

1 AN ACT relating to evidence-based budget allocations by providing for the  
2 formation of the Office for Program Evaluation and Quality Assurance within the Office  
3 of State Budget Director, the establishment of an evidence-based program inventory, the  
4 regular evaluation of state programs, the elimination of ineffective state programs, and  
5 the creation of an evaluation officer position within state agencies.

6 WHEREAS, the National Association of State Budget Officers or "NASBO" is a  
7 nonpartisan, research, and educational organization having all 50 states and territories as  
8 members; and

9 WHEREAS, a comparative analysis and survey was last completed by NASBO in  
10 state budgeting practices for all 50 states in 2015; and

11 WHEREAS, the survey showed that 37 state budget offices are responsible for the  
12 coordination of statewide performance measures, but Kentucky was not one of the 37  
13 states; and

14 WHEREAS, the survey showed that 42 state budget offices are responsible for  
15 program evaluation, but Kentucky was not one of the 42 states; and

16 WHEREAS, the Pew-MacArthur Results First Initiative works with states to  
17 implement innovative evidence-based policymaking; and

18 WHEREAS, a new federal law entitled, "Foundations for Evidence-based Policy  
19 Act" was enacted with broad, bipartisan support in 2019; and

20 WHEREAS, the process to inventory, evaluate, implement, and fund evidence-  
21 based programming has been widely adopted by states and the federal government,  
22 endorsed by credible, nonpartisan organizations, and is a requirement for the responsible  
23 allocation of public resources;

24 NOW, THEREFORE,

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

26 ➔Section 1. KRS 11.068 is amended to read as follows:

27 (1) There is created an agency of state government known as the Office of State Budget

1 Director. The office shall be attached for administrative purposes to the Office of  
2 the Governor.

3 (2) The office shall include the following major organizational units:

4 (a) The Office of State Budget Director, headed by the state budget director. The  
5 state budget director shall be appointed by the Governor pursuant to KRS  
6 11.040 and shall serve, under direction of the Governor, as state budget  
7 director and secretary of the state planning committee. The office shall include  
8 such principal assistants and supporting personnel appointed pursuant to KRS  
9 Chapter 12 as may be necessary to carry out the functions of the office. The  
10 office shall have such duties, rights, and responsibilities as are necessary to  
11 perform, without being limited to, the following functions:

12 1. Functions relative to the preparation, administration, and evaluation of  
13 the executive budget as provided in KRS Chapters 45 and 48 and in  
14 other laws, including but not limited to, capital construction budgeting,  
15 evaluation of state programs, program monitoring, financial and policy  
16 analysis and issue review, and executive policy implementation and  
17 compliance;

18 2. Continuous evaluation of statewide management and administrative  
19 procedures and practices, including but not limited to economic  
20 forecasting, technical assistance to state agencies, forms control, and  
21 special analytic studies as directed by the Governor; and

22 3. Staff planning functions of the state planning committee and evaluation  
23 of statewide management and administrative practices and procedures.

24 (b) Governor's Office for Policy and Management, headed by the state budget  
25 director. The state budget director shall maintain staff employed pursuant to  
26 KRS Chapter 18A sufficient to carry out the functions of the office relating to  
27 state budgeting as provided in paragraph (a) of this subsection and state

1 planning as provided in KRS Chapter 147, review of administrative  
 2 regulations proposed by executive agencies prior to filing pursuant to KRS  
 3 Chapter 13A and such other duties as may be assigned by the Governor.

4 ~~(c) Governor's Office for Policy Research, headed by the state budget director.  
 5 The Governor's Office for Policy Research shall assist the state budget  
 6 director in providing policy research data, information, and analysis to the  
 7 Governor on public policy issues that impact the Commonwealth. The state  
 8 budget director shall identify and direct the research to be completed and  
 9 provided by the office. The state budget director shall maintain staff employed  
 10 in accordance with KRS Chapter 18A sufficient to carry out the functions of  
 11 the office.~~

12 ~~(d)~~ Governor's Office for Economic Analysis, headed by the state budget director.  
 13 The state budget director shall maintain staff employed in accordance with  
 14 KRS Chapter 18A sufficient to carry out the functions of the office. The  
 15 Governor's Office for Economic Analysis shall carry out the revenue  
 16 estimating and economic analysis functions and responsibilities, including but  
 17 not limited to the functions and responsibilities assigned to the Office of State  
 18 Budget Director by KRS Chapter 48. The Governor's Office for Economic  
 19 Analysis shall perform the tax administrative function of using tax data to  
 20 provide the Department of Revenue with studies, projections, statistical  
 21 analyses, and any other information that will assist the Department of  
 22 Revenue in performing its tax administrative functions.

23 **(d) 1. Governor's Office for Program Evaluation and Quality Assurance,**  
 24 **headed by the state budget director. The state budget director shall**  
 25 **coordinate, manage, and implement the Commonwealth's evaluation**  
 26 **and quality assurance program by:**  
 27 **a. Promoting rigorous and relevant evaluations;**

- 1                   **b. Using evidence from those evaluations to inform improved**  
 2                                   **programs, policies, and service by each program agency;**  
 3                   **c. Using evaluations as a continuous method of program**  
 4                                   **improvement and not as a method to inhibit innovation in**  
 5                                   **government;**  
 6                   **d. Incorporating the latest lessons in implementation research to**  
 7                                   **ensure cost effective and successful outcomes;**  
 8                   **e. Collaborating with agency data coordinators and the**  
 9                                   **Commonwealth Office of Technology in the collection,**  
 10                                   **dissemination, and use of data; and**  
 11                   **f. Coordinating and maintaining the Commonwealth's evidence-**  
 12                                   **based program inventory.**

13                   **2. The state budget director shall maintain staff employed in accordance**  
 14                                   **with KRS Chapter 18A sufficient to carry out the functions of the**  
 15                                   **office.**

16                   ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
 17 READ AS FOLLOWS:

18                   **As used in Section 1 of this Act, Sections 2 to 7 of this Act, Section 8 of this Act, and**  
 19                                   **Section 9 of this Act:**

20                   **(1) "Evaluation" means an evidence-based analysis of a program using systematic**  
 21                                   **data collection to determine the effectiveness and efficiency of the program,**  
 22                                   **including:**

23                                   **(a) Experimental design;**

24                                   **(b) An information source;**

25                                   **(c) A program manual;**

26                                   **(d) Quasi-experimental design; or**

27                                   **(e) Scientific research;**

- 1 (2) "Experimental design" means an experiment where individuals are randomly  
2 assigned to a treatment group or a control group where the treatment group is  
3 exposed to the program, the control group is not exposed to the program, and the  
4 differences between the outcomes of the two (2) groups are measured;
- 5 (3) "Fidelity and implementation plan" means the plan described in Section 5 of this  
6 Act;
- 7 (4) "Information source" means a nationally recognized institution or provider of  
8 evidence-based research with expertise in study design, implementation,  
9 evaluation, and cost benefit analysis. Qualifying information sources include but  
10 are not limited to:
- 11 (a) Washington State Institute for Public Policy;  
12 (b) The Centers for Disease Control;  
13 (c) The Substance Abuse and Mental Health Services Administration;  
14 (d) The Agency for Healthcare Research and Quality;  
15 (e) The Office of Juvenile Justice and Delinquency Prevention;  
16 (f) The Results First Clearinghouse Database; and  
17 (g) The What Works Clearinghouse maintained by the Institute of Education  
18 Sciences, U. S. Department of Education;
- 19 (5) "Major program" means a program whose funding has a substantial and  
20 material impact on the Commonwealth's fiscal condition and credit worthiness as  
21 designated by the Office of State Budget Director;
- 22 (6) "Mixed effects" means an evaluation of a program that offers a high level of  
23 research on the effectiveness or efficiency of multiple outcomes but, when  
24 evaluated, the outcomes have contradictory effects;
- 25 (7) "No effect" means an evaluation of a program that results in no impact on the  
26 measured outcome;
- 27 (8) (a) "Program" means any service provided by a program agency that assists,

1 treats, or intervenes and is intended to:

2 1. Reduce the propensity of a person to commit crimes;

3 2. Improve the mental health of a person with the result of reducing the  
4 likelihood that the person will commit a crime or need emergency  
5 mental health services;

6 3. Reduce the propensity of a person who is less than eighteen (18) years  
7 of age to engage in antisocial behavior, including truancy, with the  
8 result of reducing the likelihood that the person will become a juvenile  
9 offender; or

10 4. Increase the likelihood of an individual to be gainfully employed in  
11 the economy; but

12 (b) "Program" does not include:

13 1. An educational program or service that a program agency is required  
14 to provide to meet educational requirements imposed by state law; or

15 2. A program that provides basic medical services;

16 (9) "Program agency" means the:

17 (a) Cabinet for Economic Development;

18 (b) Education and Workforce Development Cabinet;

19 (c) Cabinet for Health and Family Services;

20 (d) Justice and Public Safety Cabinet; and

21 (e) Department for Local Government;

22 (10) "Program in need of remediation" means any program included in the evidence-  
23 based program inventory where the actual outcome of an evaluation is one-half  
24 (1/2) or less than the outcome from any national study of that program outlining  
25 benchmarks for that program;

26 (11) "Program manual" means a description with specificity of the assistance,  
27 treatment, or intervention service that the program agency is providing that

- 1       identifies:
- 2       (a) The outcome sought to be impacted;
- 3       (b) How the outcome is to be measured;
- 4       (c) How the participants of the program are selected;
- 5       (d) A measurement of attrition;
- 6       (e) How the program is to be evaluated;
- 7       (f) Implementation standards that include methods for measuring competent
- 8               delivery of assistance, treatment, or intervention services as well as success
- 9               factors following the assistance, treatment, or intervention; and
- 10       (g) Any other information required by the Office of State Budget Director;
- 11       (12) "Promising" means an evaluation indicating that the program demonstrates
- 12               effectiveness or efficiency for at least one (1) outcome;
- 13       (13) "Proven effective" means an evaluation indicating that the program
- 14               demonstrates a high level of effectiveness or efficiency for more than one (1)
- 15               outcome;
- 16       (14) "Quasi-experimental design" means an experiment where individuals are not
- 17               randomly assigned, but uses comparison groups that are similar in observable
- 18               preprogram characteristics including:
- 19               (a) Demographics;
- 20               (b) Geographic location;
- 21               (c) Preprogram measures of the outcome the program seeks to improve;
- 22               (d) Outcome data that are collected in the same manner;
- 23               (e) Comparison groups that share the same motivation; or
- 24               (f) Statistical methods that account for preprogram differences between the two
- 25               groups;
- 26       (15) "Scientific research" means an evaluation method that demonstrates high
- 27               scientific standards for evaluating the effects of a program with two (2) or more

1 separate client samples where improving participant outcomes is central to the  
 2 purpose of the program; and

3 (16) "Theory based" means a program has either:

4 (a) No research on effectiveness or efficiency; or

5 (b) Research that does not meet the standards of:

6 1. Proven effective;

7 2. Promising;

8 3. Mixed effects; or

9 4. No effect.

10 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
 11 READ AS FOLLOWS:

12 (1) The Office of State Budget Director shall maintain an inventory of evidence-  
 13 based programs for each program agency.

14 (2) The Legislative Research Commission and the Administrative Office of the  
 15 Courts may voluntarily participate in the evidence-based program inventory by  
 16 submitting the appropriate information to the Office of State Budget Director.

17 (3) The Office of State Budget Director shall include within the inventory of  
 18 evidence-based programs the following information:

19 (a) A unique identification for each program that changes as the program  
 20 manual is modified;

21 (b) The area of interest;

22 (c) A description of the population served;

23 (d) The frequency of the program;

24 (e) The duration of the program;

25 (f) The total cost of the program;

26 (g) The amount of state dollars appropriated to fund the program for the:

27 1. Last fiscal year; and

- 1            2. Current or upcoming biennium;
- 2            (h) The number of individuals participating in the program each year;
- 3            (i) Whether the protocol and standards of the program are described in a
- 4            program manual;
- 5            (j) The date of the last revision to the program manual;
- 6            (k) Whether the program was modeled after another evidence-based program
- 7            or is a pilot program;
- 8            (l) The outcomes that the program seeks to impact;
- 9            (m) A classification of the effectiveness or efficiency of the program as either:
- 10           1. Proven effective;
- 11           2. Promising;
- 12           3. Mixed effects;
- 13           4. No effect; or
- 14           5. Theory based;
- 15           (n) The average estimated return on investment as reported in peer-reviewed
- 16           academic research or other reliable information sources, if one is available;
- 17           (o) The actual return on investment, if one is available;
- 18           (p) The information source;
- 19           (q) The date of the last evaluation of the program, if the program was ever
- 20           evaluated;
- 21           (r) Whether the last evaluation was performed internally or by a third party,
- 22           unaffiliated with the program agency;
- 23           (s) Whether the program is a major program;
- 24           (t) Whether the program is currently operating under a fidelity and
- 25           implementation plan; and
- 26           (u) Any other information as required by the Office of State Budget Director, if
- 27           its addition would better describe the program or allow others to evaluate

1 *the program's effectiveness and efficiency.*

2 *(4) The Office of State Budget Director shall classify a program as having no effect if*  
 3 *a program agency:*

4 *(a) Does not submit all of the documentation required by subsection (3) of this*  
 5 *section to the Office of State Budget Director as requested; or*

6 *(b) Fails to provide a program manual.*

7 *(5) The Office of State Budget Director shall have the final authority to classify a*  
 8 *program regarding its effectiveness and efficiency.*

9 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
 10 READ AS FOLLOWS:

11 *(1) (a) Within ninety (90) days of the effective date of this Act, the Office of State*  
 12 *Budget Director shall convene the evidence-building workgroup.*

13 *(b) The members of the evidence-building workgroup shall consist of the*  
 14 *evaluation officers appointed by the program agency as described in Section*  
 15 *7 of this Act.*

16 *(c) The evidence-building workgroup shall assist the Office of State Budget*  
 17 *Director in carrying out the duties described in Section 3 of this Act.*

18 *(d) The evidence-building workgroup shall meet upon the schedule determined*  
 19 *by the state budget director to accomplish the requirements of Sections 2 to*  
 20 *7 of this Act.*

21 *(e) The Office of State Budget Director shall report on the first day of each*  
 22 *calendar quarter to the Senate and House Standing Committees on*  
 23 *Appropriations and Revenue or the Interim Joint Committee on*  
 24 *Appropriations and Revenue, as applicable, the decisions made and the*  
 25 *actions taken by the evidence-building workgroup.*

26 *(2) (a) Within one hundred twenty (120) days of the effective date of this Act, each*  
 27 *program agency shall submit a compliance plan described in paragraph (b)*

1 of this subsection to the Office of State Budget Director.

2 (b) The compliance plan shall include:

3 1. A summary description of each program currently offered by the  
4 program agency as of the effective date of this Act;

5 2. A summary of how the program is funded; and

6 3. The total annual cost of providing the program.

7 (3) (a) Within one (1) year of the effective date of this Act, and no later than June  
8 30 annually thereafter, the Office of State Budget Director shall publish  
9 upon its Web site the Commonwealth of Kentucky's Evidence-based  
10 Program Inventory.

11 (b) Each program agency shall collaborate with the Office of State Budget  
12 Director in formulating the evidence-based program inventory.

13 (c) If a program agency cannot make all the data available as required by  
14 Section 3 of this Act, the program agency shall report to the Office of State  
15 Budget Director:

16 1. a. The reasons why the data cannot be provided within this  
17 reporting period; and

18 b. The date by which it expects the data to be available; or

19 2. The reasons why the data can never be provided.

20 (4) Except as provided in subsections (5) to (8) of this subsection:

21 (a) No later than three (3) years from the effective date of this Act, and no later  
22 than June 30 annually thereafter, the Office of State Budget Director shall  
23 require:

24 1. An evaluation by an independent institution of at least five (5) major  
25 programs on the evidence-based program inventory, at the cost of the  
26 program agency, to determine if the submitted data for the inventory is  
27 reliable and accurate; and

1           2. An evaluation of at least five (5) other programs on the evidence-based  
2           program inventory to determine if the submitted data for the inventory  
3           is reliable and accurate. This evaluation may be performed by another  
4           subdivision of state government.

5           (b) If the minimum number of evaluations provided in paragraph (a) of this  
6           subsection does not allow for all programs in the evidence-based program  
7           inventory to be evaluated within seven (7) years from the effective date of  
8           this Act, the Office of State Budget Director shall increase the number of  
9           evaluations required in paragraph (a) of this subsection to accomplish an  
10           evaluation of every program within the seven (7) year time period.

11           (c) Any programs added to the evidence-based program inventory after the  
12           effective date of this Act shall be evaluated within four (4) years.

13           (5) Within three (3) years of implementation of any pilot program, the program  
14           agency shall conduct an evaluation of the pilot program for effectiveness and  
15           efficiency.

16           (6) Any program in need of remediation shall be evaluated annually to determine if  
17           progress to increase effectiveness or efficiency has occurred.

18           (7) Except as provided in subsection (6) of this section, an evaluation shall not be  
19           required within four (4) years from the date of a prior evaluation of that  
20           program.

21           (8) Other branches of government or cabinets that voluntarily elect to participate in  
22           submitting data to the evidence-based program inventory are not subject to  
23           evaluation.

24           ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
25 READ AS FOLLOWS:

26           (1) If any program is classified as a program in need of remediation, the program  
27           agency shall submit a fidelity and implementation plan to the Office of State

- 1        Budget Director within one hundred twenty (120) days of that classification.
- 2        (2) The program agency shall include within the fidelity and implementation plan:
- 3            (a) The identification of the individual tasked with ensuring fidelity of the
- 4            program;
- 5            (b) The names and titles of all members appointed to a quality assurance
- 6            committee within the program agency to oversee the fidelity and
- 7            implementation plan;
- 8            (c) The designation of program agency employees as specialists with a
- 9            demonstrated background and expertise in the effective and efficient
- 10           delivery of the program in need of remediation;
- 11           (d) A quality control manual that prescribes specific standards for hiring,
- 12           training, and retaining qualified providers, as well as protocols for
- 13           managing and overseeing service delivery of the program;
- 14           (e) Whether the provider staff who deliver therapeutic services are screened by
- 15           the state's program specialists to ensure that they meet minimum
- 16           qualifications;
- 17           (f) Whether an initial assessment of new providers at the conclusion of the
- 18           probationary period was performed and whether an assessment was
- 19           performed annually thereafter;
- 20           (g) Whether provider reviews are observed directly or by video;
- 21           (h) Whether the program assesses risk and protective factors both before a
- 22           participant is placed in the program and after the participant completes or
- 23           otherwise terminates the program;
- 24           (i) Whether annual site reviews are performed to assess if the physical
- 25           environment is supportive of an effective and efficient program;
- 26           (j) Standards for corrective action when a site or provider are not competently
- 27           delivering the program;

- 1        (k) Protocol that allow for evaluations to be challenged and new evaluators to  
 2            be assigned in the event of a dispute;
- 3        (l) A method for tracking program completion rates and outcome results by  
 4            provider and site;
- 5        (m) Reports that annually disclose the number and percentage of sites and  
 6            providers that are competently delivering the program;
- 7        (n) Identification of any funding or resource gaps;
- 8        (o) Implementation goals by provider, participant, and site;
- 9        (p) Any weaknesses identified by the independent evaluation; and
- 10       (q) Any other information that would restore program integrity and fidelity.
- 11       (3) The Office of State Budget Director shall post the fidelity and implementation  
 12            plan on its Web site and disclose within the evidence-based program inventory  
 13            that the fidelity and implementation plan exists.

14       ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
 15       READ AS FOLLOWS:

- 16       (1) Except as provided in subsection (2) of this section, state funding shall lapse for  
 17            any program if:
- 18            (a) The program is not identified by the program agency and is not included in  
 19            the evidence-based program inventory, but was later discovered by audit,  
 20            public record request, civil discovery, or any other means;
- 21            (b) A fidelity and implementation plan is not submitted by the program agency  
 22            to the Office of State Budget Director within one hundred twenty (120) days  
 23            of that classification;
- 24            (c) Any program appears for two (2) consecutive years on the evidenced-based  
 25            program inventory as having:
- 26                1. No manual; or
- 27                2. No effect;

1 (d) Any pilot program appears for four (4) consecutive years on the evidenced-  
 2 based program inventory and fails to have an independent evaluation  
 3 classifying the program as either proven effective, promising, or mixed  
 4 effects; and

5 (e) Any program in need of remediation that did not successfully complete the  
 6 fidelity and implementation plan required by Section 5 of this Act within  
 7 three (3) years of that designation.

8 (2) State funding shall not lapse for any program if there is an existing contractual  
 9 or legal obligation to:

10 (a) The federal government;

11 (b) A local jurisdiction within the Commonwealth; or

12 (c) An independent provider or contractor, but the agreement with an  
 13 independent provider or contractor shall not be renewed or extended.

14 (3) Beginning July 1, 2021, the Commonwealth shall not grant or award state funds  
 15 to a program administered by a local unit of government or an independent  
 16 contractor unless the program is:

17 (a) Included within the evidence-based program inventory; or

18 (b) A pilot program subject to evaluation.

19 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 11 IS CREATED TO  
 20 READ AS FOLLOWS:

21 (1) (a) Each program agency shall appoint an employee of that agency as an  
 22 evaluation officer for the program agency.

23 (b) If more than one (1) evaluation officer is required from a program agency,  
 24 the program agency shall assign specific programs to each evaluation  
 25 officer.

26 (2) The evaluation officer shall:

27 (a) Be selected based on:

- 1            1. Demonstrated expertise in evaluation methodology and practices; and  
 2            2. Personal expertise in the disciplines of the program;  
 3            (b) Be appointed without regard to political affiliation;  
 4            (c) To the extent practicable, coordinate activities with other staff of the  
 5            program agency necessary to carry out the functions required by this  
 6            section;  
 7            (d) Create an inventory of all program agency programs;  
 8            (e) Submit the inventory to the Office of State Budget Director;  
 9            (f) Identify existing data that may be useful for evaluating the effectiveness and  
 10           efficiency of each program;  
 11           (g) Advocate for the collection of new and relevant data to evaluate the  
 12           effectiveness and efficiency of each program;  
 13           (h) Assess the program agency's capacity to support the development and use of  
 14           an evaluation of each program;  
 15           (i) Establish and implement an evaluation policy under the direction of the  
 16           head of the program agency;  
 17           (j) Consult and collaborate with any program agency data coordinator; and  
 18           (k) Coordinate, develop, and implement program agency evaluation plans.

19           ➔Section 8. KRS 48.110 is amended to read as follows:

20           Each branch budget recommendation shall contain a complete financial plan for the  
 21           branch of government for each of the next two (2) fiscal years. Each branch budget  
 22           recommendation shall include:

- 23           (1) A budget message signed by:  
 24                      (a) The Governor for the executive branch;  
 25                      (b) The Chief Justice for the judicial branch; and  
 26                      (c) The co-chairmen of the Legislative Research Commission for the legislative  
 27                      branch;

- 1 (2) (a) Statements of income and receipts for the two (2) fiscal years last concluded,  
2 and the estimated income and receipts, for each budget unit of the branch of  
3 government for the current fiscal year and each of the next two (2) fiscal  
4 years.
- 5 (b) The statements of income and estimated income shall be itemized by budget  
6 unit and fund, and shall show separately receipts from:
- 7 1. Current income;
  - 8 2. Refunds and reimbursements of expenditures;
  - 9 3. The sale of assets; and
  - 10 4. Receipts on account of the income of prior years.
- 11 (c) Existing sources of income and receipts shall be analyzed as to their equity,  
12 productivity, and need for revision, and any proposed new sources of income  
13 or receipts shall be explained;
- 14 (3) A statement of the surplus in any account and in any special fund of the branch of  
15 government. If a surplus exists in any account of the branch of government the  
16 statement shall show the excess of all current assets over all current liabilities as of  
17 the beginning of each of the two (2) fiscal years last concluded, and all changes in  
18 these accounts during each of such two (2) fiscal years;
- 19 (4) A statement as of the close of the last completed fiscal year and as of the close of  
20 the current fiscal year showing, for each budget unit the total funded debt, the value  
21 of sinking fund assets, the net funded debt, the floating liabilities as of the end of  
22 the current fiscal year, and the total debt as of the close of the last completed fiscal  
23 year and as of the close of the current fiscal year;
- 24 (5) Summary and detailed comparative statements of expenditures itemized by budget  
25 unit for each of the two (2) fiscal years last concluded and requests for  
26 appropriations by funds or accounts, the budget of the current year, and the  
27 recommendations for appropriations for each of the next two (2) fiscal years.

1 Following the lists of actual and proposed expenditures of each budget unit there  
 2 shall be a detailed explanation of the actual and proposed expenditures, to include  
 3 activities, beneficiaries and expected results of the programs or services of the  
 4 budget units;

5 (6) A draft of the proposed branch budget bill containing:

6 (a) Recommendations of the branch of government for appropriations for the next  
 7 two (2) fiscal years, and drafts of such revenue and other acts as may be  
 8 recommended for implementing the proposed financial plan;

9 (b) Recommended appropriations for extraordinary expenses and capital outlays,  
 10 which shall be itemized in the proposed branch budget bill for the branch by  
 11 budget unit. The title of each budget unit shall be worded to limit each  
 12 appropriation to the specific use or purpose intended;

13 (c) A plan for the reduction of the branch budget if there is a revenue shortfall of  
 14 five percent (5%) or less in the general fund or road fund. In recommending  
 15 budget reductions, the Governor, the Chief Justice, and the Legislative  
 16 Research Commission;

17 1. Shall not recommend universal percentage reductions; ~~but~~

18 2. Shall weigh the needs of all budget units; ~~and~~

19 3. Shall strive to protect the highest possible level of service in their  
 20 respective branches; and

21 4. Shall preserve current programs only if the effectiveness and  
 22 efficiency of the program have been demonstrated as provided in  
 23 Sections 2 to 7 of this Act.

24 Services which are not essential to constitutional functions shall be subject to  
 25 reduction. Transfer of funds may be authorized by the budget reduction plan;

26 (d) 1. A plan for the expenditure of a general fund or road fund surplus of up  
 27 to two and one-half percent (2.5%).

- 1           2.    The plan shall include provisions for the expenditure of a surplus, and  
2                    may provide for additional moneys for nonrecurring expenditures for  
3                    which an appropriation was not made in a branch budget bill, or for a  
4                    program or service authorized by law for which an appropriation was not  
5                    made, or which was not fully funded.
- 6           3.    In lieu of recommending the appropriation of funds, the plan may  
7                    instead recommend the retention of surplus funds in the surplus account  
8                    of the general fund or road fund for investment until appropriated by the  
9                    General Assembly;
- 10       (e) 1.    A recommended state capital projects program and a recommended  
11                    program for the purchase of major items of equipment.
- 12       2.    The recommended capital construction program shall include:
- 13           a.    A complete list and summary description of each specific capital  
14                    construction project recommended for funding during the  
15                    biennium; and
- 16           b.    For each project:
- 17                    i.    The agency and purpose for which it will be used;
- 18                    ii.   The justification for the project;
- 19                    iii.   Its estimated completion date;
- 20                    iv.   The total estimated cost of completing the project;
- 21                    v.    The estimated cost of the project during the biennium;
- 22                    vi.   The recommended sources of funds for the entire project;
- 23                            and
- 24                    vii.   The dollar amounts recommended for appropriation and the  
25                            dollar amounts, listed by source, that are anticipated  
26                            from every other source of funds for the biennium.
- 27       3.    All information required by subparagraph 2. of this paragraph shall be

1 included in each branch budget recommendation. Each branch budget  
2 bill shall contain only a complete list of the specific capital construction  
3 projects recommended for funding during the biennium and, for each  
4 project, the information specified in subparagraph 2.b.v., vi., and vii. of  
5 this paragraph.

6 4. A report which details the effect of recommended new debt on the debt  
7 position of the Commonwealth shall be submitted at the same time the  
8 recommended capital program is submitted. Information shall be  
9 presented separately, and in total, for the general fund, road fund, and  
10 any affected restricted fund account.

11 5. Information in the report shall include but not be limited to the  
12 following:

13 a. Debt service on existing appropriation-supported debt, as a  
14 percentage of anticipated total revenues;

15 b. Debt service on existing appropriation-supported debt, as a  
16 percentage of anticipated available revenues;

17 c. The sum of debt service on existing appropriation-supported debt  
18 and debt service on recommended new appropriation-supported  
19 debt, as a percentage of anticipated total revenues;

20 d. The sum of debt service on existing appropriation-supported debt  
21 and debt service on recommended new appropriation-supported  
22 debt, as a percentage of anticipated available revenues;

23 e. The sum of debt service on existing appropriation-supported debt  
24 and debt service on recommended new appropriation-supported  
25 debt, as a percentage of estimated state total personal income; and

26 f. The sum of existing appropriation-supported debt and  
27 recommended new appropriation-supported debt, as a percentage

1 of estimated state total personal income.

2 6. The recommended program for the purchase of major items of  
3 equipment submitted by the head of each branch of government shall  
4 include:

5 a. A complete list and summary description of each specific major  
6 item of equipment recommended for purchase during the  
7 biennium; and

8 b. For each major item of equipment:

9 i. The agency and purpose for which it will be used;

10 ii. The justification for the purchase;

11 iii. The estimated cost of the item, including ancillary expenses  
12 and any expenses necessary to make the equipment  
13 functional and operational;

14 iv. The recommended sources of funds; and

15 v. The dollar amounts recommended for appropriation and  
16 anticipated from every other source of funds for the  
17 purchase.

18 7. All information required by subparagraph 5. of this paragraph shall be  
19 included in the executive branch budget recommendation. The branch  
20 budget bill for the executive branch shall contain only a complete list of  
21 each specific item of major equipment recommended for purchase  
22 during the biennium and, for each item, the information specified in  
23 subparagraph 6.b.iii., iv., and v. of this paragraph;

24 (f) The branch budget recommendation for the Transportation Cabinet shall  
25 include the following information:

26 1. A separate branch budget bill;

27 2. A recommended biennial highway construction plan, which shall be

- 1 presented as a separate bill, and which shall include a list of individual  
2 transportation projects included in the last four (4) years of the six (6)  
3 year road plan, not to exceed ten percent (10%) of the recommended  
4 biennial highway construction appropriation, which can be advanced if:
- 5 a. Additional funds are received; and
  - 6 b. All projects included in the biennial highway construction plan  
7 have been advanced or completed to the extent possible; and
- 8 3. The six (6) year road plan. The Governor shall have ten (10) working  
9 days after submission of the branch budget recommendation and the  
10 recommended biennial highway construction plan to submit the six (6)  
11 year road plan. The six (6) year road plan shall be submitted in a form  
12 and format cooperatively developed by the Transportation Cabinet and  
13 the General Assembly and approved by the Legislative Research  
14 Commission; and
- 15 (g) 1. In the executive branch budget recommendation, as a separate section,  
16 an amount sufficient to meet unexpected contingencies or emergencies,  
17 including but not limited to natural or man-made disasters, civil  
18 disorders, court orders requiring or resulting in the expenditure of state  
19 funds, or other related causes.
- 20 2. The amount shall be based on the nature, type, and frequency of named  
21 categories of events which may, from past experience, be reasonably  
22 anticipated.
  - 23 3. This portion of the budget recommendation shall detail similar incidents  
24 and the nature and amount of the expenditures for each during the ten  
25 (10) years immediately preceding.

26 The total amount of appropriations recommended from any fund shall not exceed  
27 the cash resources estimated to be available and to become available to meet

1 expenditures under the appropriations;

2 (7) A certificate of the branch of government as to the accuracy of the statements of  
3 financial condition, of income and receipts, and of expenditures;~~and~~

4 (8) **The evidence-based program inventory required by Sections 2 to 7 of this Act;**  
5 **and**

6 **(9)** Such other information as is deemed desirable, or is required by law or regulation.

7 ➔Section 9. KRS 48.180 is amended to read as follows:

8 In addition to the information required by KRS 48.110, the Governor shall submit the  
9 following information as a separate part of the branch budget request for the executive  
10 branch of government:

11 (1) Summary statements of the financial condition of the state, which shall include such  
12 detailed schedules of revenues and summary of expenditures by fund as specified by  
13 law in addition to those the Governor deems desirable; and summary statements of  
14 the estimated fund balances for the current fiscal year and each of the next two (2)  
15 fiscal years; and statement of the surplus account for the general fund and the road  
16 fund, for the budget reserve trust fund account, and for each special fund. Each  
17 surplus account shall show the excess of all current revenues over all current  
18 expenditures as of the beginning of each of the two (2) fiscal years last concluded,  
19 and all changes in each surplus account during each of such two (2) fiscal years;~~and~~

20 (2) A statement as of the close of the last completed fiscal year and as of the close of  
21 the current fiscal year, showing for the Commonwealth the total funded debt, the  
22 value of sinking fund assets, the net funded debt, the floating liabilities as of the  
23 close of the last completed fiscal year and the estimated floating liabilities as of the  
24 end of the current fiscal year, and the total debt as of the close of the last completed  
25 fiscal year and as of the close of the current fiscal year;~~and~~

26 (3) A summary statement for each major fund of the cash resources estimated to be  
27 available at the beginning of each of the next two (2) fiscal years, and the estimated

1 cash receipts of the fiscal year;~~[-]~~

2 (4) **The evidenced-based program inventory required by Sections 2 to 7 of this Act;**

3 **and**

4 **(5) Any**~~Such~~ other information~~[- as is]~~ deemed desirable or~~[- is]~~ required by law or

5 regulation.