
125.	Lease - Off Campus 5			
126.	Lease - Off Campus 6			
127.	Lease - Off Campus 7			
128.	Lease - Off Campus 8			
129.	Lease - Off Campus 9			
130.	Lease - Off Campus Housing 1			
131.	Lease - Off Campus Housing 2			
132.	Lease - Off Campus Housing 3			
133.	Lease - Off Campus Housing 4			
134.	Lease - Rural Health Expansion - Perry County			
135.	Lease - UK HealthCare Off Campus Facility 5			
136.	Lease - UK HealthCare Grant Project 1			
137.	Lease - UK HealthCare Grant Project 2			
138.	Lease - UK HealthCare Off Campus Facility 1			
139.	Lease - UK HealthCare Off Campus Facility 2			
140.	Lease - UK HealthCare Off Campus Facility 3			
141.	Lease - UK HealthCare Off Campus Facility 4			
142.	Fit-up Academic Science Bldg.			
	Restricted Funds	-0-	32,000,000	-0-
143.	Improve Campus Parking and Transportation System			
	Restricted Funds	-0-	120,000,000	-0-
144.	Construct Digital Village Building #3			
	Restricted Funds	-0-	54,000,000	-0-

145. Improve Civil/Site Infrastructure			
Restricted Funds	-0-	25,000,000	-0-
146. Construct Baseball Facility			
Restricted Funds	-0-	49,000,000	-0-
147. Research Equipment Replacement			
Restricted Funds	-0-	30,000,000	-0-
148. Upgrade/Renovate/Expand Research Labs			
Restricted Funds	-0-	33,500,000	-0-
149. Decomission Facilities			
Restricted Funds	-0-	25,000,000	-0-
150. Upgrade Enterprise Information System			
Restricted Funds	-0-	20,000,000	-0-
151. Renovate/Upgrade Academic Facility			
Restricted Funds	-0-	16,000,000	-0-
152. Acquire High Performance Research Computer			
Restricted Funds	-0-	6,500,000	-0-
153. Improve CAER Facilities			
Restricted Funds	-0-	20,000,000	-0-
154. Acquire Land			
Restricted Funds	-0-	50,000,000	-0-
155. Improve Coldstream Research Campus			
Restricted Funds	-0-	20,000,000	-0-
156. Repair/Upgrade/Expand Central Plants			
Restricted Funds	-0-	112,000,000	-0-
157. Improve Electrical Infrastructure			
Restricted Funds	-0-	28,000,000	-0-
158. Improve Mechanical Infrastructure			

Restricted Funds	-0-	26,000,000	-0-
159. Improve Building Mechanical Systems			
Restricted Funds	-0-	25,000,000	-0-
160. Repair Emergency Infrastructure/Building Systems			
Restricted Funds	-0-	25,000,000	-0-
161. Purchase/Upgrade Pollution Controls			
Restricted Funds	-0-	22,000,000	-0-
162. Improve Life Safety, Project Pool			
Restricted Funds	-0-	15,000,000	-0-
163. Acquire/Renovate Administrative Facility			
Other Funds	-0-	10,000,000	-0-
164. Replace Greek Housing			
Restricted Funds	-0-	24,000,000	-0-
165. Renovate/Upgrade Existing Housing			
Restricted Funds	-0-	30,000,000	-0-
166. Improve Housing/Dining Facilities			
Restricted Funds	-0-	30,000,000	-0-
167. Construct/Improve Dining Facilities-1			
Restricted Funds	-0-	40,000,000	-0-
168. Construct Parking Structure (Lease-Purchase)			
Other Funds	-0-	38,000,000	-0-
169. Renovate/Upgrade Academic/Administrative Space			
Restricted Funds	-0-	25,000,000	-0-
170. Construct Housing			
Restricted Funds	-0-	50,000,000	-0-
171. Acquire/Renovate Housing			
Restricted Funds	-0-	50,000,000	-0-

172.	Upgrade/Purchase IT Systems (Clinical and EMR)			
	Restricted Funds	-0-	200,000,000	-0-
173.	Renovate/Upgrade HealthCare Facilities			
	Restricted Funds	-0-	150,000,000	-0-
174.	Upgrade/Fit-up Hospital Facilities			
	Restricted Funds	-0-	35,000,000	-0-
175.	Construct Good Samaritan Medical Office Building - UKHC			
	Restricted Funds	-0-	26,000,000	-0-
176.	Construct/Expand/Renovate Ambulatory Care - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
177.	Implement Land Use Plan - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
178.	Improve Building Systems - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
179.	Upgrade Enterprise Information Systems - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
180.	Upgrade/Expand Cancer Treatment Facility - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
181.	Improve Hospital Facilities - Good Samaritan			
	Restricted Funds	-0-	20,000,000	-0-
182.	Construct Office Tower - UKHC			
	Restricted Funds	-0-	100,000,000	-0-
183.	Upgrade Administrative Systems			
	Restricted Funds	-0-	75,000,000	-0-
184.	Expand/Construct Parking Structure - UKHC			
	Restricted Funds	-0-	43,000,000	-0-
185.	Improve UKHC Facilities - UK Chandler Hospital			

Restricted Funds	-0-	310,000,000	-0-
186. Improve Good Samaritan Hospital Facilities			
Restricted Funds	-0-	25,000,000	-0-
187. Improve Clinical/Ambulatory Services			
Restricted Funds	-0-	50,000,000	-0-
188. Improve Markey Cancer Center			
Restricted Funds	-0-	20,000,000	-0-
189. Construct Tennis Facility			
Restricted Funds	-0-	28,000,000	-0-
190. Lease/Purchase Campus Infrastructure			
Restricted Funds	-0-	3,500,000	-0-
9. UNIVERSITY OF LOUISVILLE			
001. Construct Institute for Product Realization			
Other Funds	-0-	35,980,000	-0-
002. Construct Shelbyhurst Parking Garage			
Other Funds	-0-	28,000,000	-0-
003. Construct Shelbyhurst Hotel/Conference Center			
Other Funds	-0-	18,720,000	-0-
004. Improve Life Safety Projects Pool			
Restricted Funds	-0-	15,000,000	-0-
005. Renovate Health Science Center Simulation Center			
Restricted Funds	-0-	15,000,000	-0-
006. Renovate J. B. Speed Building			
Restricted Funds	-0-	13,260,000	-0-
007. Improve/Expand Parking			
Restricted Funds	-0-	13,000,000	-0-
008. Construct Executive MBA/Business Facility			

Restricted Funds	-0-	12,000,000	-0-
009. Purchase Storage System			
Restricted Funds	-0-	12,000,000	-0-
010. Expand School of Public Health and Information Sciences			
Restricted Funds	-0-	11,610,000	-0-
011. Construct Center for Creative Studies			
Restricted Funds	-0-	10,193,000	-0-
012. Improve Housing Facilities Pool			
Restricted Funds	-0-	8,000,000	-0-
013. IT Data Center Power Upgrade			
Restricted Funds	-0-	8,000,000	-0-
014. Purchase Computer Processing System			
Restricted Funds	-0-	8,000,000	-0-
015. Purchase Networking System			
Restricted Funds	-0-	8,000,000	-0-
016. Purchase Security and Firewall Infrastructure			
Restricted Funds	-0-	8,000,000	-0-
017. Purchase Research Computing Infrastructure			
Restricted Funds	-0-	7,000,000	-0-
018. Purchase Next Generation/ERP Support System			
Restricted Funds	-0-	6,000,000	-0-
019. Accessibility Improvement Pool			
Restricted Funds	-0-	5,000,000	-0-
020. Improve Elevator Systems Pool			
Restricted Funds	-0-	5,000,000	-0-
021. Purchase Content Management System			
Restricted Funds	-0-	4,000,000	-0-

022.	Lease Digital Output System			
	Restricted Funds	-0-	2,500,000	-0-
023.	Construct Physical Plant Space in Health Science Center Garage			
	Restricted Funds	-0-	2,440,000	-0-
024.	Construct Soccer Stadium Practice Field			
	Restricted Funds	-0-	2,000,000	-0-
025.	Construct Visitors Center			
	Restricted Funds	-0-	2,000,000	-0-
026.	Purchase Electronic Video Boards			
	Other Funds	-0-	2,000,000	-0-
027.	Construct Athletic Grounds Building			
	Other Funds	-0-	1,550,000	-0-
028.	Resurface Track and Cardio Path			
	Other Funds	-0-	1,500,000	-0-
029.	Purchase Artificial Turf Field I			
	Other Funds	-0-	1,250,000	-0-
030.	Purchase Artificial Turf Field II			
	Other Funds	-0-	1,250,000	-0-
031.	Renovate Football Practice Field Lighting			
	Other Funds	-0-	780,000	-0-
032.	Guaranteed Energy Savings Performance Contracts			
033.	Jefferson County - Clinic Space 1 - Lease			
034.	Jefferson County - Clinic Space 2 - Lease			
035.	Jefferson County - Clinic Space 3 - Lease			
036.	Jefferson County - Clinic Space -State of Kentucky - Lease			
037.	Master of Fine Arts - Lease			
038.	Med Center One - Lease			

039.	Med Center One - 2 - Lease			
040.	Nucleus 1 Building - Lease			
041.	Nucleus 1 Building - 2 - Lease			
042.	Jefferson County - Office Space 1 - Lease			
043.	Jefferson County - Office Space 2 - Lease			
044.	Jefferson County - Office Space 3 - Lease			
045.	Jefferson County - Office Space 4 - Lease			
046.	Academic Space 1 - Lease			
047.	Academic Space 2 - Lease			
048.	Research Space - State of Kentucky - Lease			
049.	Purchase Fiber Infrastructure			
	Restricted Funds	-0-	7,000,000	-0-
050.	Renovate - Capital Renewal Pool (2016-2018)			
	Restricted Funds	-0-	35,000,000	-0-
051.	Construct Administrative Office Building			
	Restricted Funds	-0-	52,560,000	-0-
052.	Expand - Papa John's Stadium/Football Complex			
	Other Funds	-0-	55,000,000	-0-
053.	Renovate - Papa John's Stadium Seat Replacement			
	Other Funds	-0-	5,460,000	-0-
10.	WESTERN KENTUCKY UNIVERSITY			
001.	Renovate Garrett Conference Center			
	Other Funds	-0-	12,000,000	-0-
002.	Construct Football Pressbox			
	Other Funds	-0-	5,000,000	-0-
003.	Renovate Center for Research and Development Phase I			
	Restricted Funds	-0-	6,000,000	-0-

004.	Renovate Central Heat Plant			
	Restricted Funds	-0-	5,000,000	-0-
005.	Upgrade IT Infrastructure			
	Restricted Funds	-0-	5,000,000	-0-
006.	Construct Baseball Grandstand			
	Other Funds	-0-	4,500,000	-0-
007.	Renovate Art Lab/Museum			
	Restricted Funds	-0-	4,200,000	-0-
008.	Construct Track and Field Facilities Phase I			
	Other Funds	-0-	4,000,000	-0-
009.	Renovate Gordon Wilson Hall			
	Restricted Funds	-0-	4,000,000	-0-
010.	Acquire Equipment Diddle Arena			
	Other Funds	-0-	3,000,000	-0-
011.	Renovate Thompson Complex Center Wing			
	Restricted Funds	-0-	3,000,000	-0-
012.	Construct Science Gallery			
	Other Funds	-0-	2,500,000	-0-
013.	Construct South Plaza			
	Other Funds	-0-	2,500,000	-0-
014.	Major Items of Equipment Pool - 2016-2018			
	Restricted Funds	-0-	2,500,000	-0-
015.	Add Club Seating at Diddle Arena			
	Other Funds	-0-	2,200,000	-0-
016.	Construct Academic/Retail Space			
	Restricted Funds	-0-	2,000,000	-0-
017.	Design Environmental Science and Technology Hall Renovation			

Restricted Funds	-0-	2,000,000	-0-
018. Renovate International Center to Multicultural Center			
Restricted Funds	-0-	1,500,000	-0-
019. Renovate Foundation Building			
Restricted Funds	-0-	1,200,000	-0-
020. Renovate Tate Page Hall			
Restricted Funds	-0-	1,200,000	-0-
021. Design Agriculture Expo Center Renovation			
Restricted Funds	-0-	1,000,000	-0-
022. Renovate Jones Jagers Interior			
Restricted Funds	-0-	1,000,000	-0-
023. Renovate Grise Hall Restrooms (ADA)			
Restricted Funds	-0-	930,000	-0-
024. Remove and Replace Student Housing at Farm			
Restricted Funds	-0-	800,000	-0-
025. Alumni Center - Lease			
026. Guaranteed Energy Savings Performance Contracts			
027. Nursing and Physical Therapy - Lease			
028. Parking Garage - Lease			
029. Purchase Property/Parking & Street Improvements 2016-18			
Restricted Funds	-0-	3,000,000	-0-
030. Purchase Property for Campus Expansion 2016-18			
Restricted Funds	-0-	3,000,000	-0-
031. Construct Parking Structure			
Restricted Funds	-0-	10,000,000	-0-
032. Renovate State/Normal Street Properties			
Restricted Funds	-0-	1,500,000	-0-

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**001. Construct 3rd Floor Addition to Learning Resource Center -**

Madisonville CC

Restricted Funds	-0-	5,000,000	-0-
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002. KCTCS Equipment Pool - 2016-2018

Restricted Funds	-0-	5,000,000	-0-
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003. Renovate Learning Resource Center Building - Hopkinsville CC

Restricted Funds	-0-	4,900,000	-0-
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004. Renovate Sullivan Technology Center - Henderson CC

Restricted Funds	-0-	4,900,000	-0-
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005. Expansion of Fine Arts Center - Henderson CC

Restricted Funds	-0-	4,400,000	-0-
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006. Renovate Student Center Building - Elizabethtown CTC

Restricted Funds	-0-	4,300,000	-0-
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007. Renovate Administration Building Newtown Campus - Bluegrass CTC

Restricted Funds	-0-	3,800,000	-0-
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**008. Renovate Administration Building - Whitesburg - Southeast Kentucky
CTC**

Restricted Funds	-0-	3,800,000	-0-
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009. Replace HVAC System Phase I - Owensboro CTC

Restricted Funds	-0-	3,500,000	-0-
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010. Renovate Owensboro Downtown Campus - Owensboro CTC

Restricted Funds	-0-	3,000,000	-0-
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011. Renovate Southeastern Campus - Owensboro CTC

Restricted Funds	-0-	3,000,000	-0-
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012. Replace HVAC Units - Somerset CC South

Restricted Funds	-0-	2,200,000	-0-
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013.	KCTCS CEMCS Upgrades Pool			
	Restricted Funds	-0-	2,000,000	-0-
014.	Renovations Main Campus - West Kentucky CTC			
	Restricted Funds	-0-	2,000,000	-0-
015.	Renovate Building for Skilled Crafts Training Center, Phase III - West Kentucky CTC			
	Restricted Funds	-0-	1,800,000	-0-
016.	Expansion of Welding Facility - Hopkinsville CC			
	Restricted Funds	-0-	1,600,000	-0-
017.	Acquire CPAT Center - Fire Commission Reauthorization (\$1,500,000 Restricted Funds)			
018.	Install Sprinkler Systems - West Kentucky CTC			
	Restricted Funds	-0-	1,500,000	-0-
019.	Upgrade Welding Shop - Big Sandy CTC - Mayo Campus			
	Restricted Funds	-0-	1,500,000	-0-
020.	Construct Parking Lot and Lighting - Madisonville CC			
	Restricted Funds	-0-	1,300,000	-0-
021.	Construct New Entrance - Leestown - Bluegrass CTC			
	Restricted Funds	-0-	1,000,000	-0-
022.	Construct Second Entrance - Main - Madisonville CC			
	Restricted Funds	-0-	1,000,000	-0-
023.	Renovate Welding Lab - Maysville CTC			
	Restricted Funds	-0-	1,000,000	-0-
024.	Renovate Auditorium Building Roof - Hopkinsville CC			
	Restricted Funds	-0-	1,000,000	-0-
025.	Replace Fire Alarm and Security System - Maysville CTC			
	Restricted Funds	-0-	1,000,000	-0-

026.	Upgrade Safety and Security Systems - Hazard CTC			
	Restricted Funds	-0-	1,000,000	-0-
027.	Soil Stabilization Industrial Education Building - Hazard CTC - Additional Reauthorization (\$1,650,000 Restricted Funds)			
	Restricted Funds	-0-	250,000	-0-
028.	Guaranteed Energy Savings Performance Contracts			
029.	Gateway CTC - Urban Campus - Lease			
030.	Jefferson CTC - Bullitt County Campus - Lease			
031.	Jefferson CTC - Jefferson Education Center - Lease			
032.	KCTCS System Office - Lease			
033.	Maysville CTC - Rowan Campus - Lease			
034.	Maysville CTC - Rowan County - Lease			
035.	Construct State Fire Rescue Training Area 7 Building			
	Restricted Funds	-0-	1,500,000	-0-
036.	Renovate Leestown Campus - Bluegrass CTC			
	Restricted Funds	-0-	6,000,000	-0-
037.	Upgrade Newtown Campus Buildings and Infrastructure - Bluegrass CTC			
	Restricted Funds	-0-	10,000,000	-0-
038.	Construct and/or Procure Fire Commission System Office Building			
	Restricted Funds	-0-	5,527,000	-0-
039.	KCTCS Property Acquisition Pool			
	Restricted Funds	-0-	10,000,000	-0-
040.	Acquisition of KCTCS System Office Building			
	Restricted Funds	-0-	5,500,000	-0-
041.	Pikeville Technology Center - Big Sandy CTC Reauthorization (\$3,278,000 Federal Funds, \$1,222,000 Restricted Funds)			

K. PUBLIC PROTECTION CABINET

Budget Units	2016-17	2017-18
1. ALCOHOLIC BEVERAGE CONTROL		
001. Franklin County - Lease		
2. FINANCIAL INSTITUTIONS		
001. Franklin County - Lease		
3. HOUSING, BUILDINGS AND CONSTRUCTION		
001. Franklin County - Lease		
4. INSURANCE		
001. Franklin County - Lease		

L. TOURISM, ARTS AND HERITAGE CABINET

Budget Units	2015-16	2016-17	2017-18
1. PARKS			
001. Maintenance Pool - 2016-2018			
Bond Funds	-0-	3,800,000	3,800,000
002. Life Safety Maintenance Pool			
Bond Funds	-0-	5,000,000	-0-
(1) Permitted Use of Funds: The Bond Funds appropriation for the above project shall be used exclusively for electrical, safety, and emergency maintenance upgrades in state parks.			
2. HORSE PARK COMMISSION			
001. Maintenance Pool - 2016-2018			
Investment Income	-0-	575,000	575,000
3. STATE FAIR BOARD			
001. Kentucky Exposition Center Roof Repair			
Restricted Funds	-0-	4,322,000	-0-
Bond Funds	-0-	8,000,000	-0-

TOTAL	-0-	12,322,000	-0-
4. FISH AND WILDLIFE RESOURCES			
001. Fees-in-Lieu-of Stream Mitigation Projects Pool			
Restricted Funds	-0-	20,000,000	20,000,000
002. Camp Currie Dining Hall Construction			
Restricted Funds	-0-	1,400,000	-0-
Federal Funds	-0-	855,000	-0-
Other Funds	-0-	1,245,000	-0-
TOTAL	-0-	3,500,000	-0-
003. FILO Office Space			
Restricted Funds	1,050,000	-0-	-0-
5. KENTUCKY CENTER FOR THE ARTS			
001. Maintenance Pool - 2016-2018			
Investment Income	-0-	160,000	160,000

PART III

GENERAL PROVISIONS

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

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or

received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

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

2. Expenditure of Excess Restricted Funds or Federal Funds Receipts: If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2016-2017 or fiscal year 2017-2018, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and

Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. If General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2016-2017 or fiscal year 2017-2018, respectively, then the appropriation increase may be approved. If the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director and the Secretary of the Finance and Administration Cabinet may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800.

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

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2016-2018 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source

shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

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

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

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

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

executive records.

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

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

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

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

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

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

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2016 Regular Session of the General Assembly, to publish a final

enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, Executive Budget, Transportation Cabinet Budget, and Judicial Budget as enacted by the 2016 Regular Session, as well as other Acts which contain appropriation provisions for the 2016-2018 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2016 Regular Session. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted Executive Budget and Transportation Cabinet Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.

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

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

Appropriations and Revenue prior to any transfer of funds.

16. Construction of Budget Provisions Regarding Executive Reorganization

Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2016 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2017, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.120, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By November 30, 2017, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss affected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as used in this section means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2016 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

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

21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any

provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

22. Unclaimed Lottery Prize Money: For fiscal year 2016-2017 and fiscal year 2017-2018, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2016-2017 and fiscal year 2017-2018 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

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

25. Carry Forward and Undesignated General Fund and Road Fund Carry

Forward: Notwithstanding KRS 48.700, 48.705, and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2015-2016 and fiscal year 2016-2017, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2015-2016 and fiscal year 2016-2017 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2016-2018 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. Any General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

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

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request a reallocation among budget units under his or her administrative authority of up to ten percent of General Fund appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2015-2016, 2016-2017, and 2017-2018 for approval by the State Budget Director. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund appropriations shall be separately recorded

and reported in the system of financial accounts and reports provided in KRS Chapter 45.

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

Notwithstanding any statute or provision of this Act to the contrary, the Governor may reallocate up to 10 percent of General Fund appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2015-2016, 2016-2017, and 2017-2018 between cabinets under his authority. A request shall explain the need and use for the transfer subject to the approval of the State Budget Director.

27. Adoption of Budget Reductions: Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 14-01 and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 14-01. Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised Road Fund appropriation levels for the budget units of the Executive Branch identified in Road Fund Budget Reduction Order 14-01 and Road Fund Budget Reduction Order 16-01.

28. Use of Public Funds: Notwithstanding KRS 311.710, 311.715, or any other provision of the Kentucky Revised Statutes to the contrary, public funds, including moneys received from the federal government, shall not directly or indirectly be used, granted, paid, or distributed to any entity, organization, or individual that provides abortions or abortion services, or that is an affiliate of any entity, organization, or individual that provides abortions or abortion services, except in cases of medical emergency or medical necessity as defined in KRS 311.720. Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, state and federal family planning funds shall be awarded to eligible individuals, organizations, or entities applying

to be family planning contractors in the following order of descending priority: (1) Public entities that directly provide family planning services, including state, county, and local community health clinics and federally qualified health centers; (2) Nonpublic entities that directly provide comprehensive primary and preventative health services, as described in 42 U.S.C. sec. 254b(b)(1)(A), in addition to family planning services; and (3) Nonpublic entities that directly provide family planning services, but do not provide comprehensive primary and preventative services.

29. Kentucky Permanent Fund: There is hereby established the Kentucky Permanent Fund within the Finance and Administration Cabinet. Any appropriations, transfers, gifts, or grants made to this fund shall be made a part of this fund. The State Treasurer, with the approval of the Finance and Administration Cabinet, may invest the fund. Any income derived from these investments or dividends shall be credited to and become a part of this fund. Notwithstanding KRS 18A.2254(3), \$125,000,000 in each fiscal year shall be transferred to the Kentucky Permanent Fund from the Public Employee Health Insurance Trust Fund. These funds represent a portion of excess prior health insurance plan years and are not needed to fulfill health insurance claims payments for any prior plan year. These funds shall not be expended or appropriated without the express authority within an enacted biennial budget. Expenditures, up to \$3,000,000, for a performance audit of state-administered retirement systems during the 2016-2018 fiscal biennium shall be paid from the Permanent Fund.

30. Prevailing Wage: Notwithstanding the provisions of KRS 337.505 to 337.550 or any other provision of the Kentucky Revised Statutes to the contrary, no public authority shall make the prevailing wage, as defined in KRS 337.505, a part of the bidding specifications for any public works or a part of any contract for the construction of public works on or after the effective date of this Act.

31. Information Technology: All authorized computer information technology projects shall submit a semiannual progress report to the Capital Projects and Bond

Oversight Committee. The reporting process shall begin six months after the project is authorized and shall continue through completion of the project. The initial report shall establish a timeline for completion and cash disbursement schedule. Each subsequent report shall update the timeline and budgetary status of the project and explain in detail any issues with completion date and funding.

32. Equipment Service Contracts and Energy Efficiency Measures: The General Assembly mandates that the Finance and Administration Cabinet review all equipment service contracts to maximize savings to the Commonwealth to strictly adhere to the provisions of KRS 56.722, 56.782, and 56.784 in maximizing the use of energy efficiency measures.

33. Debt Restructuring: Notwithstanding any other provision of the Kentucky Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be undertaken during the 2016-2018 fiscal biennium.

34. Unexpended Debt Service: Notwithstanding KRS 48.720, any General Fund moneys appropriated for debt service in fiscal years 2016-2017 and 2017-2018 that are not expended specifically for debt service shall be transferred to the Permanent Fund.

35. Effects of Subsequent Legislation: If any measure enacted during the 2016 Regular Session of the General Assembly subsequent to this Act contains an appropriation or is projected to increase or decrease General Fund revenues, the amount in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or the reduction or increase in projected revenues. Notwithstanding any provision of KRS 48.120(4) and (5) to the contrary, the official enacted revenue estimates of the Commonwealth described in KRS 48.120(5) shall be adjusted at the conclusion of the 2016 Regular Session of the General Assembly to incorporate any projected revenue increases or decreases that will occur as a result of actions taken by the General Assembly subsequent to the passage of this Act by both chambers.

36. Contingent Appropriation of Excess Lottery Revenues: Based on the

official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be \$232,000,000 in fiscal year 2015-2016, \$236,000,000 in fiscal year 2016-2017, and \$241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth, excluding any unclaimed lottery prize money received under Section 22. of this Part, exceed the official estimate in any fiscal year, the first \$5,000,000 in unanticipated lottery receipts during the 2016-2018 fiscal biennium shall be transferred to the General Fund, and any unanticipated lottery receipts above \$5,000,000 during the 2016-2018 fiscal biennium shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b).

37. Funds Recovered Through Litigation: Pursuant to KRS 48.005, funds recovered by the Attorney General through litigation on behalf of the Commonwealth shall be transferred to the General Fund Surplus Account (KRS 48.700). The Attorney General may only retain funds for reasonable litigation costs and required consumer restitution. The Attorney General shall file with the presiding officer of the court a copy of the controlling statute governing disposition of the funds and request that an Order issue in conformity with the statute.

38. Sale of Real Property and Settlements: Notwithstanding any statute to the contrary, the Governor shall deposit the net proceeds from the sale of real property and settlements from litigation into the Permanent Fund for the purpose of addressing the Commonwealth's unfunded pension liabilities, except as provided in the provisions of this Act. For any future settlements of litigation, an attempt to appropriate settlement proceeds by any constitutional officer, outside of the legislative process, shall be null and of no effect.

PART IV

STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY

1. Authorized Personnel Complement: On July 1, 2016, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of

authorized permanent full-time and other positions based upon the enacted Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. An agency head may request an increase in the number of authorized positions to the State Budget Director. Upon approval, the Secretary of the Personnel Cabinet may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

2. Salary Adjustments: Notwithstanding KRS 18A.355 and 156.808(6)(e) and (12), no increment is provided in either fiscal year on the base salary or wages of each eligible state employee on their anniversary date.

3. Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

4. Employee Cross-Reference: The Personnel Cabinet may permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan.

5. Full-Time Positions: Notwithstanding KRS 18A.005(18)(a), full-time positions in the state parks, where the work assigned is dependent upon fluctuation in tourism, may be assigned work hours from 25 hours per week and remain in full-time positions.

6. Employer Retirement Contribution Rates: Notwithstanding KRS 61.565 and 61.702, the employer contribution rates for Kentucky Employees Retirement Systems from July 1, 2016, through June 30, 2017, shall be 48.59 percent, consisting of 40.24

percent for pension and 8.35 percent for insurance for nonhazardous duty employees and 23.82 percent, consisting of 21.08 percent for pension and 2.74 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 89.21 percent, consisting of 70.34 percent for pension and 18.87 percent for insurance. Notwithstanding KRS 61.565 and 61.702, the employer contribution rates for Kentucky Employees Retirement Systems from July 1, 2017, through June 30, 2018, shall be 49.47 percent, consisting of 41.06 percent for pension and 8.41 percent for insurance for nonhazardous duty employees and 23.70 percent, consisting of 21.44 percent for pension and 2.26 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 91.24 percent, consisting of 72.47 percent for pension and 18.77 percent for insurance. The rates above apply to wages and salaries earned for work performed during the described period regardless of when the employee is paid for the time worked.

7. Issuance of Paychecks to State Employees: Notwithstanding 101 KAR 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June 30, 2017, and June 30, 2018, shall not be issued prior to July 1, 2017, and July 1, 2018.

8. Health Care Spending Account: Notwithstanding KRS 18A.2254(2)(a) and (b), if a public employee waives coverage provided by his or her employer under the Public Employee Health Insurance Program, the employer shall forward a monthly amount to be determined by the Secretary of the Personnel Cabinet for that employee as an employer contribution to a health reimbursement account or a health flexible spending account, but not less than \$175 per month, subject to any conditions or limitations imposed by the Secretary of the Personnel Cabinet to comply with applicable federal law. The administrative fees associated with a health reimbursement account or health flexible spending account shall be an authorized expense to be charged to the Public Employee Health Insurance Trust Fund.

PART V
FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2016-2017 and fiscal year 2017-2018:

	2015-16	2016-17	2017-18
A. GENERAL GOVERNMENT			
1. Secretary of State			
Agency Revenue Fund	-0-	1,000,000	1,000,000
2. Agriculture			
Agency Revenue Fund	-0-	1,500,000	-0-
(KRS 217.570)			
B. ECONOMIC DEVELOPMENT CABINET			
1. Economic Development			
Other Special Revenue Fund	-0-	200,000	200,000
C. ENERGY AND ENVIRONMENT CABINET			
1. Secretary			
Kentucky Heritage Land			
Conservation Fund	-0-	2,500,000	2,500,000
(KRS 146.570)			
These funds transfers to the General Fund shall not include any receipts derived from the sale of the Nature License Plate.			
2. Secretary			
Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300
Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund			

support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c.

3. Environmental Protection

Insurance Administration Fund	-0-	8,900,000	8,000,000
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(KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150)

D. FINANCE AND ADMINISTRATION CABINET

1. General Administration

Agency Revenue Fund	-0-	1,000,000	-0-
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2. General Administration

Fleet Management Fund	-0-	6,000,000	6,000,000
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3. Facilities and Support Services

Agency Revenue Fund	-0-	300,000	-0-
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4. Facilities and Support Services

Property Management Fund	-0-	208,100	208,100
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5. Commonwealth Office of Technology

Computer Services Fund	1,960,000	8,000,000	8,000,000
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E. HEALTH AND FAMILY SERVICES CABINET

1. General Administration and Program Support

Malt Beverage Education Fund	-0-	500,000	500,000
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2. Commission for Children with Special Health

Care Needs

Agency Revenue Fund	-0-	1,000,000	-0-
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F. JUSTICE AND PUBLIC SAFETY CABINET

1. Juvenile Justice

Program Operations Fund	-0-	1,500,000	1,500,000
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G. PERSONNEL CABINET

1. General Operations

Agency Revenue Fund	-0-	2,692,600	2,692,600
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These fund transfers to the General Fund support General Fund debt service on bonds sold for the new Personnel/Payroll system.

2. General Operations

Enterprise Fund	-0-	125,000,000	125,000,000
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KRS 18A.2254(3)

The funds transfers of \$125,000,000 in fiscal year 2016-2017 and \$125,000,000 in fiscal year 2017-2018 partially support employer retirement contributions.

3. Workers' Compensation Benefits and Reserve

Workers' Compensation Benefits and Reserve	-0-	-0-	1,250,000
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KRS 18A.375(3)

Agency Revenue Fund

H. PUBLIC PROTECTION CABINET

1. Alcoholic Beverage Control

Agency Revenue Fund	-0-	300,000	300,000
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(KRS 243.025(3))

2. Financial Institutions

Agency Revenue Fund	-0-	5,500,000	5,500,000
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(KRS 286.1-485)

3. Insurance

Agency Revenue Fund	-0-	25,050,000	25,050,000
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(KRS 304.2-300 and 304.2-400)

TOTAL - FUNDS TRANSFER	1,960,000	193,157,000	189,707,000
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PART VI

GENERAL FUND BUDGET REDUCTION PLAN

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is

enacted for state government in the event of an actual or projected revenue shortfall in General Fund revenue receipts, excluding Tobacco Settlement – Phase I receipts, of \$10,617,200,000 in fiscal year 2016-2017 and \$10,875,500,000 in fiscal year 2017-2018, as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Notwithstanding KRS 48.130, direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address the proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected revenue shortfall.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and biennial branch budget bills.

Notwithstanding KRS 48.130(4)(a) and (b), in the event of a revenue shortfall of five percent or less, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Transfers of excess unappropriated Restricted Funds, notwithstanding any statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied as determined by the head of each branch for its respective budget units;

(3) Use of the unappropriated balance of the General Fund surplus shall be applied;

(4) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(5) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the Trust Fund balance in fiscal year 2016-2017 and 50 percent in fiscal year 2017-2018; and

(6) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections (1) to (5) of this Part are insufficient to eliminate an actual or projected General Fund revenue shortfall, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

PART VII

GENERAL FUND SURPLUS EXPENDITURE PLAN

(1) Notwithstanding KRS 48.130(7), 48.140(3), 48.700, and 48.705, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2016-2017 and 2017-2018. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys made available for the General Fund Surplus Expenditure Plan pursuant to Part

III, General Provisions, Section 24, of this Act are appropriated to the following:

(a) Authorized expenditures without a sum-specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;

(b) Half of the remaining amount to the Budget Reserve Trust Fund;

(c) 25 percent of the remaining amount to the Kentucky Teachers' Retirement System's unfunded pension liability; and

(d) 25 percent of the remaining amount to the Kentucky Employees Retirement System nonhazardous pension fund.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of fiscal year 2015-2016, and the close of fiscal year 2016-2017, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan respectively in fiscal year 2016-2017 and fiscal year 2017-2018. The Secretary of the Finance and Administration Cabinet shall certify to the Legislative Research Commission the amount of actual General Fund undesignated fund balance available for expenditure.

PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2016-2017 and fiscal year 2017-2018. Notwithstanding KRS 48.130(1) and (3) relating to statutory appropriation adjustments related to the revenue sharing of motor fuels taxes, in the event of an actual or projected revenue shortfall in Road Fund revenue receipts of \$1,456,900,000 in fiscal year 2016-2017 and \$1,478,200,000 in fiscal year 2017-2018 as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session, the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be appropriated in the State Construction Account within the Highways budget unit and utilized to support projects in the fiscal biennium 2016-2018 Biennial Highway Construction Program.

PART X

PHASE I TOBACCO SETTLEMENT

(1) **General Purpose:** This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) **State's MSA Share:** The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) **MSA Payment Amount Variables:** The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) **Distinct Identity of MSA Payment Deposits:** The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to

the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) MSA Payment Estimates and Adjustments: Based on the official estimates of the Consensus Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2015-2016 is \$88,100,000 and in fiscal year 2016-2017 is \$87,000,000 and in fiscal year 2017-2018 is \$92,800,000. It is recognized that MSA payments to be received by the Commonwealth are estimated and are subject to change. If MSA payments received are less than the official estimates, appropriation reductions shall be applied as follows: after exempting appropriations for debt service and the Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to the Early Childhood Development Fund, and 14 percent to the Health Care Improvement Fund. If MSA payments received exceed the official estimates, appropriation increases shall be applied as follows: after exempting appropriations for debt service and the Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to the Early Childhood Development Fund, and 14 percent to the Health Care Improvement Fund.

a. State Enforcement: Notwithstanding KRS 248.654, a total of \$250,000 in MSA payments received in each fiscal year is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. Debt Service: Notwithstanding KRS 248.654 and 248.703(4), \$26,985,300 in MSA payments in fiscal year 2016-2017 and \$26,667,700 in MSA payments in fiscal year 2017-2018 are appropriated to the Finance and Administration Cabinet, Debt Service budget unit.

c. Agricultural Development Initiatives: Notwithstanding KRS 248.654 and 248.703(4), \$30,958,000 in MSA payments in fiscal year 2016-2017 and \$34,050,200 in MSA payments in fiscal year 2017-2018 are appropriated to the Kentucky Agricultural

Development Fund to be used for agricultural development initiatives as specified in this Part.

d. Early Childhood Development Initiatives: Notwithstanding KRS 248.654, \$22,289,800 in MSA payments in fiscal year 2016-2017 and \$24,516,100 in MSA payments in fiscal year 2017-2018 are appropriated to the Early Childhood Development Initiatives as specified in this Part.

e. Health Care Initiatives: Notwithstanding KRS 248.654 and 304.17B-003(5), \$8,668,300 in MSA payments in fiscal year 2016-2017 and \$9,534,000 in MSA payments in fiscal year 2017-2018 are appropriated to the Health Care Improvement Fund for health care initiatives as specified in this Part.

(6) MSA Appropriation Adjustments – Fiscal Year 2015-2016: The Consensus Forecasting Group increased the fiscal year 2015-2016 Phase I Master Settlement Agreement revenues by \$15,700,000 to \$88,100,000. There is \$7,446,100 in actual receipts from fiscal year 2013-2014 that remain unappropriated. The total of \$23,146,100 is appropriated in fiscal year 2015-2016.

A. STATE ENFORCEMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654, appropriations for state enforcement shall be as follows:

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2016-17	2017-18
a. Revenue	250,000	250,000

B. DEBT SERVICE

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 248.703(4), appropriations for debt service shall be as follows:

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2016-17	2017-18
a. Debt Service	26,985,300	26,667,700

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

(2) **General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4) of this Act, \$2,151,400 in fiscal year 2016-2017 and \$2,218,000 in fiscal year 2017-2018 shall lapse.

(3) **Appropriation of Unexpended Tobacco Debt Service:** Any unexpended balance from the fiscal year 2016-2017 or the fiscal year 2017-2018 General Fund (Tobacco) debt service appropriation in the Finance and Administration Cabinet, Debt Service budget unit, shall continue and be appropriated to the Governor's Office of Agricultural Policy.

C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 248.703(4), appropriations for Agricultural Development shall be as follows:

1. GENERAL GOVERNMENT

Budget Unit	2015-16	2016-17	2017-18
a. Governor's Office of Agricultural Policy	21,099,500	25,358,000	28,450,200

(1) **Administrative Costs:** Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may

provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

(2) **Counties Account:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$8,875,300 in fiscal year 2016-2017 and \$9,957,600 in fiscal year 2017-2018, for the counties account as specified in KRS 248.703(1)(a).

2. DEPARTMENT OF AGRICULTURE

Budget Unit	2016-17	2017-18
a. Agriculture	600,000	600,000

(1) **Farms to Food Banks:** Included in the above General Fund (Tobacco) appropriation is \$600,000 in each fiscal year 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. The appropriations to the Farm to Food Banks Program may be used to purchase USDA-inspected meat to be distributed to local food pantries in Kentucky.

3. ENERGY AND ENVIRONMENT CABINET

Budget Unit	2016-17	2017-18
a. Natural Resources	5,000,000	5,000,000

(1) **Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$5,000,000 in fiscal year 2016-2017 and \$5,000,000 in fiscal year 2017-2018 for the Environmental Stewardship Program.

TOTAL - AGRICULTURAL	21,099,500	30,958,000	34,050,200
APPROPRIATIONS			

D. EARLY CHILDHOOD DEVELOPMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654, appropriations for Early Childhood Development shall be as follows:

1. GENERAL GOVERNMENT

Budget Unit	2016-17	2017-18
a. Office of the Governor	2,050,000	2,050,000

(1) **Governor's Office for Early Childhood Development:** Included in the above General Fund (Tobacco) appropriation is \$2,050,000 in each fiscal year of the biennium for the Early Childhood Advisory Council.

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units	2015-16	2016-17	2017-18
a. Community Based Services	2,046,600	6,668,400	8,894,700

(1) **Early Childhood Development Program:** Included in the above General Fund (Tobacco) appropriation is \$2,046,600 in fiscal year 2015-2016 for the Early Childhood Development Program. The \$2,046,600 shall not be expended in fiscal year 2015-2016 and shall continue into fiscal year 2016-2017. Included in the above General Fund (Tobacco) appropriation is \$6,668,400 in fiscal year 2016-2017 and \$8,894,700 in fiscal year 2017-2018 for the Early Childhood Development Program.

b. Public Health	11,580,000	11,580,000
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(1) **HANDS Program, Healthy Start, Folic Acid Program, Early Childhood Mental Health, and Early Childhood Oral Health:** Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in each fiscal year for the Health Access Nurturing Development Services (HANDS) Program, \$1,000,000 in each fiscal year for Healthy Start initiatives, \$80,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in each fiscal year for Early Childhood Mental Health, and \$500,000 in each fiscal year for Early Childhood Oral Health.

c. Behavioral Health, Developmental and Intellectual Disabilities Services	891,400	891,400
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(1) **Substance Abuse Prevention and Treatment:** Included in the above General Fund (Tobacco) appropriation is \$891,400 in each fiscal year for substance abuse

prevention and treatment for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

3. POSTSECONDARY EDUCATION

Budget Unit	2016-17	2017-18
a. Kentucky Higher Education Assistance Authority	1,100,000	1,100,000
(1) Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is \$1,100,000 in each fiscal year for Early Childhood Scholarships.		
TOTAL - EARLY CHILDHOOD APPROPRIATIONS	2,046,600	22,289,800
		24,516,100

E. HEALTH CARE IMPROVEMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 304.17B-003(5), appropriations for health care improvement shall be as follows:

1. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Unit	2016-17	2017-18
a. Public Health	2,353,100	2,588,100
(1) Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is \$2,353,100 in fiscal year 2016-2017 and \$2,588,100 in fiscal year 2017-2018 for the Smoking Cessation Program.		

2. JUSTICE AND PUBLIC SAFETY CABINET

Budget Unit	2016-17	2017-18
a. Justice Administration	1,609,100	1,769,800
(1) Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is \$1,609,100 in fiscal year 2016-2017 and \$1,769,800 in fiscal year 2017-2018 for the Office of Drug Control Policy.		

3. POSTSECONDARY EDUCATION

Budget Unit	2016-17	2017-18
a. Council on Postsecondary Education	4,706,100	5,176,100
(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, 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.		
TOTAL - HEALTH CARE APPROPRIATIONS	8,668,300	9,534,000
TOTAL - PHASE I TOBACCO SETTLEMENT		
FUNDING PROGRAM	23,146,100	89,151,400
		95,018,000

PART XI**STATE/EXECUTIVE BRANCH BUDGET SUMMARY****OPERATING BUDGET**

	2015-16	2016-17	2017-18
General Fund (Tobacco)	23,146,100	89,151,400	95,018,000
General Fund	32,257,500	10,619,395,000	10,859,368,100
Restricted Funds	124,605,400	8,016,913,500	8,437,703,400
Federal Funds	1,854,700	12,235,304,600	12,545,024,100
Road Fund	-0-	92,479,700	93,429,100
SUBTOTAL	181,863,700	31,053,244,200	32,030,542,700

CAPITAL PROJECTS BUDGET

	2015-16	2016-17	2017-18
General Fund	-0-	1,836,000	-0-
Restricted Funds	4,800,000	3,482,478,000	40,850,000
Federal Funds	1,750,000	61,444,000	31,640,000
Bond Funds	-0-	363,804,000	51,437,500
Agency Bonds	-0-	159,489,000	4,891,000

Investment Income	-0-	4,975,600	4,860,000
Other Funds	-0-	839,837,000	600,000
SUBTOTAL	6,550,000	4,913,863,600	134,278,500

TOTAL - STATE/EXECUTIVE BUDGET

	2015-16	2016-17	2017-18
General Fund (Tobacco)	23,146,100	89,151,400	95,018,000
General Fund	32,257,500	10,621,231,000	10,859,368,100
Restricted Funds	129,405,400	11,499,391,500	8,478,553,400
Federal Funds	3,604,700	12,296,748,600	12,576,664,100
Road Fund	-0-	92,479,700	93,429,100
Bond Funds	-0-	363,804,000	51,437,500
Agency Bonds	-0-	159,489,000	4,891,000
Investment Income	-0-	4,975,600	4,860,000
Other Funds	-0-	839,837,000	600,000
TOTAL FUNDS	188,413,700	35,967,107,800	32,164,821,200