

1 AN ACT relating to budget requirements.

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

3 ➔Section 1. KRS 48.020 is amended to read as follows:

4 Each branch of government shall have in continuous process of preparation and revision,
5 in the light of its direct studies of the operations, plans and needs of its budget units and
6 of the existing and prospective sources of income, a branch budget recommendation for
7 the next two (2) fiscal years for which a budget recommendation is required to be
8 prepared. Upon receipt of the estimates from its budget units, each branch of government
9 shall check these estimates in the light of its own information, and shall make such
10 further inquiries and investigations and revise its branch budget recommendation as it
11 deems warranted.~~[The branch budget recommendation when approved shall be certified~~
12 ~~together with the budget statements provided for in KRS 48.110 and submitted as~~
13 ~~provided for in KRS 48.100.]~~

14 ➔Section 2. KRS 48.040 is amended to read as follows:

15 (1) On or before April 1 of each odd-numbered year, representatives designated by the
16 Governor, the Chief Justice and the Legislative Research Commission for their
17 respective branches shall propose drafts of uniform forms to be used by all budget
18 units in submitting their budget estimates, requests and recommendations, and shall
19 recommend to the Legislative Research Commission such rules and regulations
20 deemed necessary for the preparation of such budget estimates, requests and
21 recommendations.

22 (2) On or before July 1 of each odd-numbered year, the Legislative Research
23 Commission shall prescribe uniform forms, records, and instructions to be used by
24 branch budget units. Included in such forms shall be a section requiring budget units
25 to identify the amount of funds to be spent on agency publications.

26 (3) (a) On or before August 15 of each odd-numbered year, each of the state-
27 administered retirement systems as defined by KRS 6.350(5) shall submit to

1 the state budget director's office and the Legislative Research Commission a
2 preliminary projection of the actuarially required contribution rates payable
3 for the budget biennium that begins in the following fiscal year.

4 (b) On or before October~~[November]~~ 15 of each odd-numbered year, the state-
5 administered retirement systems as defined by KRS 6.350(5) shall submit
6 revised projections to the state budget director's office and the Legislative
7 Research Commission, based upon the most recently completed actuarial
8 valuation, of the actuarially required contribution rates payable for the budget
9 biennium that begins in the following fiscal year.

10 (c) The Legislative Research Commission shall distribute the information
11 received under this subsection to the committee staff and co-chairs of any
12 committee that has jurisdiction over a state-administered retirement system.

13 (4) On or before September 1 of each odd-numbered year, the Finance and
14 Administration Cabinet shall supply each branch of government with at least three
15 (3) complete sets of the prescribed uniform forms and instructions for the
16 preparation of estimates and statements, and one (1) copy of the complete statement
17 of the expenditures of each budget unit of the branch to aid each branch of
18 government in preparing its estimates and statements.

19 (5) Upon request, the Finance and Administration Cabinet shall provide such additional
20 assistance to each branch of government as may be required.

21 ➔Section 3. KRS 48.050 is amended to read as follows:

22 The head of each budget unit shall submit its budget unit request to the Office of State
23 Budget Director, in the case of the executive branch, to the Chief Justice, in the case of
24 the judicial branch, to the director of the Legislative Research Commission, in the case of
25 the legislative branch; and to the Legislative Research Commission, not later than
26 October~~[November]~~ 15 of each odd-numbered year.

27 ➔Section 4. KRS 48.110 is amended to read as follows:

1 Each branch budget recommendation shall contain a complete financial plan for the
2 branch of government for each of the next two (2) fiscal years. **Each branch budget**
3 **recommendation and all supporting documentation shall be submitted in a form and**
4 **format cooperatively developed by each respective branch of government and the**
5 **General Assembly and approved by the Legislative Research Commission.** Each branch
6 budget recommendation shall include:

- 7 (1) A budget message signed by:
- 8 (a) The Governor for the executive branch;
 - 9 (b) The Chief Justice for the judicial branch; and
 - 10 (c) The co-chairmen of the Legislative Research Commission for the legislative
11 branch;
- 12 (2) (a) Statements of income and receipts for the two (2) fiscal years last concluded,
13 and the estimated income and receipts, for each budget unit of the branch of
14 government for the current fiscal year and each of the next two (2) fiscal
15 years.
- 16 (b) The statements of income and estimated income shall be itemized by budget
17 unit and fund, and shall show separately receipts from:
 - 18 1. Current income;
 - 19 2. Refunds and reimbursements of expenditures;
 - 20 3. The sale of assets; and
 - 21 4. Receipts on account of the income of prior years.
 - 22 (c) Existing sources of income and receipts shall be analyzed as to their equity,
23 productivity and need for revision, and any proposed new sources of income
24 or receipts shall be explained;
- 25 (3) A statement of the surplus in any account and in any special fund of the branch of
26 government. If a surplus exists in any account of the branch of government the
27 statement shall show the excess of all current assets over all current liabilities as of

- 1 the beginning of each of the two (2) fiscal years last concluded, and all changes in
2 these accounts during each of such two (2) fiscal years;
- 3 (4) A statement as of the close of the last completed fiscal year and as of the close of
4 the current fiscal year showing, for each budget unit the total funded debt, the value
5 of sinking fund assets, the net funded debt, the floating liabilities as of the end of
6 the current fiscal year, and the total debt as of the close of the last completed fiscal
7 year and as of the close of the current fiscal year;
- 8 (5) Summary and detailed comparative statements of expenditures itemized by budget
9 unit for each of the two (2) fiscal years last concluded and requests for
10 appropriations by funds or accounts, the budget of the current year, and the
11 recommendations for appropriations for each of the next two (2) fiscal years.
12 Following the lists of actual and proposed expenditures of each budget unit there
13 shall be a detailed explanation of the actual and proposed expenditures, to include
14 activities, beneficiaries and expected results of the programs or services of the
15 budget units;
- 16 (6) A draft of the proposed branch budget bill containing:
- 17 (a) Recommendations of the branch of government for appropriations for the next
18 two (2) fiscal years, and drafts of such revenue and other acts as may be
19 recommended for implementing the proposed financial plan;
- 20 (b) Recommended appropriations for extraordinary expenses and capital outlays,
21 which shall be itemized in the proposed branch budget bill for the branch by
22 budget unit. The title of each budget unit shall be worded to limit each
23 appropriation to the specific use or purpose intended;
- 24 (c) A plan for the reduction of the branch budget if there is a revenue shortfall of
25 five percent (5%) or less in the general fund or road fund. In recommending
26 budget reductions, the Governor, the Chief Justice, and the Legislative
27 Research Commission shall not recommend universal percentage reductions,

1 but shall weigh the needs of all budget units and shall strive to protect the
2 highest possible level of service in their respective branches. Services which
3 are not essential to constitutional functions shall be subject to reduction.

4 Transfer of funds may be authorized by the budget reduction plan;

- 5 (d) 1. A plan for the expenditure of a general fund or road fund surplus of up
6 to two and one-half percent (2.5%).
- 7 2. The plan shall include provisions for the expenditure of a surplus, and
8 may provide for additional moneys for nonrecurring expenditures for
9 which an appropriation was not made in a branch budget bill, or for a
10 program or service authorized by law for which an appropriation was not
11 made, or which was not fully funded.
- 12 3. In lieu of recommending the appropriation of funds, the plan may
13 instead recommend the retention of surplus funds in the surplus account
14 of the general fund or road fund for investment until appropriated by the
15 General Assembly;
- 16 (e) 1. A recommended state capital projects program and a recommended
17 program for the purchase of major items of equipment.
- 18 2. The recommended capital construction program shall include:
- 19 a. A complete list and summary description of each specific capital
20 construction project recommended for funding during the
21 biennium; and
- 22 b. For each project:
- 23 i. The agency and purpose for which it will be used;
24 ii. The justification for the project;
25 iii. Its estimated completion date;
26 iv. The total estimated cost of completing the project;
27 v. The estimated cost of the project during the biennium;

- 1 vi. The recommended sources of funds for the entire project;
2 and
3 vii. The dollar amounts recommended for appropriation and the
4 dollar amounts, listed by source, that are anticipated
5 from every other source of funds for the biennium.
- 6 3. All information required by subparagraph 2. of this paragraph shall be
7 included in each branch budget recommendation. Each branch budget
8 bill shall contain only a complete list of the specific capital construction
9 projects recommended for funding during the biennium and, for each
10 project, the information specified in subparagraph 2.b.v., vi., and vii. of
11 this paragraph.
- 12 4. A report which details the effect of recommended new debt on the debt
13 position of the Commonwealth shall be submitted at the same time the
14 recommended capital program is submitted. Information shall be
15 presented separately, and in total, for the general fund, road fund, and
16 any affected restricted fund account.
- 17 5. Information in the report shall include but not be limited to the
18 following:
- 19 a. Debt service on existing appropriation-supported debt, as a
20 percentage of anticipated total revenues;
- 21 b. Debt service on existing appropriation-supported debt, as a
22 percentage of anticipated available revenues;
- 23 c. 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 anticipated total revenues;
- 26 d. The sum of debt service on existing appropriation-supported debt
27 and debt service on recommended new appropriation-supported

- 1 debt, as a percentage of anticipated available revenues;
- 2 e. The sum of debt service on existing appropriation-supported debt
- 3 and debt service on recommended new appropriation-supported
- 4 debt, as a percentage of estimated state total personal income; and
- 5 f. The sum of existing appropriation-supported debt and
- 6 recommended new appropriation-supported debt, as a percentage
- 7 of estimated state total personal income.
- 8 6. The recommended program for the purchase of major items of
- 9 equipment submitted by the head of each branch of government shall
- 10 include:
- 11 a. A complete list and summary description of each specific major
- 12 item of equipment recommended for purchase during the
- 13 biennium; and
- 14 b. For each major item of equipment:
- 15 i. The agency and purpose for which it will be used;
- 16 ii. The justification for the purchase;
- 17 iii. The estimated cost of the item, including ancillary expenses
- 18 and any expenses necessary to make the equipment
- 19 functional and operational;
- 20 iv. The recommended sources of funds; and
- 21 v. The dollar amounts recommended for appropriation and
- 22 anticipated from every other source of funds for the
- 23 purchase.
- 24 7. All information required by subparagraph 5. of this paragraph shall be
- 25 included in the executive branch budget recommendation. The branch
- 26 budget bill for the executive branch shall contain only a complete list of
- 27 each specific item of major equipment recommended for purchase

1 during the biennium and, for each item, the information specified in
2 subparagraph 6.b.iii., iv., and v. of this paragraph;

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

5 1. A separate branch budget bill;

6 2. A recommended biennial highway construction plan, which shall be
7 presented as a separate bill, and which shall include a list of individual
8 transportation projects included in the last four (4) years of the six (6)
9 year road plan, not to exceed ten percent (10%) of the recommended
10 biennial highway construction appropriation, which can be advanced if:

11 a. Additional funds are received; and

12 b. All projects included in the biennial highway construction plan
13 have been advanced or completed to the extent possible; and

14 3. The six (6) year road plan. The Governor shall have ten (10) working
15 days after submission of the branch budget recommendation and the
16 recommended biennial highway construction plan to submit the six (6)
17 year road plan. The six (6) year road plan shall be submitted in a form
18 and format cooperatively developed by the Transportation Cabinet and
19 the General Assembly and approved by the Legislative Research
20 Commission; and

21 (g) 1. In the executive branch budget recommendation, as a separate section,
22 an amount sufficient to meet unexpected contingencies or emergencies,
23 including but not limited to natural or man-made disasters, civil
24 disorders, court orders requiring or resulting in the expenditure of state
25 funds, or other related causes.

26 2. The amount shall be based on the nature, type, and frequency of named
27 categories of events which may, from past experience, be reasonably

1 anticipated.

2 3. This portion of the budget recommendation shall detail similar incidents
3 and the nature and amount of the expenditures for each during the ten
4 (10) years immediately preceding.

5 The total amount of appropriations recommended from any fund shall not exceed
6 the cash resources estimated to be available and to become available to meet
7 expenditures under the appropriations;

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

10 (8) Such other information as is deemed desirable, or is required by law or regulation.

11 ➔Section 5. KRS 48.120 is amended to read as follows:

12 (1) By August 15 of each odd-numbered year, the Office of State Budget Director, in
13 conjunction with the consensus forecasting group, shall provide to each branch of
14 government a budget planning report. The budget planning report shall include:

15 (a) A baseline analysis and projections of economic conditions and outlook;

16 (b) Any potential consequences of the analysis and projections for the
17 Commonwealth's fiscal condition;

18 (c) The revenue estimates and implications for the general fund and road fund for
19 the current fiscal year and next four (4) fiscal years; and

20 (d) Projections of personal income, employment, and economic indicators that
21 reflect economic conditions.

22 (2) By October 15 of each odd-numbered year, the Office of State Budget Director shall
23 provide to each branch of government preliminary revenue estimates made by the
24 consensus forecast group for the general fund and road fund for the current and next
25 two (2) fiscal years, including explanatory statements, and a comparative record of
26 the actual revenues of these funds for each of the last two (2) years concluded.

27 (3) **By December 20 of each odd-numbered year**~~[On or before the fifteenth legislative~~

1 ~~day~~, the Office of State Budget Director shall certify and present to the **Legislative**
 2 **Research Commission**~~[General Assembly]~~ the official revenue estimates made by
 3 the consensus forecasting group for the general fund and road fund for the current
 4 and next two (2) fiscal years.

5 (4) Appropriations made in the branch budget bills enacted for each branch of
 6 government shall be based upon the official revenue estimates presented to the
 7 **Legislative Research Commission**~~[General Assembly]~~ by the Office of State
 8 Budget Director under subsection (3) of this section, as modified by the General
 9 Assembly.

10 (5) The enacted estimates shall become the official revenue estimates of the
 11 Commonwealth upon the branch budget bills becoming law, and shall remain the
 12 official revenue estimates of the Commonwealth until revised by the consensus
 13 forecasting group as provided in KRS 48.115.

14 ➔Section 6. KRS 48.170 is amended to read as follows:

15 In addition to the requirements set forth in this chapter, the **standing**~~[appropriations]~~
 16 committees of each house or the Legislative Research Commission, as appropriate, may
 17 require additional information and **shall**~~[may]~~ prescribe the form in which such additional
 18 information shall be submitted as a part of, or in support of, a branch budget
 19 recommendation. **The information shall be submitted within fourteen (14) days of the**
 20 **request unless an extension is granted by the requesting staff person. The extension**
 21 **shall not exceed seven (7) days from the date the extension was granted.**

22 ➔Section 7. KRS 48.300 is amended to read as follows:

23 (1) The financial plan for each fiscal year~~[as presented in the branch budget~~
 24 ~~recommendation]~~ shall be adopted, with any modifications made by the General
 25 Assembly, by the passage of a branch budget bill for each branch of government,
 26 and any revenue and other acts as necessary.

27 (2) With regard to the Transportation Cabinet, the General Assembly shall:

- 1 (a) Enact, as a separate bill, a branch budget for the Transportation Cabinet;
- 2 (b) Enact, as a separate bill, the biennial highway construction plan, as amended
- 3 by the General Assembly, including identification of projects from the last
- 4 four (4) years of the six (6) year road plan that may be moved forward, and the
- 5 conditions and requirements under which the identified projects may be
- 6 moved forward; and
- 7 (c) Adopt the last four (4) years of the six (6) year road plan, as amended by the
- 8 General Assembly, as a joint resolution.

9 ➔Section 8. KRS 48.810 is amended to read as follows:

10 Each ~~program~~ cabinet, the Department for Local Government, the Department of

11 Military Affairs, and the Commonwealth Office of Technology shall develop and submit

12 a four (4) year strategic plan to meet the broad goals outlined by the Governor and shall

13 submit an electronic copy of the full plan and an electronic copy of a brief summary of

14 that plan to the state budget director, the secretary of the Executive Cabinet, and the

15 Legislative Research Commission with each biennial budget request.

16 (1) Each strategic plan shall include but not be limited to:

- 17 (a) A statement of the cabinet or administrative entity's value, vision, and
- 18 mission;
- 19 (b) A statement of how the cabinet or administrative entity's strategic plan is
- 20 aligned with the Governor's goals and linked to the budget request **by**
- 21 **program** and the six (6) year capital plan of the cabinet or administrative
- 22 entity;
- 23 (c) A brief summary of a situation analysis conducted by the ~~program~~ cabinet or
- 24 administrative entity;
- 25 (d) Identification of measurable goals for the next four (4) years **by program**;
- 26 (e) Specification of objectives to meet the stated goals **by program**;
- 27 (f) Identification of performance indicators to be used to measure progress

1 toward meeting goals and objectives ***by program***; and

2 (g) A progress report providing data and information on the performance
3 indicators set forth in the ~~the~~ cabinet or administrative entity's most
4 recent strategic plan.

5 (2) On or before September 1 of each even-numbered fiscal year, ~~the~~ cabinets
6 and administrative entities which have submitted strategic plans in the previous
7 fiscal year shall submit a progress report to the Office of ~~the~~ State Budget
8 Director, or its designee, which provides data and information regarding the
9 progress the ~~the~~ cabinet or entity has made toward meeting its goals as
10 measured by performance indicators set forth in the cabinet's or entity's most recent
11 strategic plan.

12 (3) The state budget director shall designate an entity to develop and implement a
13 methodology for strategic planning and progress reporting for use by ~~the~~
14 cabinets and administrative entities submitting strategic plans and progress reports
15 pursuant to this section. The entity designated by the state budget director shall
16 develop and make available a training course in strategic planning that is
17 appropriate for and targeted to state government managers, and shall make that
18 training course available to state managers and their designees who have
19 responsibility for the completion of a strategic plan as required by this section.

20 (4) The Commonwealth Office of Technology shall maintain uniform electronic
21 strategic plan and progress report submission forms and a procedure that allows all
22 plans and progress reports to be entered into an electronic database that is
23 searchable by interested parties. The database shall be developed and maintained in
24 a form that complies with all provisions of KRS 48.950, 48.955, and 48.960. The
25 Commonwealth Office of Technology shall develop and maintain a program to
26 provide public access to submitted plans and progress reports.

27 ➔Section 9. KRS 48.950 is amended to read as follows:

1 (1) In order to effectuate the constitutional power and duty of the General Assembly to
2 raise and appropriate revenue and approve and adopt a balanced budget, and in
3 order that members and committees of the General Assembly and the Legislative
4 Research Commission may be informed on a continuous basis about current and
5 prospective financial conditions and budgetary needs of the Commonwealth and its
6 budget units, the Kentucky General Assembly finds and declares that uniform
7 detailed budget data and records relating to expenditures, receipts and activities and
8 the budgetary operations of all budget units must be available in electronic and print
9 form to the General Assembly and the Legislative Research Commission on a
10 continuous and timely basis, including the electronic accounting and budgeting
11 systems utilized by all branches of state government such as the Enhanced
12 Management Reporting System and the Kentucky Budgeting System.

13 (2) The contents of all electronic and print forms, records, data and procedures
14 established under KRS 48.955 and 48.960 shall pertain to:

- 15 (a) The submission of budget unit requests and branch budget recommendations;
16 (b) The adoption of budget bills;
17 (c) The allotments under, and authorized adjustments and revisions to, the
18 enacted budget;
19 (d) The receipts and disbursements of budget funds pursuant to appropriations
20 enacted by the General Assembly; and
21 (e) The financial and budgetary conditions of the Commonwealth and branch
22 budget units.

23 These contents, forms and records shall be standard and uniform for all budget
24 units.

25 (3) The Governor, the Chief Justice and the Legislative Research Commission for their
26 respective branches and budget units, shall cause to be created, maintained and
27 transmitted in electronic form the data, records and procedures necessary to fulfill

1 the intent and purposes of KRS 48.955 and 48.960 and which may be provided by
2 KRS 48.955 and 48.960.