

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

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

6 ➔Section 1. The State/Executive Branch Budget is as follows:

7 **PART I**

8 **OPERATING BUDGET**

9 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
10 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for
11 the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the fiscal year
12 beginning July 1, 2026, and ending June 30, 2027, and for the fiscal year beginning July
13 1, 2027, and ending June 30, 2028, the following discrete sums, or so much thereof as
14 may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710.
15 Each appropriation is made by source of respective fund or funds accounts.
16 Appropriations for the following officers, cabinets, departments, boards, commissions,
17 institutions, subdivisions, agencies, and budget units of the state government, and any and
18 all other activities of the government of the Commonwealth, are subject to the provisions
19 of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the
20 conditions and procedures set forth in this Act.

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

25 **A. GENERAL GOVERNMENT**

26 **Budget Units**

27 **1. OFFICE OF THE GOVERNOR**

1		2026-27	2027-28
2	General Fund	7,072,700	7,008,200
3	Restricted Funds	291,700	296,000
4	TOTAL	7,364,400	7,304,200

5 **(1) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided
6 on the base salary of the Lieutenant Governor shall be the same as that provided for
7 eligible state employees in Part IV of this Act.

8 Notwithstanding KRS 64.480(4), the increment provided on the base salary of the
9 Governor shall be the same as that provided for eligible state employees in Part IV of this
10 Act.

11 **2. OFFICE OF STATE BUDGET DIRECTOR**

12		2026-27	2027-28
13	General Fund	4,079,900	4,055,200
14	Restricted Funds	261,400	261,400
15	Federal Funds	62,000	-0-
16	TOTAL	4,403,300	4,316,600

17 **(1) Participation in Transparent Governing - Full Disclosure of Inmate**
18 **Population Forecasts and Related Materials:** The Office of State Budget Director shall
19 provide the methodology, assumptions, data, and all other related materials used to
20 project biennial offender population forecasts conducted by the Office of State Budget
21 Director, the Kentucky Department of Corrections, and any consulting firms, to the
22 Interim Joint Committee on Appropriations and Revenue by October 1, 2027. This
23 submission shall include but not be limited to the projected state, county, and community
24 offender populations for the 2028-2030 fiscal biennium and must coincide with the
25 budgeted amount for these populations. This submission shall clearly divulge the
26 methodology and reasoning behind the budgeted and projected offender population in a
27 commitment to participate in transparent governing.

3. HOMELAND SECURITY

	2026-27	2027-28
General Fund	5,660,300	5,653,200
Restricted Funds	4,447,900	4,401,000
Federal Funds	10,040,900	10,069,200
TOTAL	20,149,100	20,123,400

4. VETERANS' AFFAIRS

	2026-27	2027-28
General Fund	40,340,500	41,047,700
Restricted Funds	96,891,100	98,363,200
Federal Funds	300,000	300,000
TOTAL	137,531,600	139,710,900

(1) Weekend and Holiday Premium Pay Incentive: The Kentucky Veterans Centers are authorized to continue the weekend and holiday premium pay incentive for the 2026-2028 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) State Veterans Nursing Home: All state veterans' nursing homes must meet a combined 80 percent bed occupancy rate before any future projects will be considered. Once the 80 percent threshold has been met, it is the intent of the General Assembly that any future beds allocated from the United States Department of Veterans Affairs or reallocated from the Kentucky Department of Veterans' Affairs be dedicated to a state veterans nursing home in Magoffin County to serve that area.

5. KENTUCKY INFRASTRUCTURE AUTHORITY

1		2026-27	2027-28
2	General Fund	1,569,800	1,282,000
3	Restricted Funds	5,901,500	5,962,800
4	Federal Funds	401,843,100	288,558,800
5	TOTAL	409,314,400	295,803,600

6 **6. MILITARY AFFAIRS**

7		2026-27	2027-28
8	General Fund	30,701,900	29,080,000
9	Restricted Funds	19,041,700	19,102,600
10	Federal Funds	88,725,000	89,445,100
11	TOTAL	138,468,600	137,627,700

12 **(1) Kentucky National Guard:** Included in the above General Fund
13 appropriation is \$4,500,000 in each fiscal year to be expended, subject to the conditions
14 and procedures provided in this Act, which are required as a result of the Governor's
15 declaration of emergency pursuant to KRS Chapter 39A, and the Governor's call of the
16 Kentucky National Guard to active duty when an emergency or exigent situation has been
17 declared to exist by the Governor. Notwithstanding KRS 45.229, any portion of the
18 \$4,500,000 not expended shall lapse to the Budget Reserve Trust Fund Account (KRS
19 48.705) at the end of each fiscal year. In the event that costs for Governor-declared
20 emergencies or the Governor's call of the Kentucky National Guard for emergencies or
21 exigent situations exceed \$4,500,000 annually, up to \$100,000,000 for the 2026-2028
22 fiscal biennium shall be deemed necessary government expenses and shall be paid from
23 the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund
24 Account (KRS 48.705).

25 **(2) Disaster or Emergency Aid Funds:** Subject to the conditions and procedures
26 in this Act, in the event of a presidentially declared disaster or emergency, the
27 Department of Military Affairs may request from the Finance and Administration

Cabinet, as a necessary government expense, up to \$25,000,000 in each fiscal year from the General Fund to be used as required to match federal aid for which the state would be eligible. 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) Debt Service: Included in the above General Fund appropriation is \$168,500 in fiscal year 2026-2027 and \$505,500 in fiscal year 2027-2028 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

7. COMMISSION ON HUMAN RIGHTS

	2026-27	2027-28
General Fund	1,995,900	1,984,700
Restricted Funds	10,000	10,000
Federal Funds	445,000	445,000
TOTAL	2,450,900	2,439,700

8. COMMISSION ON WOMEN

(1) Redistribution of Resources: Notwithstanding KRS 12.020, 12.023, 14.260, 15A.190, 214.554, and 344.510 to 344.530, no General Fund appropriation is provided for the Commission on Women in order to provide additional funding for Domestic Violence Shelters, Rape Crisis Centers, and Children's Advocacy Centers.

9. DEPARTMENT FOR LOCAL GOVERNMENT

	2026-27	2027-28
General Fund	12,503,200	12,274,900
Restricted Funds	2,360,800	2,366,400
Federal Funds	242,479,400	242,515,300
TOTAL	257,343,400	257,156,600

(1) Appalachian Regional Commission Matching Funds: Included in the

above General Fund appropriation is \$240,000 in fiscal year 2026-2027 and \$232,500 in fiscal year 2027-2028 for Area Development Districts to match increased Appalachian Regional Commission grants. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(2) Kentucky Mountain Regional Recreation Authority: Included in the above Restricted Funds appropriation is \$1,500,000 in each fiscal year for the Kentucky Mountain Regional Recreation Authority. Restricted Funds shall be transferred from the Tourism, Arts and Heritage Cabinet from taxes collected pursuant to KRS 142.400(2).

10. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2026-27	2027-28
General Fund	27,926,700	25,211,700

(1) Allocation of the Local Government Economic Assistance Fund: Notwithstanding KRS 42.470(1)(a), 70 percent of moneys in the Local Government Economic Assistance Fund shall be distributed to each coal producing county on the basis of the ratio of coal severed in each respective county to the coal severed statewide. Notwithstanding KRS 42.470(1)(c), no allocation shall be distributed to non-coal producing counties.

(2) Coal Haul Road System: Notwithstanding KRS 42.455(2), no funds appropriated to the Local Government Economic Assistance Fund are required to be spent on the coal haul road system.

11. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2026-27	2027-28
General Fund	20,494,800	15,059,000

(1) Coal Severance Tax Transfers: Notwithstanding KRS 42.450 to 42.495, 70 percent of the severance and processing taxes on coal collected annually, except items described in subsection (2) below, shall be transferred to the Local Government

1 Economic Development Fund. Notwithstanding KRS 42.450 to 42.495, 30 percent of the
2 severance and processing taxes on coal collected annually, except items described in
3 subsection (2) below, shall be transferred to the Local Government Economic Assistance
4 Fund. Transfers to the Local Government Economic Development Fund and the Local
5 Government Economic Assistance Fund shall be made quarterly in July, October,
6 January, and April based upon actual revenues from the prior quarter.

7 **(2) Coal Severance Tax Collections Calculations and Transfers:** The above
8 appropriations from the General Fund are based on the official estimate presented by the
9 Office of State Budget Director. Notwithstanding KRS 42.450 to 42.495, coal severance
10 tax collections during the 2026-2028 fiscal biennium shall first be allocated to the
11 following programs or purposes on a quarterly basis:

12 (a) Department for Local Government: An annual appropriation of \$669,700 in
13 each fiscal year is appropriated as General Fund moneys to the Department for Local
14 Government budget unit for Local Government Economic Development Fund and Local
15 Government Economic Assistance Fund project administration costs;

16 (b) Debt Service: An annual appropriation of 100 percent of the debt service
17 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173,
18 2006 Ky. Acts ch. 252, 2008 Ky. Acts ch. 127, and 2010 (1st Extra. Sess.) Ky. Acts ch. 1,
19 in the amount of \$17,747,700 in fiscal year 2026-2027 and \$16,786,700 in fiscal year
20 2027-2028 is appropriated for that purpose;

21 (c) Osteopathic Medicine Scholarship Program: Notwithstanding KRS
22 164.7891(11)(b), no transfers shall be made to the Osteopathic Medicine Scholarship
23 Program within the Kentucky Higher Education Assistance Authority;

24 (d) Pharmacy Scholarships: Notwithstanding KRS 164.7890(11)(c), no transfers
25 shall be made to the Coal County Pharmacy Scholarship Program within the Kentucky
26 Higher Education Assistance Authority; and

27 (e) Kentucky Coal Fields Endowment Authority: Notwithstanding KRS

1 42.453(3), no transfers shall be made to the Kentucky Coal Field Endowment Authority.

2 **(3) Allocation of the Local Government Economic Development Fund:**

3 Notwithstanding KRS 42.4592(1), 50 percent of Local Government Economic
4 Development Fund moneys shall be allocated in accordance with KRS 42.4592(1)(a), and
5 50 percent shall be allocated in accordance with KRS 42.4592(1)(b).

6 **(4) Use of the Local Government Economic Development Fund:**

7 Notwithstanding KRS 42.450 to 42.495, all funds appropriated to Local Government
8 Economic Development Fund Single-County Accounts shall be allocated to projects with
9 the concurrence of the respective county judge/executive, state senator(s), and state
10 representative(s) of each county. If concurrence is not achieved, the fiscal court of each
11 county may apply for grants through the Department for Local Government pursuant to
12 KRS 42.4588.

13 **12. AREA DEVELOPMENT FUND**

14 **(1) Area Development Fund:** Notwithstanding KRS 42.345 to 42.370 and
15 48.185, or any statute to the contrary, no funding is provided for the Area Development
16 Fund.

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

26 **13. REGIONAL DEVELOPMENT AGENCY ASSISTANCE FUND**

27 **2026-27 2027-28**

1	Restricted Funds	6,000,000	6,000,000
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2 **14. EXECUTIVE BRANCH ETHICS COMMISSION**

3		2026-27	2027-28
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4	General Fund	692,200	677,200
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5	Restricted Funds	525,800	519,700
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6	TOTAL	1,218,000	1,196,900
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7 **(1) Use of Restricted Funds:** All penalties collected or received by the Executive
 8 Branch Ethics Commission shall be deposited in the State Treasury and credited to a trust
 9 and agency fund account to the credit of the Commission to be used by the Commission
 10 for the cost of conducting administrative hearings pursuant to KRS Chapter 13B.
 11 Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

12 **15. SECRETARY OF STATE**

13		2026-27	2027-28
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14	Restricted Funds	6,684,500	6,613,600
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15 **(1) Use of Restricted Funds:** Notwithstanding KRS 14.140(1) and (3), the above
 16 Restricted Funds may be used for the continuation of current activities within the Office
 17 of the Secretary of State.

18 **(2) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided
 19 on the base salary of the Secretary of State shall be the same as that provided for eligible
 20 state employees in Part IV of this Act.

21 **16. BOARD OF ELECTIONS**

22		2026-27	2027-28
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23	General Fund	7,806,700	7,635,000
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24	Restricted Funds	98,200	98,200
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25	Federal Funds	1,829,800	1,829,800
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26	TOTAL	9,734,700	9,563,000
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27 **(1) Cost of Elections:** Up to \$100,000 of 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.

17. REGISTRY OF ELECTION FINANCE

	2026-27	2027-28
General Fund	1,849,100	1,839,600

18. ATTORNEY GENERAL

	2026-27	2027-28
General Fund (Tobacco)	150,000	150,000
General Fund	40,234,800	39,559,400
Restricted Funds	69,994,300	68,655,300
Federal Funds	55,430,500	55,800,500
TOTAL	165,809,600	164,165,200

(1) State Enforcement: Notwithstanding KRS 248.654 and 248.703(4), included in the above General Fund (Tobacco) appropriation is \$150,000 in each fiscal year for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

(2) Expert Witnesses: In addition to such funds as may be appropriated, the Office of the Attorney General and the Unified Prosecutorial System, on behalf of the Commonwealth's Attorneys, 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 \$3,000,000 for the 2026-2028 fiscal biennium for this purpose to the Office of the Attorney General and the Unified Prosecutorial System from the General Fund Surplus

1 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).
2 Without charge, the Department of Insurance shall provide the Office of the Attorney
3 General any available information to assist in the preparation of a rate hearing pursuant to
4 KRS 304.17A-095. Expenditures under this subsection shall be reported to the Interim
5 Joint Committee on Appropriations and Revenue by August 1 of each year.

6 **(3) Annual and Sick Leave Service Credit:** Notwithstanding any statutory or
7 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial
8 System who has been appointed to a permanent full-time position under KRS Chapter
9 18A shall be credited annual and sick leave based on service credited under the Kentucky
10 Retirement Systems solely for the purpose of computation of sick and annual leave. This
11 provision shall only apply to any new appointment or current employee as of July 1,
12 1998.

13 **(4) Operations of the Office of the Attorney General:** Notwithstanding KRS
14 367.478(2), 367.805(3), and 367.905(5), funds may be expended in support of the
15 operations of the Office of the Attorney General.

16 **(5) Legal Services Contracts:** The Office of the Attorney General may present
17 proposals to state agencies specifying legal work that is presently accomplished through
18 personal service contracts that indicate the Office of the Attorney General's capacity to
19 perform the work at a lesser cost. State agencies may agree to make arrangements with
20 the Office of the Attorney General to perform the legal work and compensate the Office
21 of the Attorney General for the legal services.

22 **(6) Civil Action Representation:** To ensure adequate representation of the
23 interest of the Commonwealth and to protect the financial condition of the Kentucky
24 Retirement Systems, it has been determined that it is necessary to allow the Attorney
25 General appropriate authority to engage private lawyers as co-counsel in Franklin Circuit
26 Court Civil Action Nos. 17-CI-01348 and 20-CI-00590. Due to the highly complex and
27 specialized nature of that litigation, KRS Chapter 45A, et seq. would prevent the

1 Attorney General from engaging counsel of his choice. Accordingly, to protect the
2 interest of the Commonwealth, and notwithstanding the requirements of KRS Chapter
3 45A, et seq., which are hereby waived in with respect to the Attorney General retaining
4 private lawyers to prosecute Civil Action Nos. 17-CI-01348 and 20-CI-00590, and any
5 other civil action regarding the same subject matter or seeking the same relief as Civil
6 Action Nos. 17-CI-0138 and 20-CI-00590, the Attorney General is vested with the
7 authority to hire and pay counsel of his choice on any contractual basis the Attorney
8 General deems advisable.

9 **(7) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided
10 on the base salary of the Attorney General shall be the same as that provided for eligible
11 state employees in Part IV of this Act.

12 **(8) Office of Medicaid Fraud and Abuse Control:** Included in the above
13 General Fund appropriation is \$1,011,700 in each fiscal year to support the Office of
14 Medicaid Fraud and Abuse Control. The Office of Attorney General shall submit an
15 annual report beginning December 1, 2026, to the Interim Joint Committee on
16 Appropriations and Revenue. The report shall include the number of reported fraud
17 incidents, the types of fraud reported, the number of reported fraud incidents investigated
18 by the office, the monetary amount involved in the fraudulent activity, and the resolution
19 of the reported fraud incidents.

20 **(9) Administrative Hearings:** Included in the above appropriations is
21 \$3,241,200 in Restricted Funds and \$1,939,700 in Federal Funds in each fiscal year to
22 support the cost of Administrative Hearings held by the Office of the Attorney General
23 for the Cabinet for Health and Family Services. The Attorney General shall bill the
24 Cabinet for Health and Family Services on a quarterly basis for the cost, not to exceed
25 \$5,180,900 each fiscal year.

26 **(10) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
27 the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746

1 in fiscal year 2027-2028 for each participant for training incentive payments.

2 **19. UNIFIED PROSECUTORIAL SYSTEM**

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

6 **a. Commonwealth's Attorneys**

	2026-27	2027-28
7 General Fund	79,850,300	79,639,000
8 Restricted Funds	5,856,600	5,832,000
9 Federal Funds	362,800	367,200
10 TOTAL	86,069,700	85,838,200

11 **(1) Salary Increment:** Notwithstanding KRS 15.755, the increment provided on
12 the base salary of the Commonwealth's Attorneys shall be the same as that provided for
13 eligible state employees in Part IV of this Act.

14 **b. County Attorneys**

	2026-27	2027-28
15 General Fund	82,021,800	82,091,600
16 Restricted Funds	912,300	891,700
17 Federal Funds	116,700	118,700
18 TOTAL	83,050,800	83,102,000

19 **(1) Salary Increment:** Notwithstanding KRS 15.765, the increment provided on
20 the base salary of the County Attorneys shall be the same as that provided for eligible
21 state employees in Part IV of this Act.

22 **TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

	2026-27	2027-28
23 General Fund	161,872,100	161,730,600
24 Restricted Funds	6,768,900	6,723,700

1	Federal Funds	479,500	485,900
2	TOTAL	169,120,500	168,940,200

3 **20. TREASURY**

4		2026-27	2027-28
5	General Fund	3,686,300	3,666,400
6	Restricted Funds	2,141,300	2,120,900
7	Federal Funds	1,221,100	1,236,200
8	TOTAL	7,048,700	7,023,500

9 **(1) Unclaimed Property Fund:** Included in the above Restricted Funds
 10 appropriation is \$2,141,300 in fiscal year 2026-2027 and \$2,120,900 in fiscal year 2027-
 11 2028 from the Unclaimed Property Fund to provide funding for services performed by
 12 the Unclaimed Property Division of the Department of the Treasury.

13 **(2) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided
 14 on the base salary of the State Treasurer shall be the same as that provided for eligible
 15 state employees in Part IV of this Act.

16 **21. AGRICULTURE**

17		2026-27	2027-28
18	General Fund (Tobacco)	35,426,900	32,739,700
19	General Fund	23,120,300	23,322,200
20	Restricted Funds	12,552,200	12,296,800
21	Federal Funds	12,173,200	12,173,200
22	TOTAL	83,272,600	80,531,900

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

25 **(2) Farms to Food Banks:** Included in the above General Fund (Tobacco)
 26 appropriation is \$886,500 in fiscal year 2026-2027 and \$819,300 in fiscal year 2027-2028
 27 to support the Farms to Food Banks Program. The use of the moneys provided by this

1 appropriation shall be restricted to purchases of Kentucky-grown produce from Kentucky
2 farmers who participate in the Farms to Food Banks Program.

3 **(3) Kentucky Grape and Wine Council:** Notwithstanding KRS 260.175(2), no
4 General Fund is provided for the Kentucky Small Farm Wineries Support Fund for use by
5 the Kentucky Grape and Wine Council.

6 **(4) Counties Account:** Notwithstanding KRS 248.703(1), included in the above
7 General Fund (Tobacco) appropriation is \$11,777,900 in fiscal year 2026-2027 and
8 \$10,884,500 in fiscal year 2027-2028 for the counties account as specified in KRS
9 248.703(1)(a).

10 **(5) State Account:** Notwithstanding KRS 248.703(1), included in the above
11 General Fund (Tobacco) appropriation is \$21,876,000 in fiscal year 2026-2027 and
12 \$20,216,600 in fiscal year 2027-2028 for the state account as specified in KRS
13 248.703(1)(b).

14 **(6) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2),
15 and from the allocation provided therein, counties that are allocated in excess of \$20,000
16 annually may provide up to four percent of the individual county allocation, not to exceed
17 \$15,000 annually, to the county council in that county for administrative costs.

18 **(7) Kentucky Rural Mental Health, Suicide Prevention, and Farm Safety**
19 **Program:** Included in the above General Fund (Tobacco) appropriation is \$886,500 in
20 fiscal year 2026-2027 and \$819,300 in fiscal year 2027-2028 to support the Kentucky
21 Rural Mental Health, Suicide Prevention, and Farm Safety Program known as the Raising
22 Hope Initiative. The Department of Agriculture shall enhance awareness of the National
23 Suicide Prevention Lifeline (988) in rural communities in Kentucky, improve access to
24 information on rural mental health issues and available treatment services, provide
25 outreach, and provide other necessary services to improve the mental health outcomes of
26 rural communities in Kentucky. The Farm Safety and Rural Health Division, at its
27 discretion, may receive, accept, and solicit grants, contributions of money, property,

1 labor, or other things of value from any governmental agency, individual, nonprofit
2 organization, or private business to be used for the Kentucky Rural Mental Health,
3 Suicide Prevention, and Farm Safety Program. The Department of Agriculture may
4 utilize up to \$150,000 of the appropriation amount in each fiscal year for program
5 administration purposes. The Department of Agriculture shall coordinate with the Raising
6 Hope Initiative to take custody of and maintain any intellectual property assets that were
7 created or developed by any state agency in connection with the Raising Hope Initiative.

8 The Department of Agriculture's Office of Agricultural Marketing shall submit a
9 comprehensive annual report to the Interim Joint Committee on Appropriations and
10 Revenue and the Tobacco Settlement Agreement Fund Oversight Committee no later
11 than November 1 of each fiscal year. At a minimum, the report shall include:

- 12 (a) An accounting of all expenditures by fund source;
- 13 (b) A detailed accounting of all administrative expenses;
- 14 (c) The total amount expended on grants, loans, and benefits;
- 15 (d) A detailed accounting of all expenses not otherwise classified;
- 16 (e) Identification of any unexpended funds and the reason why the funds were not
17 expended; and
- 18 (f) An explanation of how all expenditures align with program objectives.

19 The Division Director of the Farm Safety and Rural Health Division and the
20 Executive Director of the Kentucky Office of Agricultural Marketing shall provide a
21 program update to the Tobacco Settlement Agreement Fund Oversight Committee in
22 November of each fiscal year.

23 **(8) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
24 the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746
25 in fiscal year 2027-2028 for each participant for training incentive payments.

26 **(9) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided
27 on the base salary of the Commissioner of Agriculture shall be the same as that provided

for eligible state employees in Part IV of this Act.

(10) Agricultural Economic Development: In accordance with KRS Chapter 154, the Secretary of the Cabinet for Economic Development shall coordinate with and seek guidance from the Commissioner of the Department of Agriculture in considering any projects for economic incentives related to agricultural economic development, agribusiness, or production facilities of sustainable aviation fuel.

22. AUDITOR OF PUBLIC ACCOUNTS

	2026-27	2027-28
General Fund	13,875,100	14,346,600
Restricted Funds	25,594,900	24,985,800
TOTAL	39,470,000	39,332,400

(1) Audit Services Contracts: Notwithstanding KRS 45.149, 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.

(2) Financial Audit Receipts: The Auditor of Public Accounts shall provide a listing of fee receipts for all audits and special examinations, itemized by type, agency, or unit of government, as well as billing methodology to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

(3) Salary Increment: Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Auditor of Public Accounts shall be the same as that provided for eligible state employees in Part IV of this Act.

(4) Ombudsman: The Auditor of Public Accounts may bill the Cabinet for Health and Family Services for costs associated with Ombudsman services on a monthly basis.

1 **23. PERSONNEL BOARD**

2		2026-27	2027-28
3	General Fund	11,400	10,200
4	Restricted Funds	1,060,400	1,076,400
5	TOTAL	1,071,800	1,086,600

6 **(1) Hearing Officer Hourly Rate:** Included in the above Restricted Funds
7 appropriation is \$62,500 in each fiscal year to increase the hearing officer hourly rate
8 from \$75 to \$125 per hour.

9 **24. KENTUCKY PUBLIC PENSIONS AUTHORITY**

10		2026-27	2027-28
11	Restricted Funds	51,634,100	52,549,500

12 **25. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

13 **a. Accountancy**

14		2026-27	2027-28
15	Restricted Funds	738,600	749,700

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

17		2026-27	2027-28
18	Restricted Funds	275,400	275,400

19 **c. Applied Behavior Analysis Licensing**

20		2026-27	2027-28
21	Restricted Funds	70,800	70,800

22 **d. Architects**

23		2026-27	2027-28
24	Restricted Funds	492,800	500,500

25 **e. Certification for Professional Art Therapists**

26		2026-27	2027-28
27	Restricted Funds	11,200	11,200

1	f. Barbering		
2		2026-27	2027-28
3	Restricted Funds	511,300	520,100
4	g. Chiropractic Examiners		
5		2026-27	2027-28
6	Restricted Funds	300,000	300,000
7	h. Dentistry		
8		2026-27	2027-28
9	Restricted Funds	999,900	1,011,900
10	i. Licensed Diabetes Educators		
11		2026-27	2027-28
12	Restricted Funds	29,300	29,300
13	j. Licensure and Certification for Dietitians and Nutritionists		
14		2026-27	2027-28
15	Restricted Funds	94,100	94,100
16	k. Embalmers and Funeral Directors		
17		2026-27	2027-28
18	Restricted Funds	637,300	647,800
19	l. Licensure for Professional Engineers and Land Surveyors		
20		2026-27	2027-28
21	Restricted Funds	2,242,400	2,288,100
22	m. Certification of Fee-Based Pastoral Counselors		
23		2026-27	2027-28
24	Restricted Funds	3,600	3,600
25	n. Registration for Professional Geologists		
26		2026-27	2027-28
27	Restricted Funds	109,000	109,000

1	o. Hairdressers and Cosmetologists		
2		2026-27	2027-28
3	Restricted Funds	2,598,700	2,648,000
4	p. Specialists in Hearing Instruments		
5		2026-27	2027-28
6	Restricted Funds	78,000	78,000
7	q. Interpreters for the Deaf and Hard of Hearing		
8		2026-27	2027-28
9	Restricted Funds	49,200	49,200
10	r. Examiners and Registration of Landscape Architects		
11		2026-27	2027-28
12	Restricted Funds	90,200	91,500
13	s. Licensure of Marriage and Family Therapists		
14		2026-27	2027-28
15	Restricted Funds	133,600	133,600
16	t. Licensure for Massage Therapy		
17		2026-27	2027-28
18	Restricted Funds	150,700	150,700
19	u. Medical Imaging and Radiation Therapy		
20		2026-27	2027-28
21	Restricted Funds	512,500	521,000
22	v. Medical Licensure		
23		2026-27	2027-28
24	Restricted Funds	4,683,700	4,741,000
25	w. Nursing		
26		2026-27	2027-28
27	Restricted Funds	10,954,600	11,156,900

1	x. Licensure for Nursing Home Administrators		
2		2026-27	2027-28
3	Restricted Funds	101,100	101,100
4	y. Licensure for Occupational Therapy		
5		2026-27	2027-28
6	Restricted Funds	241,600	241,600
7	z. Ophthalmic Dispensers		
8		2026-27	2027-28
9	Restricted Funds	71,400	71,400
10	aa. Optometric Examiners		
11		2026-27	2027-28
12	Restricted Funds	312,800	316,900
13	ab. Pharmacy		
14		2026-27	2027-28
15	Restricted Funds	3,236,600	3,294,600
16	ac. Physical Therapy		
17		2026-27	2027-28
18	Restricted Funds	752,700	765,900
19	ad. Podiatry		
20		2026-27	2027-28
21	Restricted Funds	46,500	46,500
22	ae. Private Investigators		
23		2026-27	2027-28
24	Restricted Funds	113,700	113,700
25	af. Licensed Professional Counselors		
26		2026-27	2027-28
27	Restricted Funds	460,800	460,800

1	ag. Prosthetics, Orthotics, and Pedorthics		
2		2026-27	2027-28
3	Restricted Funds	46,300	46,300
4	ah. Emergency Medical Services		
5		2026-27	2027-28
6	General Fund	2,751,100	2,750,800
7	Restricted Funds	969,000	969,000
8	Federal Funds	181,500	181,500
9	TOTAL	3,901,600	3,901,300
10	ai. Examiners of Psychology		
11		2026-27	2027-28
12	Restricted Funds	306,400	306,400
13	aj. Respiratory Care		
14		2026-27	2027-28
15	Restricted Funds	305,300	311,000
16	ak. Social Work		
17		2026-27	2027-28
18	Restricted Funds	643,200	653,200
19	al. Speech-Language Pathology and Audiology		
20		2026-27	2027-28
21	Restricted Funds	222,900	222,900
22	am. Veterinary Examiners		
23		2026-27	2027-28
24	Restricted Funds	760,600	773,700
25	TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND		
26	COMMISSIONS		
27		2026-27	2027-28

1	General Fund	2,751,100	2,750,800
2	Restricted Funds	34,357,800	34,876,400
3	Federal Funds	181,500	181,500
4	TOTAL	37,290,400	37,808,700

5 **26. KENTUCKY RIVER AUTHORITY**

6		2026-27	2027-28
7	General Fund	424,700	424,500
8	Restricted Funds	11,240,500	17,577,500
9	TOTAL	11,665,200	18,002,000

10 **27. SCHOOL FACILITIES CONSTRUCTION COMMISSION**

11		2026-27	2027-28
12	General Fund	114,130,700	108,587,100

13 (1) **Debt Service:** Included in the above General Fund appropriation is
 14 \$1,658,500 in fiscal year 2026-2027 and \$3,317,000 in fiscal year 2027-2028 for new
 15 debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this
 16 Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this
 17 purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

18 **28. TEACHERS' RETIREMENT SYSTEM**

19		2026-27	2027-28
20	General Fund	1,165,736,600	1,257,720,200
21	Restricted Funds	22,651,800	23,126,300
22	TOTAL	1,188,388,400	1,280,846,500

23 (1) **Dependent Subsidy for All Retirees under age 65:** Pursuant to KRS
 24 161.675(4), health insurance supplement payments made by the retirement system shall
 25 not exceed the amount of the single coverage insurance premium.

26 (2) **Retiree Health Insurance:** Pursuant to KRS 161.550(2)(b) and
 27 notwithstanding any statute to the contrary, included in the above General Fund

1 appropriation is \$84,416,400 and excess state funding for retiree health insurance in the
2 amount of \$3,993,600 from fiscal years 2022-2023, 2023-2024, and 2024-2025 totaling
3 \$88,410,000 in fiscal year 2026-2027 and \$92,830,000 in fiscal year 2027-2028 to
4 support the state's contribution for the cost of retiree health insurance for members not
5 eligible for Medicare who have retired on or after July 1, 2010. Notwithstanding KRS
6 161.675, the Teachers' Retirement System Board of Trustees shall provide health
7 insurance supplement payments towards the cost of the single coverage insurance
8 premium based on age and years of service credit of eligible recipients of a retirement
9 allowance, the cost of which shall be paid from the Medical Insurance Fund.
10 Notwithstanding KRS 161.675, the Teachers' Retirement System Board of Trustees shall
11 authorize eligible recipients of a retirement allowance from the Teachers' Retirement
12 System who are less than age 65 to be included in the state-sponsored health insurance
13 plan that is provided to active teachers and state employees under KRS 18A.225.
14 Notwithstanding KRS 161.675(4)(a), the contribution paid by retirees who are less than
15 age 65 who qualify for the maximum health insurance supplement payment for single
16 coverage shall be no more than the sum of (a) the employee contribution paid by active
17 teachers and state employees for a similar plan, and (b) the standard Medicare Part B
18 premium as determined by the Centers for Medicare and Medicaid Services.
19 Notwithstanding KRS 161.675(4)(a), the contribution paid by retirees who are less than
20 age 65 who do not qualify for the maximum health insurance supplement payment for
21 single coverage shall be determined by the same graduated formula used by the Teachers'
22 Retirement System for Plan Year 2026.

23 **(3) Medical Insurance Fund Employee Contributions:** Notwithstanding KRS
24 161.540(1), the employee contribution to the Medical Insurance Fund shall not be
25 changed in each fiscal year.

26 **(4) Sick Leave Liability Reporting:** The Teachers' Retirement System shall
27 provide a report on the full actuarial cost of member sick leave, including the total

1 actuarial liabilities of the sick leave and the total actuarial costs to annually finance the
 2 sick leave as a percentage of payroll and in total dollars by fund source, to the Public
 3 Pension Oversight Board no later than December 1, 2027.

4 **(5) Actuarially Determined Employer Contribution:** Included in the above
 5 General Fund appropriation is \$1,076,889,000 in fiscal year 2026-2027 and
 6 \$1,160,459,000 in fiscal year 2027-2028 to provide the full actuarially determined
 7 employer contribution. The Teachers' Retirement System shall provide a report on the
 8 actuarially determined employer contribution to the Public Pension Oversight Board no
 9 later than December 1, 2027.

10 **29. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

11		2026-27	2027-28
12	General Fund	16,750,300	16,750,300

13 **(1) Repayment of Awards or Judgments:** Included in the above General Fund
 14 appropriation is \$245,200 in each fiscal year for the repayment of awards or judgments
 15 made by the Office of Claims and Appeals against departments, boards, commissions,
 16 and other agencies funded with appropriations out of the General Fund. However, awards
 17 under \$5,000 shall be paid from funds available for the operations of the agency.
 18 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
 19 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

20 **(2) Guardian Ad Litem Fees:** Included in the above General Fund appropriation
 21 is \$12,348,300 in each fiscal year for fees to be paid to each guardian ad litem appointed
 22 by the court pursuant to KRS 311.732. The fee shall be fixed by the court and shall not
 23 exceed \$500. Notwithstanding KRS 45.229, any portion of General Fund not expended
 24 for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

25 **(3) Reissuance of Uncashed Checks:** Included in the above General Fund
 26 appropriation is \$2,461,800 in each fiscal year to reissue checks written by the State
 27 Treasurer and not cashed within the statutory period pursuant to KRS 41.370.

1 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
2 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

3 **(4) Police Officer, Firefighter, and Active Duty National Guard and Reserve**
4 **Survivor Benefits:** Included in the above General Fund appropriation is \$690,900 in
5 each fiscal year for payment of benefits for survivors of state and local police officers,
6 firefighters, and active duty National Guard and Reserve members pursuant to KRS
7 61.315 and for the cost of insurance premiums for firefighters pursuant to KRS 95A.070.
8 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
9 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

10 **(5) Attorney General Expense:** Included in the above General Fund
11 appropriation is \$370,700 in each fiscal year for expenses associated with representation
12 of the Commonwealth and payments for expert witnesses pursuant to KRS 12.215.
13 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
14 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

15 **(6) Prior Year Claims:** Included in the above General Fund appropriation is
16 \$253,000 in each fiscal year to allow the Finance and Administration Cabinet to pay any
17 valid expense incurred during the two preceding fiscal years pursuant to KRS 45.231.
18 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
19 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

20 **(7) Involuntary Commitments:** Included in the above General Fund
21 appropriation is \$63,400 in each fiscal year to provide funding for legal representation for
22 persons requiring involuntary hospitalization pursuant to KRS 202B.210.
23 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
24 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

25 **(8) Frankfort In Lieu of Taxes:** Included in the above General Fund
26 appropriation is \$200,000 in each fiscal year for payment to the City of Frankfort in lieu
27 of property taxes normally owed annually pursuant to KRS 45.021. Notwithstanding

1 KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the
2 Budget Reserve Trust Fund Account (KRS 48.705).

3 **(9) Medical Malpractice Liability Insurance Reimbursement:** Included in the
4 above General Fund appropriation is \$77,900 in each fiscal year to reimburse clinics and
5 small, regional health care providers for medical malpractice insurance premiums
6 pursuant to KRS 304.40-075. Notwithstanding KRS 45.229, any portion of General Fund
7 not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account
8 (KRS 48.705).

9 **(10) Blanket Employee Bonds:** Included in the above General Fund appropriation
10 is \$39,100 in each fiscal year to cover damages the Commonwealth might incur as the
11 result of a criminal action by an employee when securing bonds. Notwithstanding KRS
12 45.229, any portion of General Fund not expended for this purpose shall lapse to the
13 Budget Reserve Trust Fund Account (KRS 48.705).

14 **(11) Funding Sources for Appropriations Not Otherwise Classified:** Funds
15 required to pay the costs of items included within Appropriations Not Otherwise
16 Classified are appropriated. Any required expenditure over the above amounts up to
17 \$8,249,700 in each fiscal year shall be paid first from the General Fund Surplus Account
18 (KRS 48.700), if available, or from any available balance in either the Judgments budget
19 unit or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions
20 and procedures provided in this Act.

21 The above appropriation is for the payment of Attorney General Expense, Office of
22 Claims and Appeals awards, Guardian Ad Litem, Prior Year Claims, Unredeemed
23 Checks Refunded, Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes,
24 Frankfort Cemetery, Police Officer, Firefighter, and National Guard and Reserve
25 Survivor Benefits, Medical Malpractice Liability Insurance Reimbursement, and Blanket
26 Employee Bonds.

27 **30. JUDGMENTS**

1 **(1) Payment of Judgments and Carry Forward of General Fund**
2 **Appropriation Balance:** Notwithstanding KRS 45A.275, the payment of judgments that
3 exceed the above appropriation, as may be rendered against the Commonwealth by courts
4 and orders of the State Personnel Board, where applicable, shall be subject to KRS
5 Chapter 45 and shall not be deemed a necessary governmental expense. Notwithstanding
6 KRS 45A.270(1), funds required to pay any award or judgment against any department or
7 agency of the state in excess of the above appropriation, shall be paid out of the funds
8 created or collected for the maintenance and operation of such department or agency and
9 otherwise paid pursuant to KRS 45A.270(2). Notwithstanding KRS 45.229, the General
10 Fund appropriation in fiscal year 2025-2026 and fiscal year 2026-2027 shall not lapse
11 and shall carry forward.

12 **31. KENTUCKY COMMUNICATIONS NETWORK AUTHORITY**

	2026-27	2027-28
14 General Fund	41,023,800	40,938,000
15 Restricted Funds	12,711,100	13,690,100
16 TOTAL	53,734,900	54,628,100

17 **(1) Availability Payments:** Included in the above appropriations is \$38,243,000
18 in General Fund and \$957,000 in Restricted Funds in fiscal year 2026-2027 and
19 \$38,243,000 in General Fund and \$1,936,000 in Restricted Funds in fiscal year 2027-
20 2028 for availability payments. Notwithstanding KRS 45.229, any portion of General
21 Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund
22 Account (KRS 48.705).

23 **(2) Capital Project Reporting:** On a quarterly basis, the Kentucky
24 Communications Network Authority shall submit a report detailing the following for
25 each capital project authorized:

26 (a) Project scope, including a definition of what project components are critical;
27 costs related to each project component; information regarding which network location

node, core equipment site, or end-user location is impacted; project milestones; and any changes or modifications from previous reports;

(b) Financial status, including how much has been spent of the authorization, cost overruns and/or savings, and impact on the Authority's operating budget;

(c) Project timeline detailing progress towards project milestones and project completion status; and

(d) Procurement and contracts, including status of procurement activities detailing contracts awarded and pending, and any changes to contract terms or conditions.

The Authority shall present this quarterly report to the Capital Projects and Bond Oversight Committee.

TOTAL - GENERAL GOVERNMENT

	2026-27	2027-28
General Fund (Tobacco)	35,576,900	32,889,700
General Fund	1,746,310,900	1,822,614,700
Restricted Funds	393,221,900	401,673,600
Federal Funds	815,211,000	703,040,500
TOTAL	2,990,320,700	2,960,218,500

B. ECONOMIC DEVELOPMENT CABINET

Budget Unit

1. ECONOMIC DEVELOPMENT

	2026-27	2027-28
General Fund	28,016,200	26,582,600
Restricted Funds	3,945,100	3,705,300
Federal Funds	301,000	301,000
TOTAL	32,262,300	30,588,900

(1) Funding for Commercialization and Innovation: Notwithstanding KRS 154.12-278, interest income earned on the balances in the High-Tech

1 Construction/Investment Pool and loan repayments received by the High-Tech
2 Construction/Investment Pool shall be used to support the Office of Entrepreneurship and
3 are appropriated in addition to amounts appropriated above.

4 **(2) Lapse and Carry Forward of General Fund Appropriation Balance for**
5 **Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund
6 appropriation balance for Bluegrass State Skills Corporation training grants for fiscal
7 year 2025-2026 and fiscal year 2026-2027 shall not lapse and shall carry forward. The
8 amount available to the Corporation for disbursement in each fiscal year shall be limited
9 to the unexpended training grant allotment balance at the end of each fiscal year
10 combined with the additional training grant allotment amounts in each fiscal year of the
11 2026-2028 fiscal biennium, less any disbursements. If the required disbursements exceed
12 the Bluegrass State Skills Corporation training grants allotment balance, notwithstanding
13 KRS 154.12-278, Restricted Funds may be expended for training grants.

14 **(3) Science and Technology Program:** Notwithstanding KRS 164.6011 to
15 164.6035 and any other statute to the contrary, the Cabinet for Economic Development
16 shall have the authority to carry out the provisions of KRS 164.6013 to 164.6035.

17 **(4) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
18 KRS 45.229, the General Fund appropriation in fiscal year 2025-2026 and fiscal year
19 2026-2027 to the Cabinet for Economic Development, Science and Technology Program,
20 shall not lapse and shall carry forward in the Cabinet for Economic Development.

21 **(5) Executive Officers' Compensation:** Notwithstanding KRS 154.10-050(2),
22 any additional executive officers as described in KRS 154.10-050(2) shall not be paid a
23 salary greater than the salary of the Governor of the Commonwealth.

24 **(6) Training Grants:** Included in the above General Fund appropriation is
25 \$2,400,000 in fiscal year 2026-2027 and \$2,325,000 in fiscal year 2027-2028 for the
26 Bluegrass State Skills Corporation to make training grants to support manufacturing-
27 related investments. The Corporation shall utilize these funds for a manufacturer

designated by the United States Department of Commerce, United States Census Bureau North American Industry Classification System code of 336111, 336112, 336120, or 336211 that employs at least 10,000 full-time persons at the same facility or at multiple facilities located within the same county to help offset associated costs of retraining its workforce. Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2025-2026 and fiscal year 2026-2027 shall not lapse and shall carry forward.

(7) Kentucky Product Development Initiative: Notwithstanding KRS 45.229, the balance of the General Fund appropriation authorized in 2022 Ky. Acts ch. 199, Part I, B., 1., (12) shall not lapse and shall carry forward.

(8) KEDFA Forgivable Loan-Carry Forward of Appropriation Balance: Notwithstanding KRS 45.229, the balance of the General Fund appropriation authorized in 2022 Ky. Acts ch. 199, Part I, B., 1., (11) shall not lapse and shall carry forward.

(9) Agricultural Economic Development: In accordance with KRS Chapter 154, the Secretary of the Cabinet for Economic Development shall coordinate with and seek guidance from the Commissioner of the Department of Agriculture in considering any projects for economic incentives related to agricultural economic development, agribusiness, or production facilities of sustainable aviation fuel.

C. DEPARTMENT OF EDUCATION

Budget Units

1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2026-27	2027-28
General Fund	3,458,991,800	3,367,949,800

(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

1 General Fund appropriation to the base SEEK Program is intended to provide a base
2 guarantee of \$4,586 per student in average daily attendance in each fiscal year, as well as
3 to meet the other requirements of KRS 157.360. Notwithstanding KRS 157.360(2), each
4 district's base funding level shall be adjusted for the number of students demonstrating
5 limited proficiency in English language skills, multiplied by 0.096.

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

20 **(3) SEEK Lapse:** Notwithstanding KRS 45.229, any General Fund amounts
21 appropriated to the SEEK Program that are not necessary to meet the requirements set
22 forth in KRS 157.310 to 157.440 in each fiscal year shall lapse to the Budget Reserve
23 Trust Fund Account (KRS 48.705).

24 **(4) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the
25 above General Fund appropriation is \$2,013,431,600 in fiscal year 2026-2027 and
26 \$1,954,198,500 in fiscal year 2027-2028 for the base SEEK Program as defined by KRS
27 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in

1 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
2 not exceed the appropriation for this purpose, except as provided in this Act.

3 **(5) Tier I Component:** Included in the above General Fund appropriation is
4 \$246,393,600 in fiscal year 2026-2027 and \$228,427,500 in fiscal year 2027-2028 for the
5 Tier I component as established by KRS 157.440. Notwithstanding KRS 157.440(1)(a),
6 the board of education of each school district may levy an equivalent tax rate as defined
7 in KRS 160.470(9)(a) which will produce up to 17.5 percent of those revenues
8 guaranteed by the SEEK Program. The levy shall be made no later than October 1 of each
9 odd numbered year, and revenue generated by this levy shall be equalized at 150 percent
10 of the statewide average per pupil assessment.

11 **(6) Vocational Transportation:** Included in the above General Fund
12 appropriation is \$7,833,100 in each fiscal year for vocational transportation.
13 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
14 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

15 **(7) Teachers' Retirement System Employer Match:** Included in the above
16 General Fund appropriation is \$529,410,000 in fiscal year 2026-2027 and \$541,260,000
17 in fiscal year 2027-2028 to enable local school districts to provide the employer match
18 for qualified employees.

19 **(8) Salary Supplements for Nationally Certified Teachers:** Notwithstanding
20 KRS 157.395, included in the above General Fund appropriation is \$4,655,500 in each
21 fiscal year for the purpose of providing salary supplements for public school teachers
22 attaining certification by the National Board for Professional Teaching Standards.
23 Notwithstanding KRS 157.395, if the appropriation is insufficient to provide the
24 mandated salary supplement for teachers who have obtained this certification, the
25 Department of Education is authorized to pro rata reduce the supplement.
26 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
27 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

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

5 **(10) Facilities Support Program of Kentucky/Equalized Nickel Levies:**
6 Included in the above General Fund appropriation is \$137,176,700 in fiscal year 2026-
7 2027 and \$126,577,500 in fiscal year 2027-2028 to provide facilities equalization funding
8 pursuant to KRS 157.440 and 157.620.

9 **(11) Growth Levy Equalization Funding:** Included in the above General Fund
10 appropriation is \$54,370,400 in fiscal year 2026-2027 and \$46,449,200 in fiscal year
11 2027-2028 to provide facilities equalization funding pursuant to KRS 157.440 and
12 157.620 for districts meeting the eligibility requirements of KRS 157.621(1) and (4).
13 Notwithstanding KRS 157.621(1)(b)2., a school district that imposes the levy authorized
14 by KRS 157.621(1)(b)1. shall be equalized for that levy, in addition to the equalization
15 funding appropriated in accordance with KRS 157.621(1)(b)2., and all funds for this
16 purpose shall be committed to debt service, new facilities, or major renovations in
17 accordance with KRS 157.440(1)(b). It is the intent of the 2026 General Assembly that
18 any local school district receiving equalization under this subsection shall receive full
19 calculated equalization until the earlier of 20 years of the effective date of this Act, or the
20 date the bonds for the local school district supported by this equalization are retired, in
21 accordance with KRS 157.621(2).

22 **(12) Retroactive Equalized Facility Funding:** Included in the above General
23 Fund appropriation is \$72,367,000 in fiscal year 2026-2027 and \$67,523,100 in fiscal
24 year 2027-2028 to provide equalized facility funding pursuant to KRS 157.440 and
25 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In
26 addition, a local board of education that levied a tax rate subject to recall by January 1,
27 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that

1 committed the receipts to debt service, new facilities, or major renovations of existing
2 facilities shall be eligible for equalization funds from the state at 150 percent of the
3 statewide average per pupil assessment. Revenue to generate the five cent equivalent levy
4 may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS
5 160.593, 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was dedicated
6 to facilities funding at the time of the levy. The equalization funds shall be used as
7 provided in KRS 157.440(1)(b). Notwithstanding KRS 157.621(2)(a) and (4), for the
8 2026-2028 fiscal biennium, school districts that levied the tax rate subject to recall prior
9 to January 15, 2024, shall be equalized at 100 percent of the calculated equalization
10 funding. It is the intent of the 2026 General Assembly that any local school district
11 receiving equalization under this subsection shall receive full calculated equalization until
12 the earlier of 20 years of the effective date of this Act, or the date the bonds for the local
13 school district supported by this equalization are retired, in accordance with KRS
14 157.621(2).

15 **(13) Equalized Facility Funding:** Included in the above General Fund
16 appropriation is \$18,746,800 in fiscal year 2026-2027 and \$17,186,100 in fiscal year
17 2027-2028 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to
18 districts meeting the eligibility requirements of KRS 157.621(3) and (4). Notwithstanding
19 KRS 157.621(3)(c), a school district meeting the criteria of KRS 157.621(3)(a) and (b)
20 shall be equalized at 100 percent of the calculated equalization funding in each fiscal
21 year, and all funds for this purpose shall be committed to debt service, new facilities, or
22 major renovations in accordance with KRS 157.440(1)(b). In addition, notwithstanding
23 KRS 157.621(1) and (3), a school district that has levied a five-cent equivalent rate
24 authorized by KRS 157.621(1)(a) and is not receiving state equalization funding for that
25 levy under KRS 157.621(1)(b), 157.621(3), or any other provision of this Act, shall be
26 equalized at 100 percent of the calculated equalization funding in each fiscal year, and all
27 funds for this purpose shall be committed to debt service, new facilities, or major

1 renovations in accordance with KRS 157.440(1)(b). It is the intent of the 2026 General
2 Assembly that any local school district receiving equalization under this subsection shall
3 receive full calculated equalization until the earlier of 20 years of the effective date of
4 this Act, or the date the bonds for the local school district supported by this equalization
5 are retired, in accordance with KRS 157.621(3).

6 **(14) BRAC Equalized Facility Funding:** Notwithstanding KRS 157.621(1)(c)2.,
7 included in the above General Fund appropriation is \$3,162,200 in fiscal year 2026-2027
8 and \$2,749,400 in fiscal year 2027-2028 to provide equalized facility funding to school
9 districts meeting the eligibility requirements of KRS 157.621(1)(c)1. pursuant to KRS
10 157.440 and 157.620.

11 **(15) Equalization Funding for Critical Construction Needs Schools:** Included
12 in the above General Fund appropriation is \$10,136,800 in fiscal year 2026-2027 and
13 \$9,781,800 in fiscal year 2027-2028 to school districts in accordance with KRS
14 157.621(5).

15 **(16) Hold-Harmless Guarantee:** A hold-harmless guarantee is established in each
16 fiscal year which provides that every local school district shall receive at least the same
17 amount of SEEK state funding per pupil as was received in fiscal year 1991-1992. If
18 funds appropriated to the SEEK Program are insufficient to provide the amount of money
19 required under KRS 157.310 to 157.440, and allotments to local school districts are
20 reduced in accordance with KRS 157.430, allocations to school districts subject to this
21 provision shall not be reduced.

22 **(17) Residential Youth-at-Risk Programs:** In accordance with KRS 157.360, no
23 funds from the SEEK Program shall be distributed to the programs operated by the
24 Kentucky Guard Youth Challenge Division of the Department of Military Affairs.
25 Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary,
26 any school district providing educational services to students enrolled in programs
27 operated by the Kentucky Guard Youth Challenge Division of the Department of Military

1 Affairs shall be paid for those services solely from the General Fund appropriation in Part
2 I, A., 6. of this Act, and students enrolled in such programs shall not be included in the
3 average daily attendance for purposes of SEEK Program funding.

4 **(18) Salary Supplements for Certified Audiologists and Speech Language**
5 **Pathologists:** Included in the above General Fund appropriation is \$2,312,000 in each
6 fiscal year for the purpose of providing a \$2,000 salary supplement each year for full-
7 time public school Audiologists and Speech Language Pathologists that have active
8 Certificates of Clinical Competence, as offered by the American Speech-Language-
9 Hearing Association. Notwithstanding any statute to the contrary, if the appropriation is
10 insufficient to provide all full-time public school American Speech-Language-Hearing
11 Association certified Audiologists and Speech Language Pathologists with the \$2,000
12 stipend, then the Department of Education is authorized to pro rata reduce the
13 supplement. Notwithstanding KRS 45.229, any portion of General Fund not expended for
14 this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

15 **(19) Full-Day Kindergarten:** Notwithstanding KRS 157.320 or any other statute
16 or regulation to the contrary, the Department of Education shall count each kindergarten
17 pupil in full for that respective school year, for the purpose of determining SEEK funds
18 and any other state funding based in whole or in part on average daily attendance for the
19 district, except that a district shall receive an amount equal to one-half of the state portion
20 of the average statewide per pupil guaranteed base funding level for each student who
21 graduated early under the provisions of KRS 158.142.

22 **(20) SEEK Transportation:** Notwithstanding KRS 157.370 and 157.360(2)(c),
23 included in the above General Fund appropriation is \$358,996,100 in each fiscal year to
24 support pupil transportation.

25 **(21) Legislative Policy Requirement:** The 2026 General Assembly provides the
26 following requirement to local boards of education and the Kentucky Department of
27 Education:

1 (a) Local school districts that receive state funding from the Support Education
2 Excellence in Kentucky Program shall:

3 1. Prominently display, in not less than 16-point type, on the local board of
4 education's internet landing page, the district's percentage of students scoring Proficient
5 in Reading, the district's percentage of students scoring Distinguished in Reading, the
6 district's percentage of students scoring Proficient in Mathematics, and the district's
7 percentage of students scoring Distinguished in Mathematics on the most recent
8 Kentucky Summative Assessment, as defined by KRS 158.6453;

9 2. Prominently display a web link to the detailed results of the district's
10 performance on the most recent Kentucky Summative Assessment on the local board of
11 education's internet landing page;

12 3. Display the same information specified in subparagraph 1. of this paragraph at
13 the top of each page of the board's website in a banner format;

14 4. Prominently display, in not less than 16-point type, on each school's internet
15 landing page, the school's percentage of students scoring Proficient in Reading, the
16 school's percentage of students scoring Distinguished in Reading, the percentage of
17 students scoring Proficient in Mathematics, and the percentage of students scoring
18 Distinguished in Mathematics on the school's most recent Kentucky Summative
19 Assessment;

20 5. Prominently display on each school's internet landing page, a link to the
21 detailed results of the school's results on the most recent Kentucky Summative
22 Assessment; and

23 6. Display the same information specified in subparagraph 4. of this paragraph in
24 banner format on each page of the school's website;

25 (b) The Kentucky Department of Education shall post a rank order by overall
26 academic performance of all schools on its website;

27 (c) The Kentucky Department of Education shall ensure compliance with this

1 subsection by every district, and offer assistance, as needed;

2 (d) The 2026 General Assembly is aware of the intention of surrounding states to
3 set increased minimum salaries for classroom teachers in those states by statute or
4 regulation. The General Assembly also recognizes the fact that the local economy heavily
5 affects the salary schedules of classified employees; and

6 (e) The 2026 General Assembly directs each local board of education to consider
7 the actions of other states and the local economy and the related effect on recruitment and
8 retention when establishing the salary schedules for classroom teachers and classified
9 employees. Additional funds have been made available to local school districts through
10 increases in SEEK resources. The 2026 General Assembly encourages local school
11 districts to provide certified and classified staff a salary or compensation increase.

12 **2. OPERATIONS AND SUPPORT SERVICES**

13		2026-27	2027-28
14	General Fund	65,044,400	63,578,800
15	Restricted Funds	4,779,600	5,661,700
16	Federal Funds	465,590,200	465,804,200
17	TOTAL	535,414,200	535,044,700

18 **(1) Advanced Placement and International Baccalaureate Exams:**
19 Notwithstanding KRS 160.348(3), included in the above General Fund appropriation is
20 \$960,000 in fiscal year 2026-2027 and \$930,000 in fiscal year 2027-2028 to pay the cost
21 of Advanced Placement and International Baccalaureate examinations for those students
22 who meet the eligibility requirements for free or reduced-price meals. Notwithstanding
23 KRS 154A.130(4) and 160.348(3), included in the above General Fund appropriation is
24 \$2,600,000 in each fiscal year to pay the cost of Advanced Placement examinations for
25 students on a first-come, first-served basis. Notwithstanding KRS 45.229, any portion of
26 General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund
27 Account (KRS 48.705).

1 **(2) Employee Reporting:** The Kentucky Department of Education shall provide
2 a report by August 1 of each year to the Interim Joint Committee on Appropriations and
3 Revenue. At a minimum, the report shall include:

4 (a) A count and list, by name, of all full-time, part-time, and interim employees
5 employed under KRS Chapter 18A;

6 (b) A count and list, by name, of all contract employees;

7 (c) The position title, Kentucky Department of Education office served, and
8 primary work location of every employee;

9 (d) The employees' level of compensation, on an annualized basis, including the
10 percentage of all fund sources used to compensate the employee; and

11 (e) For contract employees, the start and end date of the relevant contract, as well
12 as the name of any entity involved in administering the contract.

13 **(3) Certified and Classified Staff Compensation Increase Reporting:** The
14 Kentucky Department of Education shall provide a report by September 1 of each year to
15 the Interim Joint Committee on Appropriations and Revenue detailing certified and
16 classified staff compensation increases for the current school year by each local school
17 district. At a minimum, the report shall include:

18 (a) A brief description of the type of staff compensation increases adopted, such
19 as percentage-based or flat rate, if applicable;

20 (b) The average percentage rate or dollar amount of the compensation increases,
21 by classification, if applicable;

22 (c) The effective date of the compensation increases, if applicable;

23 (d) The manner in which the compensation increases were delineated, such as
24 universally or by job classification, if applicable;

25 (e) Any monetary compensation in addition to that provided through the district's
26 single salary schedule, such as one-time payments, if applicable;

27 (f) The date the local board of education adopted the compensation increases, if

1 applicable; and

2 (g) Any changes to the local school district's certified and/or classified staff
3 single salary schedule(s), if applicable.

4 **3. LEARNING AND RESULTS SERVICES**

5		2026-27	2027-28
6	General Fund	1,547,846,900	1,603,562,500
7	Restricted Funds	24,755,900	32,209,000
8	Federal Funds	621,141,000	619,461,900
9	TOTAL	2,193,743,800	2,255,233,400

10 **(1) Kentucky Education Technology System:** Notwithstanding KRS 157.650 to
11 157.665, the School for the Deaf and the School for the Blind shall be fully eligible,
12 along with local school districts, to participate in the Kentucky Education Technology
13 System in a manner that takes into account the special needs of the students of these two
14 schools.

15 **(2) Family Resource and Youth Services Centers:** Funds appropriated to
16 establish and support Family Resource and Youth Services Centers shall be transferred in
17 each fiscal year to the Cabinet for Health and Family Services consistent with KRS
18 156.496. The Cabinet for Health and Family Services is authorized to use, for
19 administrative purposes, no more than two percent of the total funds transferred from the
20 Department of Education for the Family Resource and Youth Services Centers. If a
21 certified person is employed as a director or coordinator of a Family Resource and Youth
22 Services Center, that person shall retain his or her status as a certified employee of the
23 school district.

24 **(3) Health Insurance:** Included in the above General Fund appropriation is
25 \$1,092,118,800 in fiscal year 2026-2027 and \$1,146,724,700 in fiscal year 2027-2028 for
26 employer contributions for health insurance and the contribution to the health
27 reimbursement account for employees waiving coverage. Notwithstanding KRS 45.229,

1 any portion of General Fund not expended for this purpose shall lapse to the Budget
2 Reserve Trust Fund Account (KRS 48.705).

3 **(4) Program Flexibility:** Notwithstanding KRS 158.070(8) and 158.446, local
4 school districts shall be provided additional flexibility in the utilization of funds for
5 Extended School Services and Safe Schools. Local school districts shall continue to
6 address the governing statutes and serve the intended student population but may utilize
7 funds from these programs for general operating expenses in each year of the fiscal
8 biennium. Local school districts that utilize these funds for general operating expenses
9 shall report to the Kentucky Department of Education and the Interim Joint Committee
10 on Education the amount of funding from each program utilized for general operating
11 expenses.

12 **(5) Center for School Safety:** Included in the above General Fund appropriation
13 is \$15,000,000 in each fiscal year for the Center for School Safety. Notwithstanding KRS
14 158.446, the Center for School Safety shall allot these moneys for the purposes described
15 in KRS 158.440, 158.441, 158.4415, 158.4416, 158.442, 158.445, and 158.446 at both
16 public and private school buildings, campuses, grounds, recreational areas, or athletic
17 fields, except that no more than \$2,000,000 in each fiscal year may be retained for
18 operating and administrative purposes. Notwithstanding KRS 45.229, any portion of
19 General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund
20 Account (KRS 48.705).

21 **(6) Allocations to School-Based Decision Making Councils:** Notwithstanding
22 KRS 160.345(8), for each fiscal year, a local board of education may reduce the
23 allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6,
24 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than \$100 per
25 pupil in average daily attendance.

26 **(7) Kentucky School for the Blind and Kentucky School for the Deaf:**
27 Included in the above General Fund appropriation is \$8,289,100 in each fiscal year for

1 the Kentucky School for the Blind and \$11,291,800 in each fiscal year for the Kentucky
2 School for the Deaf. Notwithstanding KRS 45.229, any portion of General Fund not
3 expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS
4 48.705).

5 **(8) Career and Technical Education:** Included in the above General Fund
6 appropriation is \$127,115,900 in each fiscal year for career and technical education.
7 Notwithstanding KRS 157.069, of this amount, \$70,063,400 in each fiscal year shall be
8 distributed as supplemental funding to local area vocational education centers.

9 Notwithstanding KRS 157.069, Category II and III programs in districts established
10 after June 21, 2001, shall be included in the distribution. The Department of Education
11 shall classify each comprehensive high school with five or more career and technical
12 education program areas as a local area vocational education center and shall also include
13 any comprehensive high school with fewer than five career and technical education
14 programs in the supplemental funding. The Department of Education shall communicate
15 the updated status with the superintendent of each local school district no later than June
16 30, 2026. Notwithstanding KRS 45.229, any portion of General Fund not expended for
17 this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

18 **(9) Redistribution of Resources:** Notwithstanding KRS 156.095, 156.553,
19 156.555, 157.390, 158.070, 158.770, 158.775, 158.805, 161.027, 161.028, 161.030,
20 161.165, and 161.167, no General Fund is provided for the Professional Development
21 Program, the Commonwealth School Improvement Fund, the Leadership and Mentor
22 Fund, the Middle School Academic Center, the Teacher's Professional Growth Fund, the
23 Teacher Academies Program, the Writing Program, the Kentucky Principal Internship
24 Program, the Kentucky Teacher Internship Program, and the Kentucky Academy for
25 Equity in Teaching in order to increase funding for school-based mental health services
26 providers.

27 **(10) Learning and Results Services Programs:** Included in the above General

- 1 Fund appropriation are the following allocations for the 2026-2028 fiscal biennium, but
2 no portion of these funds shall be utilized for state-level administrative purposes:
- 3 (a) \$1,900,000 in each fiscal year for AdvanceKentucky;
 - 4 (b) \$1,850,000 in each fiscal year for the Community Education Program;
 - 5 (c) \$23,916,300 in each fiscal year for the Extended School Services Program;
 - 6 (d) \$48,889,000 in each fiscal year for the Family Resource and Youth Services
7 Centers Program;
 - 8 (e) \$10,000,000 in each fiscal year for the Gifted and Talented Program;
 - 9 (f) \$100,000 in each fiscal year for the Hearing and Speech Center;
 - 10 (g) \$100,000 in each fiscal year for the Heuser Hearing and Language Academy;
 - 11 (h) Notwithstanding KRS 154A.130(4), \$1,675,500 in each fiscal year for the
12 Jobs for America's Graduates Program;
 - 13 (i) \$500,000 in each fiscal year for the Kentucky Alliance of Boys & Girls Clubs;
 - 14 (j) \$12,500,000 in each fiscal year for the Kentucky Educational Collaborative
15 for State Agency Children;
 - 16 (k) \$1,391,000 in each fiscal year for Local School District Life Insurance;
 - 17 (l) \$1,000,000 in each fiscal year for Math Nation;
 - 18 (m) \$5,019,000 in each fiscal year for the Mathematics Achievement Fund;
 - 19 (n) \$84,481,100 in each fiscal year for the Preschool Program;
 - 20 (o) \$15,936,600 in each fiscal year for the Read to Achieve Program;
 - 21 (p) \$11,000,000 in each fiscal year for the Read to Succeed Program;
 - 22 (q) \$2,000,000 in each fiscal year for Save the Children;
 - 23 (r) \$1,200,000 in each fiscal year for the Statewide Reading Research Center;
 - 24 (s) \$700,000 in each fiscal year for Teach for America. Teach for America shall
25 submit a report on the outcomes of the program to the Interim Joint Committee on
26 Education by August 1, 2027;
 - 27 (t) \$500,000 in each fiscal year for the Visually Impaired Preschool Services

1 Program; and

2 (u) \$1,500,000 in each fiscal year for We Lead CS.

3 Notwithstanding KRS 45.229, any portion of General Fund not expended for this
4 purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

5 **(11) School-Based Mental Health Services Providers:** The Kentucky Center for
6 School Safety, in consultation with the Office of the State School Security Marshal, shall
7 develop criteria to determine which districts shall receive funding to meet the
8 requirements of KRS 158.4416(3)(a). The criteria shall include:

9 (a) A local district's use of Medicaid funding to supplement General Fund;

10 (b) An equitable and balanced statewide distribution; and

11 (c) Any other criteria to support a trauma-informed approach in schools.

12 **(12) School Resource Officers:** The Kentucky Department of Education shall
13 reimburse local school districts up to \$20,000 for each full-time certified school resource
14 officer.

15 **(13) Federal Remedial Education Grants:** It is the intent of the 2026 General
16 Assembly that the Kentucky Department of Education shall apply for all federal grants
17 available for remedial education.

18 **TOTAL - DEPARTMENT OF EDUCATION**

19		2026-27	2027-28
20	General Fund	5,071,883,100	5,035,091,100
21	Restricted Funds	29,535,500	37,870,700
22	Federal Funds	1,086,731,200	1,085,266,100
23	TOTAL	6,188,149,800	6,158,227,900

24 **D. EDUCATION AND LABOR CABINET**

25 **Budget Units**

26 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

27		2026-27	2027-28
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1	General Fund (Tobacco)	1,063,800	983,200
2	General Fund	13,810,400	13,401,400
3	Restricted Funds	24,597,300	24,370,800
4	Federal Funds	5,792,700	5,886,500
5	TOTAL	45,264,200	44,641,900

6 **(1) Early Childhood Development:** Included in the above General Fund
7 (Tobacco) appropriation is \$1,063,800 in fiscal year 2026-2027 and \$983,200 in fiscal
8 year 2027-2028 for the Early Childhood Advisory Council.

9 **(2) Heuser Hearing Institute:** Included in the above General Fund appropriation
10 is \$1,920,000 in fiscal year 2026-2027 and \$1,860,000 in fiscal year 2027-2028 for the
11 Heuser Hearing Institute to support programs developed to close the education and
12 achievement gaps for deaf and hard-of-hearing adults. Notwithstanding KRS 45.229, any
13 portion of General Fund not expended for this purpose shall lapse to the Budget Reserve
14 Trust Fund Account (KRS 48.705).

15 **2. PROPRIETARY EDUCATION**

16		2026-27	2027-28
17	Restricted Funds	562,300	569,300

18 **3. DEAF AND HARD OF HEARING**

19		2026-27	2027-28
20	General Fund	1,117,900	1,104,500
21	Restricted Funds	1,387,600	1,366,800
22	TOTAL	2,505,500	2,471,300

23 **4. KENTUCKY EDUCATIONAL TELEVISION**

24		2026-27	2027-28
25	General Fund	17,909,400	17,895,000
26	Restricted Funds	2,037,000	2,037,000
27	TOTAL	19,946,400	19,932,000

5. ENVIRONMENTAL EDUCATION COUNCIL

	2026-27	2027-28
Restricted Funds	533,300	530,300
Federal Funds	430,300	430,300
TOTAL	963,600	960,600

(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**

	2026-27	2027-28
General Fund	6,781,700	6,661,000
Restricted Funds	1,916,100	1,898,100
Federal Funds	3,139,400	3,170,600
TOTAL	11,837,200	11,729,700

b. Direct Local Aid

	2026-27	2027-28
General Fund	6,170,000	6,102,700
Restricted Funds	1,046,900	1,046,900
TOTAL	7,216,900	7,149,600

(1) Per Capita Grants: Notwithstanding KRS 171.201, no General Fund is provided for nonconstruction state aid.

(2) Public Library Facilities Construction: Included in the above General Fund appropriation is \$3,074,700 in each fiscal year for the Public Library Facilities Construction Fund. Notwithstanding KRS 45.229 and 171.027 to 171.223, any expired debt service payments shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

TOTAL - LIBRARIES AND ARCHIVES

1		2026-27	2027-28
2	General Fund	12,951,700	12,763,700
3	Restricted Funds	2,963,000	2,945,000
4	Federal Funds	3,139,400	3,170,600
5	TOTAL	19,054,100	18,879,300

6 **7. WORKFORCE DEVELOPMENT**

7		2026-27	2027-28
8	General Fund	37,643,900	36,876,900
9	Restricted Funds	13,165,000	13,081,600
10	Federal Funds	483,873,300	485,362,100
11	TOTAL	534,682,200	535,320,600

12 **(1) Cafeteria Service Contracts:** No state agency shall enter into any contract
 13 with a nongovernmental entity for the operation of food services provided in the
 14 cafeterias located in the Kentucky Transportation Cabinet office building and/or the
 15 Cabinet for Human Resources office building in Frankfort unless the Office of
 16 Vocational Rehabilitation has declined in writing to provide such services.

17 **(2) Adult Education:** Included in the above General Fund appropriation are
 18 sufficient funds in each fiscal year to support the Office of Adult Education.
 19 Notwithstanding KRS 45.229, the General Fund appropriation for the Office of Adult
 20 Education in each fiscal year shall not lapse and shall carry forward.

21 **(3) Unemployment Insurance System Replacement:** Notwithstanding KRS
 22 341.243(8), the Service Capacity Upgrade Fund may collect up to \$68,000,000 for the
 23 purpose of funding the Replace Unemployment Insurance System project authorized in
 24 2024 Ky. Acts ch. 175, Part II, D., 4., 005. The Office of Unemployment Insurance shall
 25 prepare a report detailing the replacement of the unemployment insurance system. The
 26 report shall include a description of how the allocated Restricted Funds are being utilized
 27 and a timeline of expected completion and implementation of a new system. This report

1 shall be submitted to the Interim Joint Committee on Appropriations and Revenue
 2 quarterly, beginning May 1, 2026.

3 **8. WORKPLACE STANDARDS**

4		2026-27	2027-28
5	General Fund	1,862,400	1,844,200
6	Restricted Funds	8,945,000	8,869,100
7	Federal Funds	4,397,700	4,498,900
8	TOTAL	15,205,100	15,212,200

9 **9. WORKERS' CLAIMS**

10		2026-27	2027-28
11	Restricted Funds	61,955,300	60,910,300

12 **10. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

13		2026-27	2027-28
14	Restricted Funds	815,100	807,000

15 **11. WORKERS' COMPENSATION FUNDING COMMISSION**

16		2026-27	2027-28
17	Restricted Funds	88,283,500	86,238,300

18 **12. WORKERS' COMPENSATION NOMINATING COMMITTEE**

19		2026-27	2027-28
20	Restricted Funds	1,100	1,100

21 **13. DISABILITY DETERMINATIONS**

22		2026-27	2027-28
23	Restricted Funds	823,700	813,900
24	Federal Funds	68,971,000	69,940,600
25	TOTAL	69,794,700	70,754,500

26 **TOTAL - EDUCATION AND LABOR CABINET**

27		2026-27	2027-28
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1	General Fund (Tobacco)	1,063,800	983,200
2	General Fund	85,295,700	83,885,700
3	Restricted Funds	206,069,200	202,540,500
4	Federal Funds	566,604,400	569,289,000
5	TOTAL	859,033,100	856,698,400

E. ENERGY AND ENVIRONMENT CABINET

Budget Units

1. SECRETARY

9		2026-27	2027-28
10	General Fund	4,533,200	4,576,400
11	Restricted Funds	4,945,000	4,854,300
12	Federal Funds	1,398,100	1,398,000
13	TOTAL	10,876,300	10,828,700

2. ADMINISTRATIVE SERVICES

15		2026-27	2027-28
16	General Fund	6,714,400	6,852,000
17	Restricted Funds	6,345,400	6,279,400
18	Federal Funds	3,794,600	3,808,100
19	TOTAL	16,854,400	16,939,500

3. ENVIRONMENTAL PROTECTION

21		2026-27	2027-28
22	General Fund	31,019,800	31,347,800
23	Restricted Funds	86,693,800	85,214,900
24	Federal Funds	40,339,100	40,359,800
25	TOTAL	158,052,700	156,922,500

(1) **Public and Private Dam Rehabilitation:** The Department for Environmental Protection shall submit a report to the Legislative Research Commission, Office of

Budget Review, by September 1, 2027, recommending the priority ranking and funding mechanisms for rehabilitating public and private high hazard dams within the Commonwealth. The Department may work collaboratively with the Soil and Water Conservation Commission (KRS 146.110).

4. NATURAL RESOURCES

	2026-27	2027-28
General Fund (Tobacco)	2,659,600	2,457,900
General Fund	43,203,800	42,710,300
Restricted Funds	24,137,500	23,897,700
Federal Funds	177,529,000	177,889,900
TOTAL	247,529,900	246,955,800

(1) Emergency Forest Fire Suppression: Not less than \$2,500,000 of the above General Fund appropriation in each fiscal year shall be set aside for emergency forest fire suppression. Notwithstanding KRS 45.229, any portion of the \$2,500,000 not expended for emergency forest fire suppression shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705) at the end of each fiscal year. 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 \$2,500,000 in each fiscal year. Fire suppression costs in excess of \$2,500,000 annually shall be deemed necessary government expenses and shall be paid, up to \$4,000,000 in each fiscal year, from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$1,773,100 in fiscal year 2026-2027 and \$1,638,600 in fiscal year 2027-2028 for the Environmental Stewardship Program.

(3) Conservation District Local Aid: Included in the above General Fund (Tobacco) appropriation is \$886,500 in fiscal year 2026-2027 and \$819,300 in fiscal year

1 2027-2028 for the Division of Conservation to provide direct aid to local conservation
2 districts.

3 **5. ENERGY POLICY**

4		2026-27	2027-28
5	General Fund	1,633,900	1,585,400
6	Restricted Funds	632,100	636,000
7	Federal Funds	62,615,200	62,635,300
8	TOTAL	64,881,200	64,856,700

9 **6. KENTUCKY NATURE PRESERVES**

10		2026-27	2027-28
11	General Fund	1,747,100	1,743,100
12	Restricted Funds	2,696,300	2,666,400
13	Federal Funds	279,300	279,300
14	TOTAL	4,722,700	4,688,800

15 **7. PUBLIC SERVICE COMMISSION**

16		2026-27	2027-28
17	General Fund	14,602,700	14,470,600
18	Restricted Funds	2,969,500	2,914,800
19	Federal Funds	1,138,700	1,138,700
20	TOTAL	18,710,900	18,524,100

21 **TOTAL - ENERGY AND ENVIRONMENT CABINET**

22		2026-27	2027-28
23	General Fund (Tobacco)	2,659,600	2,457,900
24	General Fund	103,454,900	103,285,600
25	Restricted Funds	128,419,600	126,463,500
26	Federal Funds	287,094,000	287,509,100
27	TOTAL	521,628,100	519,716,100

F. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2026-27	2027-28
General Fund	11,399,200	12,142,200
Restricted Funds	42,079,300	41,154,800
TOTAL	53,478,500	53,297,000

(1) **Kentucky Affordable Prepaid Tuition Trust Fund:** Included in the above General Fund appropriation is \$5,100,000 in fiscal year 2026-2027 and \$5,600,000 in fiscal year 2027-2028 to support projected tuition payments and refunds through fiscal year 2027-2028. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

2. CONTROLLER

	2026-27	2027-28
General Fund	7,346,400	7,220,400
Restricted Funds	17,193,000	16,880,600
TOTAL	24,539,400	24,101,000

(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

	2026-27	2027-28
General Fund (Tobacco)	14,100,200	13,880,800
General Fund	632,135,600	757,822,200

1	TOTAL	646,235,800	771,703,000
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2 **4. FACILITIES AND SUPPORT SERVICES**

3		2026-27	2027-28
4	General Fund	9,513,100	9,371,300
5	Restricted Funds	56,191,600	54,852,400
6	TOTAL	65,704,700	64,223,700

7 **(1) Capitol Annex Renovation:** Notwithstanding KRS 42.425 and any statute to
8 the contrary, the administration and management of the Capitol Annex Renovation
9 project authorized in 2024 Ky. Acts ch. 175, Part II, F., 2., 009. shall be approved by the
10 Director of the Legislative Research Commission or his designee.

11 **5. COUNTY COSTS**

12		2026-27	2027-28
13	General Fund	29,243,500	29,243,500
14	Restricted Funds	1,661,900	1,631,500
15	TOTAL	30,905,400	30,875,000

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

21 **(2) Reimbursement to Sheriffs' Offices for Court Security Services:**
22 Notwithstanding KRS 64.092(6), the sheriff or other law enforcement officer serving a
23 Circuit or District Court shall be compensated at the rate of \$15 per hour of service. To
24 be eligible for this enhanced rate, deputies providing services must be paid at least \$10
25 per hour.

26 **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

27		2026-27	2027-28
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1	Restricted Funds	135,945,400	132,724,300
2	Federal Funds	1,716,600	1,716,600
3	TOTAL	137,632,800	134,389,800

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

9 **(2) Legacy Modernization:** The Commonwealth Office of Technology shall
10 prepare a report for the Legacy Modernization capital project authorized in 2024 Ky.
11 Acts ch. 175, Part II, F., 3., 001. The report shall include a list of legacy IT systems that
12 have been completed, the date in which they were completed, the state agency the IT
13 system was for, and a status report for the completion percentage of all other ongoing
14 modernization projects. This report shall be submitted to the Interim Joint Committee on
15 Appropriations and Revenue by October 31 of each fiscal year.

16 **7. REVENUE**

17		2026-27	2027-28
18	General Fund (Tobacco)	250,000	250,000
19	General Fund	118,369,200	116,885,700
20	Restricted Funds	11,814,200	11,338,100
21	Federal Funds	50,000	50,000
22	TOTAL	130,483,400	128,523,800

23 **(1) Operations of Revenue:** Notwithstanding KRS 132.672, 134.552(2),
24 136.652, and 365.390(2), funds may be expended in support of the operations of the
25 Department of Revenue.

26 **(2) State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of
27 \$250,000 of the Tobacco Settlement payments received in each fiscal year is appropriated

to the Finance and Administration Cabinet, Department of Revenue, for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

8. PROPERTY VALUATION ADMINISTRATORS

	2026-27	2027-28
General Fund	69,686,000	69,954,700
Restricted Funds	4,786,400	4,786,000
TOTAL	74,472,400	74,740,700

(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.

(2) Salary Increment: Notwithstanding KRS 132.590(3)(b), the increment provided on the base salary or wages of each eligible property valuation administrator shall be the same as that provided for eligible state employees in Part IV of this Act.

TOTAL - FINANCE AND ADMINISTRATION CABINET

	2026-27	2027-28
General Fund (Tobacco)	14,350,200	14,130,800
General Fund	877,663,800	1,002,588,900
Restricted Funds	269,671,800	263,367,700
Federal Funds	1,766,600	1,766,600
TOTAL	1,163,452,400	1,281,854,000

G. HEALTH AND FAMILY SERVICES CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2026-27	2027-28
General Fund	8,161,000	7,845,200
Restricted Funds	83,360,500	81,521,300
Federal Funds	70,361,300	71,280,000

1	TOTAL	161,882,800	160,646,500
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2 **(1) Human Service Transportation Delivery:** Notwithstanding KRS
3 281.010(28), the Kentucky Works Program shall not participate in the Human Service
4 Transportation Delivery Program or the Coordinated Transportation Advisory
5 Committee.

6 **(2) Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any
7 provisions of this Act to the contrary, direct service units of the Office of Inspector
8 General, Department for Income Support, Office for Children with Special Health Care
9 Needs, Department for Community Based Services, Department for Behavioral Health,
10 Developmental and Intellectual Disabilities, Department for Family Resource Centers
11 and Volunteer Services, Department for Aging and Independent Living, and the
12 Department for Public Health shall be authorized to establish and fill such positions that
13 are 100 percent federally funded for salary and fringe benefits.

14 **2. MEDICAID SERVICES**

15 **a. Medicaid Administration**

16		2026-27	2027-28
17	General Fund	74,943,200	73,267,400
18	Restricted Funds	33,764,600	32,654,100
19	Federal Funds	215,156,600	215,573,800
20	TOTAL	323,864,400	321,495,300

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

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

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

7 **(2) Interim Restricted Funds Appropriation Increase:** Notwithstanding KRS
 8 48.630, Medicaid Administration may request an allotment of unbudgeted Restricted
 9 Funds appropriation not to exceed 10 percent per fiscal year.

10 **b. Medicaid Benefits**

11	2026-27	2027-28
12 General Fund	2,884,153,700	2,807,262,800
13 Restricted Funds	2,152,012,600	2,088,385,200
14 Federal Funds	17,525,892,500	17,525,892,500
15 TOTAL	22,562,058,800	22,421,540,500

16 **(1) Intergovernmental Transfers (IGTs):** Any funds received through an
 17 Intergovernmental Transfer (IGT) agreement between the Department for Medicaid
 18 Services and other governmental entities, in accordance with a federally approved State
 19 Plan amendment, shall be used to provide for the health and welfare of the citizens of the
 20 Commonwealth through the provision of Medicaid Benefits. Revenues from IGTs are
 21 contingent upon agreement by the parties, including but not limited to the Cabinet for
 22 Health and Family Services, Department for Medicaid Services, and the appropriate
 23 providers. The Secretary of the Cabinet for Health and Family Services shall make the
 24 appropriate interim appropriations increase requests pursuant to KRS 48.630.

25 **(2) Medicaid Benefits Budget Deficit:** If Medicaid Benefits expenditures are
 26 projected to exceed available funds, the Secretary of the Cabinet for Health and Family
 27 Services may recommend and implement that reimbursement rates, optional services,

1 eligibles, or programs be reduced or maintained at levels existing at the time of the
2 projected deficit in order to avoid a budget deficit. The projected deficit shall be
3 confirmed and approved by the Office of State Budget Director. No rate, service, eligible,
4 or program reductions shall be implemented by the Cabinet for Health and Family
5 Services without prior written notice of such action to the Interim Joint Committee on
6 Appropriations and Revenue and the State Budget Director. Such actions taken by the
7 Cabinet for Health and Family Services shall be reported, upon request, at the next
8 meeting of the Interim Joint Committee on Appropriations and Revenue.

9 **(3) Disproportionate Share Hospital (DSH) Program:** Hospitals shall report
10 the uncompensated care for which, under federal law, the hospital is eligible to receive
11 disproportionate share payments. Disproportionate share payments shall equal the
12 maximum amounts established under federal law. The Department for Medicaid Services
13 shall compile for each fiscal year a report on the total amount of disproportionate share
14 payments made to hospitals. The report shall identify the hospital receiving the DSH
15 payment, the amount of the payment, and the fund source of the payment. The report
16 shall be submitted to the Interim Joint Committee on Appropriations and Revenue and
17 the Medicaid Oversight and Advisory Board by November 15 of each fiscal year.

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

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

1 provision in facilities' annual licensure inspections.

2 **(6) Critical Access Hospitals:** Beginning on the effective date of this Act
3 through June 30, 2028, no acute care hospital shall convert to a critical access hospital
4 unless the hospital has either received funding for a feasibility study from the Kentucky
5 Office of Rural Health or filed a written request by January 1, 2026, with the Kentucky
6 Office of Rural Health requesting funding for conducting a feasibility study.

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

17 **(8) Medicaid Prescription Benefits Reporting:** Notwithstanding KRS 205.647,
18 the Department for Medicaid Services shall submit a report to the Interim Joint
19 Committee on Appropriations and Revenue and the Medicaid Oversight and Advisory
20 Board by October 31 of each fiscal year on the dispensing of prescription medications to
21 persons eligible under KRS 205.560. The report shall include:

22 (a) The total Medicaid dollars paid to the state pharmacy benefit manager by a
23 managed care organization;

24 (b) The total amount of Medicaid dollars paid to the state pharmacy benefit
25 manager by a managed care organization which were not subsequently paid to a
26 pharmacy licensed in Kentucky;

27 (c) The average reimbursement by drug ingredient cost, dispensing fee, and any

1 other fee paid by the state pharmacy benefit manager to licensed pharmacies with which
2 the state pharmacy benefit manager shares common ownership, management, or control;
3 or which are owned, managed, or controlled by any of the state pharmacy benefit
4 manager's management companies, parent companies, subsidiary companies, jointly held
5 companies, or companies otherwise affiliated by a common owner, manager, or holding
6 company; or which share any common members on the board of directors; or which share
7 managers in common;

8 (d) The average reimbursement by drug ingredient cost, dispensing fee, or any
9 other fee paid by the state pharmacy benefit manager to pharmacies licensed in Kentucky
10 which operate 10 locations, 10 or fewer locations, or 10 or more locations; and

11 (e) All common ownership, management, common members of a board of
12 directors, shared managers, or control of the state pharmacy benefit manager, or any of
13 the state pharmacy benefit manager's management companies, parent companies,
14 subsidiary companies, jointly held companies, or companies otherwise affiliated by a
15 common owner, manager, or holding company with any managed care organization
16 contracted to administer Kentucky Medicaid benefits, any entity which contracts on
17 behalf of a pharmacy, or any pharmacy services administration organization, or any
18 common ownership management, common members of a board of directors, shared
19 managers, or control of a pharmacy services administration organization that is
20 contracted with the state pharmacy benefit manager, with any drug wholesaler or
21 distributor or any of the pharmacy services administration organizations, management
22 companies, parent companies, subsidiary companies, jointly held companies, or
23 companies otherwise affiliated by a common owner, common members of a board of
24 directors, manager, or holding company.

25 **(9) Interim Restricted Funds Appropriation Increase:** Notwithstanding KRS
26 48.630, Medicaid Benefits may request an allotment of unbudgeted Restricted Funds
27 appropriation not to exceed 10 percent per fiscal year.

1 **(10) Kentucky Access Fund:** Notwithstanding KRS 304.17B-021, funds are
2 transferred from this source to Medicaid Benefits in each fiscal year.

3 **(11) 1915(c) Home and Community Based Services (HCBS) Waivers Wait List**
4 **Management Assessment:** The General Assembly recognizes the vital role of waiver
5 services in the daily lives of Kentuckians in home and community based settings and the
6 importance of an efficient and effective system for the delivery of those services. The
7 Department for Medicaid Services shall conduct an analysis and assessment of the wait
8 lists for all of the Kentucky Medicaid 1915(c) HCBS waiver programs. For each of the
9 waiver programs the assessment shall include:

- 10 (a) The current eligibility criteria for the waiver program;
- 11 (b) A description of the process for an individual to be assessed for a waiver
12 program;
- 13 (c) A description of the method used to determine the level of priority for
14 receiving services for an individual on the wait list;
- 15 (d) The number of current waiver participants;
- 16 (e) The number, demographics, and eligibility category of individuals on the wait
17 list;
- 18 (f) The acuity level of individuals on the wait list;
- 19 (g) The level of care and services needed by individuals on the wait list;
- 20 (h) The average cost of waiver services provided;
- 21 (i) The date of entry and length of time on the wait list; and
- 22 (j) The number of applicants on the wait list for more than one waiver program
23 as can most accurately be determined.

24 The results and findings from the assessment and recommendations to achieve a
25 more efficient and effective management of the Kentucky 1915(c) HCBS waiver
26 programs wait lists shall be reported to the Interim Joint Committees on Appropriations
27 and Revenue and Health Services by October 1, 2026.

1 **TOTAL - MEDICAID SERVICES**

2		2026-27	2027-28
3	General Fund	2,959,096,900	2,880,530,200
4	Restricted Funds	2,185,777,200	2,121,039,300
5	Federal Funds	17,741,049,100	17,741,466,300
6	TOTAL	22,885,923,200	22,743,035,800

7 **3. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL**
8 **DISABILITIES**

9		2026-27	2027-28
10	General Fund (Tobacco)	1,152,500	1,065,100
11	General Fund	191,357,300	192,569,000
12	Restricted Funds	268,319,300	268,278,400
13	Federal Funds	98,988,100	99,028,900
14	TOTAL	559,817,200	560,941,400

15 **(1) Disproportionate Share Hospital Funds:** Pursuant to KRS 205.640(3)(a)2.,
16 mental health disproportionate share funds are budgeted at the maximum amounts
17 permitted by Section 1923(h) of the Social Security Act. Upon publication in the Federal
18 Register of the Annual Institutions for Mental Disease (IMD) Disproportionate Share
19 Hospital (DSH) limit, 92.3 percent of the federal IMD DSH limit goes to the state-
20 operated mental hospitals. If there are remaining funds within the psychiatric pool after
21 all private psychiatric hospitals reach their hospital-specific DSH limit, state mental
22 hospitals may exceed the 92.3 percent limit but may not exceed their hospital-specific
23 DSH limit.

24 **(2) Lease Payments for Eastern State Hospital:** Included in the above General
25 Fund appropriation is \$9,807,300 in fiscal year 2026-2027 and \$9,808,000 in fiscal year
26 2027-2028 to make lease payments to the Lexington-Fayette Urban County Government
27 to retire its debt for the construction of the new facility.

(3) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$1,152,500 in fiscal year 2026-2027 and \$1,065,100 in fiscal year 2027-2028 for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(4) **Substance Abuse Funding Report:** The Department for Behavioral Health, Developmental and Intellectual Disabilities shall compile for each fiscal year a report on the funding received by the Cabinet for Health and Family Services to provide substance abuse prevention, treatment, and recovery services in the Commonwealth. The report shall include the amount, source, and duration of the funding, the purpose of the funding, the number of individuals served, and any available information on outcomes demonstrated as a result of the funding provided for substance abuse prevention, treatment, and recovery services. The report shall be submitted to the Legislative Research Commission, Office of Budget Review, by September 1 of each fiscal year.

4. PUBLIC HEALTH

	2026-27	2027-28
General Fund (Tobacco)	9,379,700	8,668,100
General Fund	86,767,000	85,394,400
Restricted Funds	140,735,900	140,674,000
Federal Funds	297,416,400	286,448,500
TOTAL	534,299,000	521,185,000

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$5,301,500 in fiscal year 2026-2027 and \$4,899,400 in fiscal year 2027-2028 for the Health Access Nurturing Development Services (HANDS) Program, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for the Healthy Start Initiatives, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for Early Childhood Mental Health, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for Early Childhood Oral Health, \$443,300 in fiscal

1 year 2026-2027 and \$409,600 in fiscal year 2027-2028 for the Lung Cancer Screening
2 Program, and \$1,773,100 in fiscal year 2026-2027 and \$1,638,600 in fiscal year 2027-
3 2028 for Smoking Cessation.

4 **(2) Local and District Health Department Fees:** Notwithstanding KRS 211.170
5 and 211.186, local and district health departments shall retain 90 percent of the fees
6 collected for delivering foundational public health program services to fund the costs of
7 operations, services, and the employer contributions for the Kentucky Employees
8 Retirement System.

9 **(3) Kentucky Pediatric Cancer Research Trust Fund:** Included in the above
10 General Fund appropriation is \$4,800,000 in fiscal year 2026-2027 and \$4,650,000 in
11 fiscal year 2027-2028 to the Kentucky Pediatric Cancer Research Trust Fund for general
12 pediatric cancer research and support of expansion of clinical trials at the University of
13 Kentucky and the University of Louisville. Notwithstanding KRS 45.229, any portion of
14 General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund
15 Account (KRS 48.705).

16 **(4) Lung Cancer Screening MCO:** Each Medicaid Managed Care Organization
17 that has a participating contract with the Commonwealth for the next contract renewal
18 cycle shall provide services for lung cancer screenings, which may include genetic
19 prescreen testing.

20 **(5) Central Laboratory Expansion:** The Cabinet for Health and Family
21 Services shall submit a yearly report detailing the progress of the Central Laboratory
22 Expansion as set forth in 2024 Ky. Acts ch. 175, Part II, G., 4., 001. The report shall
23 include but not be limited to the targeted and achieved milestones, expenditures incurred,
24 challenges encountered, and mitigation strategies implemented. The report shall be
25 submitted to the Interim Joint Committee on Appropriations and Revenue with the first
26 report due July 1, 2027.

27 **(6) Area Health Education Centers:** Included in the above General Fund

appropriation is \$2,400,000 in fiscal year 2026-2027 and \$2,325,000 in fiscal year 2027-2028 to support the operations of the Commonwealth's eight regional Area Health Education Centers. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(7) Kentucky Early Intervention System (KEIS): The KEIS Program plays a vital role in supporting the development of young children with disabilities. To ensure the program's continued effectiveness, the Department of Public Health shall conduct a feasibility study on the various coaching models used in the program. The study shall, at a minimum, identify the existing coaching models, identify the alternative coaching models, assess the feasibility and cost implications of implementing alternative coaching models, and provide recommendations. The study shall be submitted to the Interim Joint Committee on Health Services by December 1, 2026.

5. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES

	2026-27	2027-28
General Fund	23,663,400	21,432,500
Federal Funds	12,588,500	12,610,000
TOTAL	36,251,900	34,042,500

(1) Family Resource and Youth Services Centers Funds: No more than two percent of the total funds transferred from the Department of Education to the Family Resource and Youth Services Centers, as consistent with KRS 156.496, shall be used for administrative purposes in each fiscal year.

6. COMMUNITY BASED SERVICES

	2026-27	2027-28
General Fund (Tobacco)	10,195,200	9,421,900
General Fund	724,283,900	714,355,800
Restricted Funds	165,361,600	160,826,000

1	Federal Funds	940,282,000	927,511,800
2	TOTAL	1,840,122,700	1,812,115,500

3 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 4 appropriation is \$8,422,100 in fiscal year 2026-2027 and \$7,783,300 in fiscal year 2027-
 5 2028 for the Early Childhood Development Program and \$1,773,100 in fiscal year 2026-
 6 2027 and \$1,638,600 in fiscal year 2027-2028 for the Early Childhood Adoption and
 7 Foster Care Supports Program.

8 **(2) Fostering Success:** Included in the above General Fund appropriation is
 9 \$480,000 in fiscal year 2026-2027 and \$465,000 in fiscal year 2027-2028 to support the
 10 Fostering Success Program. Notwithstanding KRS 45.229, any portion of General Fund
 11 not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account
 12 (KRS 48.705).

13 **(3) Dually Licensed Pediatric Facilities:** Included in the above General Fund
 14 appropriation is \$528,000 in fiscal year 2026-2027 and \$511,500 in fiscal year 2027-2028
 15 to provide supplemental payments to dually licensed pediatric facilities for emergency
 16 shelter services for children. Notwithstanding KRS 45.229, any portion of General Fund
 17 not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account
 18 (KRS 48.705).

19 **(4) Child Care Assistance Program:** Included in the above General Fund
 20 appropriation is \$10,176,000 in fiscal year 2026-2027 and \$9,858,000 in fiscal year 2027-
 21 2028 to provide services to families at or below 160 percent of the federal poverty level
 22 as determined annually by the U.S. Department of Health and Human Services.
 23 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
 24 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

25 **(5) Personal Care Homes:** Included in the above General Fund appropriation is
 26 \$11,520,000 in fiscal year 2026-2027 and \$11,160,000 in fiscal year 2027-2028 to
 27 support reimbursements provided to personal care homes. Notwithstanding KRS 45.229,

any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(6) Children's Services Contractors: Notwithstanding KRS Chapter 45A, no contracts awarded for the use and benefit of the Department for Community Based Services shall interfere with the contractor's freedom of religion as set forth in KRS 446.350. Any such contracts shall contain a provision allowing a contractor to allow a substitute contractor who is also licensed or approved by the Cabinet to deliver the contracted services if the contractor cannot perform a contracted service because of sincerely held religious beliefs as outlined in KRS 446.350.

(7) Victims Advocacy Programs: Included in the above General Fund appropriation is \$5,280,000 in fiscal year 2026-2027 and \$5,115,000 in fiscal year 2027-2028 for the Children's Advocacy Centers, \$5,760,000 in fiscal year 2026-2027 and \$5,580,000 in fiscal year 2027-2028 for the Domestic Violence Shelters, and \$1,920,000 in fiscal year 2026-2027 and \$1,860,000 in fiscal year 2027-2028 for the Rape Crisis Centers to support operational costs. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(8) Employee Child Care Assistance Partnership: Included in the above General Fund appropriation is \$1,920,000 in fiscal year 2026-2027 and \$1,860,000 in fiscal year 2027-2028 to support the Employee Child Care Assistance Partnership for matching contributions. There shall be a two percent cap on administrative costs for the oversight of this program. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

7. AGING AND INDEPENDENT LIVING

	2026-27	2027-28
General Fund	49,413,900	48,048,300

1	Restricted Funds	4,071,200	4,050,900
2	Federal Funds	38,596,800	38,672,000
3	TOTAL	92,081,900	90,771,200

4 **(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities
5 contracting with the Cabinet for Health and Family Services to provide essential services
6 under KRS 205.455 and 205.460 shall provide local match equal to or greater than the
7 amount in effect during fiscal year 2025-2026. Local match may include any combination
8 of materials, commodities, transportation, office space, personal services, or other types
9 of facility services or funds. The Secretary of the Cabinet for Health and Family Services
10 shall prescribe the procedures to certify the local match compliance.

11 **TOTAL - HEALTH AND FAMILY SERVICES CABINET**

12		2026-27	2027-28
13	General Fund (Tobacco)	20,727,400	19,155,100
14	General Fund	4,042,743,400	3,950,175,400
15	Restricted Funds	2,847,625,700	2,776,389,900
16	Federal Funds	19,199,282,200	19,177,017,500
17	TOTAL	26,110,378,700	25,922,737,900

18 **H. JUSTICE AND PUBLIC SAFETY CABINET**

19 **Budget Units**

20 **1. JUSTICE ADMINISTRATION**

21		2026-27	2027-28
22	General Fund (Tobacco)	2,881,200	2,662,700
23	General Fund	49,775,900	48,791,900
24	Restricted Funds	3,335,200	3,112,500
25	Federal Funds	34,973,500	35,009,600
26	TOTAL	90,965,800	89,576,700

27 **(1) Operation UNITE:** (a) Included in the above General Fund appropriation

1 is \$1,440,000 in fiscal year 2026-2027 and \$1,395,000 in fiscal year 2027-2028 for the
2 Operation UNITE Program. Notwithstanding KRS 45.229, any portion of General Fund
3 not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account
4 (KRS 48.705).

5 (b) For the periods ending June 30, 2026, and June 30, 2027, the Secretary of the
6 Justice and Public Safety Cabinet, in coordination with the Chief Executive Officer of
7 Operation UNITE, shall prepare reports detailing for what purpose and function the funds
8 were utilized. The reports shall be submitted to the Interim Joint Committee on
9 Appropriations and Revenue by September 1 of each fiscal year.

10 **(2) Office of Drug Control Policy:** Included in the above General Fund
11 (Tobacco) appropriation is \$2,659,600 in fiscal year 2026-2027 and \$2,457,900 in fiscal
12 year 2027-2028 for the Office of Drug Control Policy.

13 **(3) Court-Appointed Special Advocate Funding:** (a) Included in the above
14 General Fund appropriation is \$2,880,000 in fiscal year 2026-2027 and \$2,790,000 in
15 fiscal year 2027-2028 for grants to support Court-Appointed Special Advocate (CASA)
16 funding programs. Notwithstanding KRS 45.229, any portion of General Fund not
17 expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS
18 48.705).

19 (b) No administrative costs shall be paid from the appropriation provided in
20 paragraph (a) of this subsection.

21 **(4) Restorative Justice:** Included in the above General Fund (Tobacco)
22 appropriation is \$221,600 in fiscal year 2026-2027 and \$204,800 in fiscal year 2027-2028
23 to support the Restorative Justice Program administered by the Volunteers of America.

24 **(5) Substance Abuse Treatment Programs:** The Secretary of the Justice and
25 Public Safety Cabinet shall compile for each fiscal year a report on funding received by
26 the Cabinet to provide substance abuse treatment, prevention, and recovery programs in
27 the Commonwealth. The report shall include the amount, source, and duration of the

1 funding, the purpose of the funding, the number of individuals served, and any available
 2 information on program outcomes. The Secretary shall submit the report to the Interim
 3 Joint Committee on Appropriations and Revenue by September 1 of each year.

4 **2. CRIMINAL JUSTICE TRAINING**

	2026-27	2027-28
6 Restricted Funds	98,080,700	96,942,200

7 **(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the
 8 above Restricted Funds appropriation is \$94,506,000 in fiscal year 2026-2027 and
 9 \$96,187,900 in fiscal year 2027-2028 for the Kentucky Law Enforcement Foundation
 10 Program Fund.

11 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1) and
 12 15.420(2)(a)1.a., included in the above Restricted Funds appropriation is \$4,653 in fiscal
 13 year 2026-2027 and \$4,746 in fiscal year 2027-2028 for each full-time participant for
 14 training incentive payments, and \$2,327 in fiscal year 2026-2027 and \$2,373 in fiscal
 15 year 2027-2028 for each part-time participant for training incentive payments. KRS
 16 15.460(1)(b) to (f) shall remain applicable, except that the administrative expense
 17 reimbursement cap under KRS 15.460(1)(c)3. shall not exceed \$1,000,000.

18 **(3) Administrative Reimbursement:** Notwithstanding KRS 15.450(3), the
 19 Department of Criminal Justice Training shall not receive reimbursement for the salaries
 20 and other costs of administering the fund, to include the Kentucky Law Enforcement
 21 Council operations and expenses, Peace Officers Professional Standards Office, attorney
 22 positions in Justice Administration, the Professional Development and Wellness Branch,
 23 Office of the State School Security Marshal, Office of Kentucky Law Enforcement
 24 Council Support, debt service, capital outlay, and Department personnel costs and
 25 expenses in excess of \$41,897,100 in fiscal year 2026-2027 and \$42,513,300 in fiscal
 26 year 2027-2028. The Department shall submit a report detailing reimbursed expenditures
 27 for the prior fiscal year to the Interim Joint Committee on Appropriations and Revenue

1 by August 1 of each fiscal year.

2 **(4) Criminal Justice Council:** Pursuant to KRS 15.410 to 15.518, the
3 Department of Criminal Justice Training shall not transfer funds from the Kentucky Law
4 Enforcement Foundation Program Fund to support the Criminal Justice Council.

5 **(5) Kentucky Law Enforcement Council Funding:** Notwithstanding KRS
6 15.450 and any other statute to the contrary, funding to support the operations of the
7 Kentucky Law Enforcement Council shall not exceed \$622,900 in fiscal year 2026-2027
8 and \$603,500 in fiscal year 2027-2028.

9 **3. JUVENILE JUSTICE**

	2026-27	2027-28
10 General Fund	169,468,600	172,481,400
11 Restricted Funds	13,848,200	13,848,200
12 Federal Funds	10,807,200	10,712,800
13 TOTAL	194,124,000	197,042,400

15 **(1) Evidence-Based Programming:** The Department of Juvenile Justice shall
16 prepare a report detailing expenditures for evidence-based programming provided by the
17 Department, as well as the number of youth served by each program, the number of filled
18 positions providing services and the number of program vacancies, the number of youth
19 on waitlists for services, and any other key performance indicators deemed appropriate
20 by the Department. The Department of Juvenile Justice shall submit this report on a
21 quarterly basis to the Interim Joint Committee on Appropriations and Revenue and the
22 Juvenile Justice Oversight Council beginning November 1, 2026.

23 **(2) Louisville Detention Center Renovation:** The Department of Juvenile
24 Justice shall submit a report to the Interim Joint Committee on Appropriations and
25 Revenue by September 1, 2026, detailing the status, progress, and current expenditures of
26 the Renovate Louisville Detention Center project authorized in 2024 Ky. Acts ch. 175,
27 Part II, H., 3., 002.

1 **4. STATE POLICE**

2		2026-27	2027-28
3	General Fund	233,548,500	232,580,700
4	Restricted Funds	33,823,700	33,360,100
5	Federal Funds	23,333,000	23,302,200
6	Road Fund	52,499,300	53,207,100
7	TOTAL	343,204,500	342,450,100

8 **(1) Call to Extraordinary Duty:** There is appropriated from the General Fund to
9 the Department of Kentucky State Police, subject to the conditions and procedures
10 provided in this Act, funds which are required as a result of the Governor's call of the
11 Kentucky State Police to extraordinary duty when an emergency situation has been
12 declared to exist by the Governor. Funding is authorized to be provided from the General
13 Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
14 48.705).

15 **(2) Restricted Funds Uses:** Notwithstanding KRS 24A.179, 42.320(2)(h),
16 65.7631, 189A.050(3)(a), 237.110(18), and 281A.160(2)(b), funds are included in the
17 above Restricted Funds appropriation to maintain the operations and administration of the
18 Department of Kentucky State Police.

19 **(3) Debt Service:** Included in the above General Fund appropriation is \$292,500
20 in fiscal year 2026-2027 and \$585,000 in fiscal year 2027-2028 to support debt service
21 for new bonds as set forth in Part II, Capital Projects Budget, of this Act.
22 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
23 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

24 **(4) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
25 the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746
26 in fiscal year 2027-2028 for each participant for training incentive payments.

27 **(5) Background Check Fees:** Pursuant to KRS 7.111, 7.112, and 11.160(1)(e),

1 the Department of Kentucky State Police shall not charge a fee for the cost of background
2 checks requested by the Legislative Research Commission during investigation processes
3 related to confirmations of appointments or reappointments to boards and commissions
4 and administrative law judges.

5 **(6) Statutory Salary Schedule Adjustments:** Included in the above General
6 Fund appropriation is \$3,802,000 in General Fund and \$1,817,900 in Road Fund in fiscal
7 year 2026-2027 and \$7,430,500 in General Fund and \$3,728,400 in Road Fund in fiscal
8 year 2027-2028 to support the statutory adjustment to the salary schedule based on the
9 consumer price index for troopers and commercial vehicle enforcement officers.

10 **(7) Kentucky Emergency Warning System Leases:** The Department of
11 Kentucky State Police shall prepare a report detailing by county, including but not limited
12 to the number of leases contracted, the cost of each lease, and the number of leases yet to
13 be contracted. The Department of Kentucky State Police shall submit this report to the
14 Interim Joint Committee on Appropriations and Revenue on a quarterly basis beginning
15 November 1, 2026.

16 **(8) Fleet Vehicles:** The Department of Kentucky State Police shall prepare a
17 report detailing fleet vehicle purchases, including but not limited to total expenditures,
18 price per vehicle, the timing of purchases, the distribution of new vehicles purchased, as
19 well as the assigned use for each vehicle purchased. The Department of Kentucky State
20 Police shall submit this report on a quarterly basis to the Interim Joint Committee on
21 Appropriations and Revenue beginning November 1, 2026.

22 **(9) Recruitment and Retention Reporting:** The Department of Kentucky State
23 Police shall prepare a report detailing recruitment, retention, and demographic statistics,
24 including but not limited to age, gender, race, education-level, and geography, for trooper
25 cadet classes occurring in fiscal years 2025-2026, 2026-2027, and 2027-2028. The
26 Department of Kentucky State Police shall submit this report on a quarterly basis to the
27 Interim Joint Committee on Appropriations and Revenue beginning November 1, 2026.

(10) Sworn Trooper Detail: Notwithstanding any statute to the contrary, beginning with fiscal year 2025-2026, no more than 25 percent of sworn troopers shall be assigned to detail other than a post.

(11) Land Acquisition Authorization: Notwithstanding KRS 56.040, the Department of Kentucky State Police may directly acquire, on behalf of the Commonwealth, any land required for tower sites related to the Kentucky Emergency Warning System or the Emergency Radio System Replacement project authorized in 2024 Ky. Acts ch. 175, Part II, H., 4., 007.

5. CORRECTIONS

a. Corrections Management

	2026-27	2027-28
General Fund	19,915,900	19,712,000
Restricted Funds	149,400	149,000
Federal Funds	100,000	304,300
TOTAL	20,165,300	20,165,300

(1) Local Correctional Facilities: Notwithstanding KRS 441.420, no funds are provided for reimbursement to counties for design fees for architectural and engineering services associated with any new local correctional facility approved by the Kentucky Local Correctional Facilities Construction Authority.

(2) Facility Reporting: (a) The Department of Corrections shall continuously monitor its bed utilization of county jails, halfway houses, Recovery Kentucky drug treatment centers, and all other community correctional residential facilities that are under contract with the Department. This monitoring shall include periodic review of its classification system to ensure that all offenders are placed in the least restrictive housing that provides appropriate security to protect public safety and provide ample opportunity for treatment and successful reentry.

(b) On a monthly basis, the Department shall submit a report detailing the

average occupancy rate for each of these facility types outlined in paragraph (a) of this subsection, as well as a projection of bed utilization one year from the reported period, to the Interim Joint Committee on Appropriations and Revenue.

(3) Operational Costs for Inmate Population and Excess Local Jail Per Diem Costs: In the event that actual operational costs and/or actual local jail per diem payments exceed the amounts appropriated to support the budgeted average daily population of state felons for each fiscal year, the additional payments, up to \$10,000,000 in each fiscal year, 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), 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.

b. Adult Correctional Institutions

	2026-27	2027-28
General Fund	470,909,400	477,821,800
Restricted Funds	21,211,400	16,587,300
Federal Funds	30,000	30,000
TOTAL	492,150,800	494,439,100

(1) Debt Service: Included in the above General Fund appropriation is \$830,500 in fiscal year 2026-2027 and \$2,491,500 in fiscal year 2027-2028 to support debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(2) Transfer to State Institutions: Notwithstanding KRS 532.100(8), 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) **Little Sandy Correctional Complex:** The Department of Corrections shall prepare a report, including but not limited to the expenditures related to the expansion, the number of full-time positions filled and vacant, the number of offenders housed, and the number of offenders transferred from other facilities by facility. The Department of Corrections shall submit this report on a quarterly basis to the Interim Joint Committee on Appropriations and Revenue beginning November 1, 2026.

c. Community Services and Local Facilities

	2026-27	2027-28
General Fund	238,613,000	236,421,700
Restricted Funds	7,302,600	7,306,300
Federal Funds	885,800	896,200
TOTAL	246,801,400	244,624,200

(1) **Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$3,000,000 in each fiscal year shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support.

(2) **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 October 1, 2027. This submission shall include but not be limited to the projected state, county, and community offender populations for the 2028-2030 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.

1 **(3) Calculating Avoided Costs Relating to Legislative Action:**

2 Notwithstanding KRS 196.288(5)(a), \$4,630,200 has been determined to meet the intent
3 of the statute for the amount of avoided costs to be provided to the Local Corrections
4 Assistance Fund. The actions implemented pursuant to the implementation of 2011 Ky.
5 Acts ch. 2 now are no longer able to be calculated validly due to the length of time they
6 have been embedded in the criminal justice system.

7 **(4) Program Completion and Sentence Credit Payments:** Notwithstanding
8 KRS 197.045(6), payments for program completions resulting in sentencing credit shall
9 not expire and shall continue through the 2026-2028 fiscal biennium. Included in the
10 above General Fund appropriation is \$12,000,000 in each fiscal year to support payments
11 for program completions resulting in sentencing credit as prescribed in KRS
12 197.045(6)(a), (b), and (c). The Department of Corrections shall prepare a report
13 annually, including but not limited to the number of program completions, the cost of
14 payments for each category of sentencing credit, and the programmatic impact on
15 recidivism. The Department of Corrections shall submit this report to the Interim Joint
16 Committee on Appropriations and Revenue by October 1 of each year. Notwithstanding
17 KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the
18 Budget Reserve Trust Fund Account (KRS 48.705).

19 **d. Local Jail Support**

20		2026-27	2027-28
21	General Fund	16,788,600	16,788,600

22 **(1) Local Corrections Assistance Fund Allocation:** Notwithstanding KRS
23 196.288(5)(a), included in the above General Fund appropriation is \$4,630,200 in each
24 fiscal year for the Local Corrections Assistance Fund. Moneys in the fund shall be
25 distributed to the counties each year. Amounts distributed from the fund shall be used to
26 support local correctional facilities and programs, including the transportation of
27 prisoners, as follows:

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

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

10 **(2) Life Safety or Closed Jails:** Included in the above General Fund
 11 appropriation is \$860,000 in each fiscal year to provide a monthly payment of an annual
 12 amount of \$20,000 to each county with a life safety jail or closed jail. The payment shall
 13 be in addition to the payment required by KRS 441.206(2). Notwithstanding KRS 45.229,
 14 any portion of General Fund not expended for this purpose shall lapse to the Budget
 15 Reserve Trust Fund Account (KRS 48.705).

16 **(3) Inmate Medical Care Expenses:** Included in the above General Fund
 17 appropriation is \$792,800 in each fiscal year for medical care contracts to be distributed,
 18 upon approval of the Department of Corrections, to counties by the formula codified in
 19 KRS 441.206, and \$851,800 in each fiscal year, on a partial reimbursement basis, for
 20 medical claims in excess of the statutory threshold pursuant to KRS 441.045. The
 21 funding support for medical contracts and catastrophic medical expenses for indigents
 22 shall be maintained in discrete accounts. Any medical claim that exceeds the statutory
 23 threshold may be reimbursed for that amount in excess of the statutory threshold.

24 **TOTAL - CORRECTIONS**

25		2026-27	2027-28
26	General Fund	746,226,900	750,744,100
27	Restricted Funds	28,663,400	24,042,600

1	Federal Funds	1,015,800	1,230,500
2	TOTAL	775,906,100	776,017,200

3 **6. PUBLIC ADVOCACY**

4		2026-27	2027-28
5	General Fund	97,665,000	96,737,800
6	Restricted Funds	4,321,000	4,178,100
7	Federal Funds	2,392,400	2,392,400
8	TOTAL	104,378,400	103,308,300

9 **TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

10		2026-27	2027-28
11	General Fund (Tobacco)	2,881,200	2,662,700
12	General Fund	1,296,684,900	1,301,335,900
13	Restricted Funds	182,072,200	175,483,700
14	Federal Funds	72,521,900	72,647,500
15	Road Fund	52,499,300	53,207,100
16	TOTAL	1,606,659,500	1,605,336,900

17 **J. PERSONNEL CABINET**

18 **Budget Units**

19 **1. GENERAL OPERATIONS**

20		2026-27	2027-28
21	Restricted Funds	32,949,100	32,547,400

22 **(1) Public Employee Health Insurance Trust Fund Actuarial Projections:**

23 The Department of Employee Insurance shall prepare a report that includes actuarial
 24 projections of the operating net gain or loss, recommended reserves, and remaining
 25 balance after reserves, by plan year, for all active plan years and a minimum of two
 26 upcoming plan years for the Public Employee Health Insurance Trust Fund, as of
 27 September 30 of each fiscal year. This report shall be submitted to the Interim Joint

1 Committee on Appropriations and Revenue by December 1 of each year.

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

3		2026-27	2027-28
4	Restricted Funds	8,292,800	8,113,600

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

6		2026-27	2027-28
7	Restricted Funds	23,671,000	23,116,300

8 **4. FIXED ALLOCATION NON-HAZARDOUS PENSION FUND**

9		2026-27	2027-28
10	General Fund	75,333,500	75,333,500

11 **(1) Quasi-State Agency Subsidy Distributions:** (a) Included in the above
 12 General Fund appropriation is \$332,100 in each fiscal year to maintain each Non-P1 state
 13 agency's fiscal year 2019-2020 baseline subsidy.

14 (b) Included in the above General Fund appropriation is \$18,882,100 in each
 15 fiscal year to maintain each Regional Mental Health Unit's fiscal year 2019-2020 baseline
 16 subsidy.

17 (c) Included in the above General Fund appropriation is \$25,151,300 in each
 18 fiscal year to maintain each health department's fiscal year 2019-2020 baseline subsidy.

19 (d) The distribution of the baseline subsidy to each employer classification
 20 identified in paragraphs (a), (b), and (c) of this subsection shall be distributed in the
 21 following manner: In July and January of each year, the Office of State Budget Director
 22 shall obtain the total creditable compensation reported by each employer to the Kentucky
 23 Public Pensions Authority and utilize that number to determine how much of each total
 24 appropriation shall be distributed to each employer within its own unique employer
 25 classification. Payments to each employer shall be made on September 1 and April 1 of
 26 each fiscal year. The Office of State Budget Director shall provide a report to the Interim
 27 Joint Committee on Appropriations and Revenue by May 1 of each fiscal year. The report

1 shall detail the disbursement of funds in this subsection and include the creditable
2 compensation, by employer, for which disbursements are made.

3 (e) Notwithstanding KRS 61.5991(6)(b), included in the above General Fund
4 appropriation is \$30,98,000 in each fiscal year to support each employer's share of the
5 anticipated retirement costs over each employer's fiscal year 2019-2020 baseline
6 contribution as adjusted and posted under the 2026 Budget Bills tile on the Legislative
7 Research Commission's website.

8 **5. STATE SALARY AND COMPENSATION FUND**

9		2026-27	2027-28
10	General Fund	12,500,000	14,625,000
11	Restricted Funds	2,400,000	3,000,000
12	Federal Funds	4,500,000	5,625,000
13	Road Fund	7,000,000	8,750,000
14	TOTAL	26,400,000	32,000,000

15 **(1) State Employee Salary Compression Pilot Program:** Notwithstanding any
16 statute or administrative regulation to the contrary, the Personnel Cabinet Secretary shall
17 establish a State Employee Salary Compression Pilot Program to be implemented in the
18 Cabinet for Health and Family Services and the Kentucky Transportation Cabinet,
19 effective on or after September 1, 2026, subject to the availability of appropriated funds.

20 Included in the above appropriations is \$12,500,000 in General Fund, \$7,000,000 in
21 Road Fund, \$2,400,000 in Restricted Funds, and \$4,500,000 in Federal Funds in fiscal
22 year 2026-2027 and \$14,625,000 in General Fund, \$8,750,000 in Road Fund, \$3,000,000
23 in Restricted Funds, and \$5,625,000 in Federal Funds in fiscal year 2027-2028 which
24 shall be transferred to the appropriate appropriation units of the participating cabinets to
25 support the additional personnel costs incurred as a result of implementing the pilot
26 program.

27 General Fund moneys in the amount of \$27,125,000 from the appropriation set out

in 2022 Ky. Acts ch. 199, Part I, N., 1. to implement pay raises for state employees shall be transferred to the State Salary and Compensation Fund for the State Employee Salary Compression Pilot Program.

Notwithstanding KRS 45.229, any General Fund moneys included in the above appropriation that are not required to support the pilot program in the participating cabinets shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

No later than July 1, 2026, the Personnel Cabinet Secretary shall submit a planning report to the Interim Joint Committee on Appropriations and Revenue detailing the proposed methodology, implementation process, and estimated costs associated with the pilot program for each participating cabinet.

No later than November 1, 2026, the Personnel Cabinet Secretary shall submit a progress report to the Interim Joint Committee on Appropriations and Revenue, which shall include, at a minimum:

(a) The amount of funds disbursed under the pilot program and the appropriation units receiving such funds;

(b) The number of employees receiving salary adjustments, disaggregated by cabinet and fund source;

(c) An analysis of salary adjustments by pay grade and tenure; and

(d) The effect of the pilot program on salary compression and supervisory salary differentials within the participating cabinets.

TOTAL - PERSONNEL CABINET

	2026-27	2027-28
General Fund	87,833,500	89,958,500
Restricted Funds	67,312,900	66,777,300
Federal Funds	4,500,000	5,625,000
Road Fund	7,000,000	8,750,000
TOTAL	166,646,400	171,110,800

1 **K. POSTSECONDARY EDUCATION**

2 **Budget Units**

3 **1. COUNCIL ON POSTSECONDARY EDUCATION**

4		2026-27	2027-28
5	General Fund (Tobacco)	5,540,900	5,120,500
6	General Fund	17,745,900	17,629,500
7	Restricted Funds	8,089,200	8,016,100
8	Federal Funds	6,153,700	6,201,800
9	TOTAL	37,529,700	36,967,900

10 **(1) Interest Earnings Transfer from the Strategic Investment and Incentive**
 11 **Trust Fund Accounts:** Notwithstanding KRS 164.7911 to 164.7927, any expenditures
 12 from the Strategic Investment and Incentive Trust Fund accounts in excess of
 13 appropriated amounts by the Council on Postsecondary Education shall be subject to
 14 KRS 48.630.

15 **(2) Cancer Research and Screening:** Included in the above General Fund
 16 (Tobacco) appropriation is \$5,540,900 in fiscal year 2026-2027 and \$5,120,500 in fiscal
 17 year 2027-2028 for cancer research and screening. The appropriation in each fiscal year
 18 shall be equally shared between the University of Kentucky and the University of
 19 Louisville.

20 **(3) Redistribution of Resources:** Notwithstanding KRS 164.028 to 164.0282, no
 21 General Fund is provided for Professional Education Preparation.

22 **(4) Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in
 23 order to lower the cost of borrowing, any university that has issued or caused to be issued
 24 debt obligations through a not-for-profit corporation or a municipality or county
 25 government for which the rental or use payments of the university substantially meet the
 26 debt service requirements of those debt obligations is authorized to refinance those debt
 27 obligations if the principal amount of the debt obligations is not increased and the rental

1 payments of the university are not increased. Any funds used by a university to meet debt
2 obligations issued by a university pursuant to this subsection shall be subject to
3 interception of state-appropriated funds pursuant to KRS 164A.608.

4 **(5) Disposition of Postsecondary Institution Property:** Notwithstanding KRS
5 45.777, a postsecondary institution's governing board may elect to sell or dispose of real
6 property or major items of equipment and proceeds from the sale shall be designated to
7 the funding sources, on a proportionate basis, used for acquisition of the equipment or
8 property to be sold.

9 **(6) Spinal Cord and Head Injury Research:** Included in the above General
10 Fund appropriation is \$1,920,000 in fiscal year 2026-2027 and \$1,860,000 in fiscal year
11 2027-2028 for spinal cord and head injury research. In accordance with KRS 211.500 to
12 211.504, the appropriation in each fiscal year shall be shared between the University of
13 Kentucky and the University of Louisville. Notwithstanding KRS 45.229, any portion of
14 General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund
15 Account (KRS 48.705).

16 **(7) Immunity for Postsecondary Institutions:** Notwithstanding any statute to
17 the contrary, a public postsecondary institution, including any affiliated corporation, its
18 officers, employees, and agents, shall be immune from all claims, including class action
19 claims for damages, a declaratory judgment, and equitable relief based on an act or
20 omission if:

21 (a) The claim arises out of or in connection with tuition paid to the public
22 postsecondary institution for an academic term that included the months of March, April,
23 and May 2020;

24 (b) The claim alleges losses or damages arising from an act or omission by the
25 public postsecondary institution during or in response to the COVID-19 emergency; and

26 (c) The alleged act or omission of the public postsecondary institution was related
27 to protecting public health and safety interests in response to the COVID-19 emergency

in compliance with federal, state, or local guidance, including but not limited to:

1. Transition to online or otherwise remote instruction;
2. Pause or modification to instruction available through the institution of higher education;
3. Closure of, or modification to, operation of on-campus facilities of the public postsecondary institution; or
4. The public postsecondary institution offered online and otherwise remote learning options that allowed students to complete the coursework in the academic term that included the months of March, April, and May 2020 and receive academic credit.

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2026-27	2027-28
General Fund	388,133,900	387,953,900
Restricted Funds	46,494,200	43,181,200
Federal Funds	86,000	86,000
TOTAL	434,714,100	431,221,100

(1) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$179,344,800 in each fiscal year for the College Access Program.

(2) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$45,975,000 in each fiscal year for the Kentucky Tuition Grant Program.

(3) Kentucky National Guard Tuition Award Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$7,398,100 in each fiscal year for the National Guard Tuition Award Program.

(4) Kentucky Educational Excellence Scholarships (KEES): Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$90,556,600 in each fiscal year for the Kentucky Educational Excellence Scholarships (KEES).

1 **(5) Work Ready Kentucky Scholarship Program:** Notwithstanding KRS
2 154A.130(4), included in the above General Fund appropriation is \$12,000,500 in each
3 fiscal year for the Work Ready Kentucky Scholarship Program. It is the intent of the
4 General Assembly for Work Ready Kentucky Scholarships to only be awarded to
5 recipients that complete eligible courses.

6 **(6) Dual Credit Scholarship Program:** (a) Notwithstanding KRS
7 154A.130(4), included in the above General Fund appropriation is \$21,149,500 in each
8 fiscal year for the Dual Credit Scholarship Program.

9 (b) Notwithstanding KRS 164.786(1)(f) and 164.787(2)(d), the dual credit tuition
10 rate ceiling shall be one-half of the per credit hour tuition amount charged by the
11 Kentucky Community and Technical College System for in-state students.
12 Notwithstanding KRS 164.786(4)(c), eligible high school students may receive a dual
13 credit scholarship for two career and technical education dual credit courses per academic
14 year and four general education dual credit courses over the junior and senior years, up to
15 a maximum of 12 approved dual credit courses.

16 **(7) Veterinary Medicine Contract Spaces:** Included in the above General Fund
17 appropriation is \$5,568,400 in fiscal year 2026-2027 and \$5,394,400 in fiscal year 2027-
18 2028 to fund 164 veterinary slots.

19 **(8) Optometry Scholarship Program:** Included in the above General Fund
20 appropriation is \$814,500 in fiscal year 2026-2027 and \$789,000 in fiscal year 2027-2028
21 for the Optometry Scholarship Program.

22 **(9) Use of Lottery Revenues:** Notwithstanding KRS 154A.130(3) and (4),
23 lottery revenues in the amount of \$358,424,500 in each fiscal year are appropriated to the
24 Kentucky Higher Education Assistance Authority. Notwithstanding KRS 154A.130(4)
25 and any provisions of this Act to the contrary, if lottery receipts received by the
26 Commonwealth, excluding any unclaimed prize money received under Part III, 20. of this
27 Act, exceed \$370,000,000 in fiscal year 2025-2026 or \$365,000,000 in each fiscal year of

the 2026-2028 fiscal biennium, the additional excess shall be transferred to a trust and agency account and shall not be expended or appropriated without the express authority of the General Assembly.

(10) Redistribution of Resources: Notwithstanding KRS 164.740 to 164.764, 164.7890(11)(c), 164.7891(11)(b), and 164.7894, no General Fund is provided for Work Study, Coal County Pharmacy Scholarships, Osteopathic Medicine Scholarships, and Coal County College Completion Scholarships in order to provide additional funding to the College Access Program and Kentucky Tuition Grant Program.

(11) Teacher Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above appropriation is \$2,000,000 in General Fund in each fiscal year and \$300,000 in Restricted Funds in each fiscal year for the Teacher Scholarship Program. The Kentucky Higher Education Assistance Authority, in coordination with the Council on Postsecondary Education, shall submit a report on the number of teacher scholarships provided in each fiscal year, the program of study in which recipients are enrolled, recipient retention rates, total number of applications, and the impact of the scholarships on recruitment. This report shall be submitted to the Interim Joint Committee on Education by September 1 of each fiscal year.

(12) General Administration and Support: Included in the above General Fund appropriation is \$6,000,000 in each fiscal year to support general administration and support services. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

3. EASTERN KENTUCKY UNIVERSITY

	2026-27	2027-28
General Fund	73,230,300	71,703,600
Restricted Funds	218,354,400	218,016,300
Federal Funds	135,500,000	135,500,000

1 TOTAL 427,084,700 425,219,900

2 (1) **Mandated Programs:** Included in the above General Fund appropriation are
3 the following:

4 (a) \$4,389,000 in fiscal year 2026-2027 and \$4,251,900 in fiscal year 2027-2028
5 for the Model Laboratory School; and

6 (b) Notwithstanding KRS 61.5991, \$4,454,900 in each fiscal year to support the
7 university's share of the anticipated retirement costs over the university's fiscal year
8 2019-2020 baseline contribution as adjusted and posted under the 2026 Budget Bills tile
9 on the Legislative Research Commission's website.

10 (2) **Debt Service:** Included in the above General Fund appropriation is \$416,500
11 in fiscal year 2026-2027 and \$1,175,000 in fiscal year 2027-2028 for new debt service to
12 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.
13 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
14 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

15 **4. KENTUCKY STATE UNIVERSITY**

	2026-27	2027-28
16 General Fund	29,741,600	29,342,200
17 Restricted Funds	68,862,300	77,848,400
18 Federal Funds	40,680,600	44,031,000
19 TOTAL	139,284,500	151,221,600

20
21 (1) **Mandated Programs:** Included in the above General Fund appropriation are
22 the following:

23 (a) \$9,965,800 in fiscal year 2026-2027 and \$9,654,300 in fiscal year 2027-2028
24 to fund the state match payments required of land-grant universities under federal law.

25 (2) **Debt Service:** Included in the above General Fund appropriation is \$416,500
26 in fiscal year 2026-2027 and \$933,500 in fiscal year 2027-2028 for new debt service to
27 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

1 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
 2 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

3 **5. MOREHEAD STATE UNIVERSITY**

4		2026-27	2027-28
5	General Fund	45,210,000	44,679,300
6	Restricted Funds	113,086,900	113,086,900
7	Federal Funds	47,176,400	47,176,400
8	TOTAL	205,473,300	204,942,600

9 **(1) Mandated Programs:** Included in the above General Fund appropriation are
 10 the following:

11 (a) \$5,442,700 in each fiscal year for the Craft Academy for Excellence in
 12 Science and Mathematics; and

13 (b) Notwithstanding KRS 61.5991, \$2,456,500 in each fiscal year to support the
 14 university's share of the anticipated retirement costs over the university's fiscal year
 15 2019-2020 baseline contribution as adjusted and posted under the 2026 Budget Bills tile
 16 on the Legislative Research Commission's website.

17 **(2) Debt Service:** Included in the above General Fund appropriation is \$416,500
 18 in fiscal year 2026-2027 and \$1,045,500 in fiscal year 2027-2028 for new debt service to
 19 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.
 20 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
 21 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

22 **6. MURRAY STATE UNIVERSITY**

23		2026-27	2027-28
24	General Fund	48,452,700	47,565,900
25	Restricted Funds	159,450,500	159,450,500
26	Federal Funds	26,494,600	26,494,600
27	TOTAL	234,397,800	233,511,000

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$3,872,800 in fiscal year 2026-2027 and \$3,751,800 in fiscal year 2027-2028 for the Breathitt Veterinary Center; and

(b) Notwithstanding KRS 61.5991, \$1,635,500 in each fiscal year to support the university's share of the anticipated retirement costs over the university's fiscal year 2019-2020 baseline contribution as adjusted and posted under the 2026 Budget Bills tile on the Legislative Research Commission's website.

(2) **Debt Service:** Included in the above General Fund appropriation is \$416,500 in fiscal year 2026-2027 and \$1,128,500 in fiscal year 2027-2028 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

7. NORTHERN KENTUCKY UNIVERSITY

	2026-27	2027-28
General Fund	53,877,400	52,500,500
Restricted Funds	221,360,100	221,360,100
Federal Funds	15,450,500	15,450,500
TOTAL	290,688,000	289,311,100

(1) **Mandated Programs:** Included in the above General Fund appropriation is \$1,270,900 in fiscal year 2026-2027 and \$1,231,200 in fiscal year 2027-2028 for the Kentucky Center for Mathematics.

(2) **Debt Service:** Included in the above General Fund appropriation is \$416,500 in fiscal year 2026-2027 and \$1,123,500 in fiscal year 2027-2028 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

1 **8. UNIVERSITY OF KENTUCKY**

2		2026-27	2027-28
3	General Fund	284,942,500	276,392,100
4	Restricted Funds	7,958,878,500	7,958,878,500
5	Federal Funds	298,948,500	298,948,500
6	TOTAL	8,542,769,500	8,534,219,100

7 **(1) Mandated Programs:** Included in the above General Fund appropriation are
8 the following:

9 (a) \$34,004,000 in fiscal year 2026-2027 and \$32,941,300 in fiscal year 2027-
10 2028 for the College of Agriculture, Food and Environment's Cooperative Extension
11 Service. Of this amount, \$4,145,500 in each fiscal year is provided to support extension
12 agent compensation;

13 (b) \$30,176,700 in fiscal year 2026-2027 and \$29,233,700 in fiscal year 2027-
14 2028 for the Kentucky Agricultural Experiment Station;

15 (c) \$9,769,200 in fiscal year 2026-2027 and \$9,463,900 in fiscal year 2027-2028
16 for the Center for Applied Energy Research;

17 (d) \$3,913,200 in fiscal year 2026-2027 and \$3,791,000 in fiscal year 2027-2028
18 for the Kentucky Geological Survey;

19 (e) \$3,872,800 in fiscal year 2026-2027 and \$3,751,800 in fiscal year 2027-2028
20 for the Veterinary Diagnostic Laboratory;

21 (f) \$1,958,900 in fiscal year 2026-2027 and \$1,897,700 in fiscal year 2027-2028
22 for the Sanders-Brown Center on Aging;

23 (g) \$1,728,000 in fiscal year 2026-2027 and \$1,674,000 in fiscal year 2027-2028
24 for the College of Agriculture, Food and Environment's Division of Regulatory Services;

25 (h) \$576,000 in fiscal year 2026-2027 and \$558,000 in fiscal year 2027-2028 for
26 the College of Agriculture, Food and Environment's Kentucky Small Business
27 Development Center;

(i) \$562,800 in fiscal year 2026-2027 and \$545,300 in fiscal year 2027-2028 for the University Press of Kentucky;

(j) Notwithstanding KRS 154A.130(4), \$480,000 in fiscal year 2026-2027 and \$465,000 in fiscal year 2027-2028 for the Human Development Institute for the Supported Higher Education Project;

(k) \$432,200 in fiscal year 2026-2027 and \$418,700 in fiscal year 2027-2028 for the Center of Excellence in Rural Health;

(l) \$912,200 in fiscal year 2026-2027 and \$883,700 in fiscal year 2027-2028 for the Kentucky Cancer Registry; and

(m) \$96,000 in fiscal year 2026-2027 and \$93,000 in fiscal year 2027-2028 for the Sports Medicine Research Institute.

(2) Debt Service: Included in the above General Fund appropriation is \$416,500 in fiscal year 2026-2027 and \$1,843,000 in fiscal year 2027-2028 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

9. UNIVERSITY OF LOUISVILLE

	2026-27	2027-28
General Fund	131,336,900	127,522,400
Restricted Funds	1,449,639,600	1,449,639,600
Federal Funds	187,875,300	187,875,300
TOTAL	1,768,851,800	1,765,037,300

(1) Mandated Programs: Included in the above General Fund appropriation are the following:

(a) \$667,400 in fiscal year 2026-2027 and \$646,500 in fiscal year 2027-2028 for the Rural Health Education Program;

(b) \$144,000 in fiscal year 2026-2027 and \$139,500 in fiscal year 2027-2028 for

the Kentucky Autism Training Center;

(c) \$96,000 in fiscal year 2026-2027 and \$93,000 in fiscal year 2027-2028 for the School of Dentistry to provide dental care to patients with dental issues related to drug use; and

(d) \$144,000 in fiscal year 2026-2027 and \$139,500 in fiscal year 2027-2028 for the Mid-South REACH Grant.

(2) Debt Service: Included in the above General Fund appropriation is \$416,500 in fiscal year 2026-2027 and \$1,335,500 in fiscal year 2027-2028 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

10. WESTERN KENTUCKY UNIVERSITY

	2026-27	2027-28
General Fund	78,399,200	76,574,600
Restricted Funds	279,343,600	280,343,600
Federal Funds	44,143,300	44,143,300
TOTAL	401,886,100	401,061,500

(1) Mandated Programs: Included in the above General Fund appropriation are the following:

(a) \$5,442,700 in each fiscal year for the Gatton Academy of Mathematics and Science in Kentucky;

(b) \$1,680,000 in fiscal year 2026-2027 and \$1,627,500 in fiscal year 2027-2028 for the Kentucky Mesonet; and

(c) Notwithstanding KRS 61.5991, \$1,412,000 in each fiscal year to support the university's share of the anticipated retirement costs over the university's fiscal year 2019-2020 baseline contribution as adjusted and posted under the 2026 Budget Bills tile on the Legislative Research Commission's website.

(2) **Debt Service:** Included in the above General Fund appropriation is \$416,500 in fiscal year 2026-2027 and \$1,214,500 in fiscal year 2027-2028 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2026-27	2027-28
General Fund	176,400,200	171,568,100
Restricted Funds	552,619,800	559,132,500
Federal Funds	295,517,000	295,516,800
TOTAL	1,024,537,000	1,026,217,400

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$3,983,800 in fiscal year 2026-2027 and \$3,859,300 in fiscal year 2027-2028 for KCTCS-TRAINS;

(b) \$1,795,100 in fiscal year 2026-2027 and \$1,739,000 in fiscal year 2027-2028 for the Kentucky Fire Commission; and

(c) \$960,000 in fiscal year 2026-2027 and \$930,000 in fiscal year 2027-2028 for Adult Agriculture Education;

(2) **Firefighters Foundation Program Fund:** (a) Included in the above Restricted Funds appropriation is \$60,734,189 in fiscal year 2026-2027 and \$61,305,540 in fiscal year 2027-2028 for the Firefighters Foundation Program Fund.

(b) Notwithstanding KRS 95A.250(1)(a), included in the above Restricted Funds appropriation are sufficient funds for an incentive payment of \$4,653 in fiscal year 2026-2027 and \$4,746 in fiscal year 2027-2028, plus an amount equal to the required employer's contribution on the supplement in each fiscal year for each qualified professional firefighter under the Firefighters Foundation Program Fund. KRS

1 95A.250(1)(b) to (e) shall remain applicable, except that the administrative expense
2 reimbursement cap under KRS 95A.250(1)(e)(3) shall not exceed \$500,000.

3 (c) Notwithstanding KRS 95A.262(2), included in the above Restricted Funds
4 appropriation is \$15,300 in each fiscal year for aid payments for each qualified volunteer
5 fire department.

6 **(3) Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3),
7 \$1,000,000 in Restricted Funds is provided in each fiscal year for the Firefighters
8 Training Center Fund.

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

13 **(5) Debt Service:** Included in the above General Fund appropriation is \$416,500
14 in fiscal year 2026-2027 and \$1,862,000 in fiscal year 2027-2028 for new debt service to
15 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.
16 Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose
17 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

18 **(6) Disposition of KCTCS Property:** Notwithstanding KRS 45.777, the KCTCS
19 governing board may elect to sell or dispose of real property or major equipment and
20 proceeds that are surplus to its needs and retain the proceeds of any sale.

21 **(7) Other Postemployment Benefits Trust Fund:** By October 1, 2026, the
22 President of the Kentucky Community and Technical College System (KCTCS) is
23 directed to have determined the actuarial liabilities of the KCTCS Other Postemployment
24 Trust Fund effective December 31, 2026, and provide a report to the Interim Joint
25 Committee on Appropriations and Revenue. By January 1, 2027, with the assistance of
26 the State Budget Director and the Secretary of the Finance and Administration Cabinet,
27 the President of KCTCS shall submit a plan to the Legislative Research Commission to

have the difference between the balance of the KCTCS Other Postemployment Benefits Trust Fund and the actuarial liabilities of the fund transferred to the Budget Reserve Trust Fund Account (KRS 48.705). It is the intent of the 2026 General Assembly to take action on the plan submitted to the Legislative Research Commission in the 2027 Regular Session.

12. POSTSECONDARY EDUCATION PERFORMANCE FUND

	2026-27	2027-28
General Fund	115,000,000	115,000,000
TOTAL - POSTSECONDARY EDUCATION		

	2026-27	2027-28
General Fund (Tobacco)	5,540,900	5,120,500
General Fund	1,442,470,600	1,418,432,100
Restricted Funds	11,076,179,100	11,088,953,700
Federal Funds	1,098,025,900	1,101,424,200
TOTAL	13,622,216,500	13,619,930,500

L. PUBLIC PROTECTION CABINET

Budget Units

1. SECRETARY

	2026-27	2027-28
Restricted Funds	12,011,300	11,710,600

2. PROFESSIONAL LICENSING

	2026-27	2027-28
Restricted Funds	5,525,600	5,475,300
Federal Funds	204,700	204,700
TOTAL	5,730,300	5,680,000

3. BOXING AND WRESTLING AUTHORITY

	2026-27	2027-28
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1	Restricted Funds	274,800	272,700
2	4. ALCOHOLIC BEVERAGE CONTROL		
3		2026-27	2027-28
4	Restricted Funds	6,947,400	6,883,400
5	Federal Funds	1,014,700	1,014,700
6	TOTAL	7,962,100	7,898,100

7 **(1) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
8 the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746
9 in fiscal year 2027-2028 for each participant for training incentive payments.

10 **(2) Special Temporary Nonprofit License:** (a) Notwithstanding any provisions
11 of KRS Chapters 241 to 244 or administrative regulations promulgated thereunder to the
12 contrary, a special temporary nonprofit license shall be issued to a nonprofit organization
13 for its use at a national conference.

14 (b) A special temporary nonprofit license shall authorize the holder and its
15 employees or agents to purchase, transport, receive, possess, store, sell, donate, deliver,
16 and serve alcoholic beverages, including wine, malt beverages, and distilled spirits, to be
17 sold by the package or the drink, or to be served free of charge by the drink in person to
18 attendees of national conferences, by auction, or by raffle, or sold or served free of charge
19 by the drink to attendees of national conferences, and to receive alcoholic beverages from
20 distillers, rectifiers, wineries, small farm wineries, brewers, microbreweries, wholesalers,
21 distributors, retailers, or any other person, by gift or donation, for its use at a national
22 conferences.

23 (c) The location at which the alcoholic beverages are auctioned, sold, raffled,
24 served, or consumed under the provisions of this subsection shall not constitute a public
25 place for the purposes of KRS Chapter 222. Nonprofit events, including national
26 conferences, may be conducted on licensed or unlicensed premises.

27 (d) A special temporary nonprofit license shall not be issued for any period longer

1 than 30 days.

2 (e) Notwithstanding any other provision of KRS Chapters 241 to 244, a distiller,
3 rectifier, winery, small farm winery, brewer, microbrewery, wholesaler, distributor, or
4 retailer may donate, give away, or deliver any of its products to a nonprofit organization
5 possessing a special temporary nonprofit license.

6 (f) Nothing in this subsection shall prohibit the employees of a nonprofit
7 organization that holds a special temporary nonprofit license from serving or selling
8 wine, malt beverages, and distilled spirits by the drink to attendees of national
9 conferences.

10 (g) Nothing in this subsection shall prohibit the employees of retail drink
11 licensees, including but not limited to NQ1, NQ2, NQ3, and licensed caterers from
12 serving or selling wine, malt beverages, and distilled spirits by the drink at a national
13 conference on the account of or on behalf of a nonprofit organization that holds a special
14 temporary nonprofit license.

15 **5. FINANCIAL INSTITUTIONS**

16	2026-27	2027-28
17 Restricted Funds	18,708,200	18,604,300

18 **6. HOUSING, BUILDINGS AND CONSTRUCTION**

19	2026-27	2027-28
20 General Fund	3,169,600	3,155,700
21 Restricted Funds	25,738,200	25,535,300
22 TOTAL	28,907,800	28,691,000

23 **(1) Industrial or Business Project Plan Reviews and Inspections:**
24 Notwithstanding KRS 198B.060, permit applicants may request local or state
25 governments to perform plan review, inspection, and enforcement responsibilities related
26 to industrial or business projects.

27 **(2) Inspectors and Reviewers Reporting Requirement:** The Department of

Housing, Buildings and Construction shall submit a report to the Legislative Research Commission, Office of Budget Review, by December 1 of each fiscal year detailing the number of full-time inspectors and reviewers, in addition to the number of completed inspections and plan reviews.

7. INSURANCE

	2026-27	2027-28
Restricted Funds	22,358,100	22,139,600

(1) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746 in fiscal year 2027-2028 for each participant for training incentive payments.

8. CLAIMS AND APPEALS

	2026-27	2027-28
General Fund	2,188,300	2,126,800
Restricted Funds	1,326,700	1,342,100
Federal Funds	772,200	773,800
TOTAL	4,287,200	4,242,700

TOTAL - PUBLIC PROTECTION CABINET

	2026-27	2027-28
General Fund	5,357,900	5,282,500
Restricted Funds	92,890,300	91,963,300
Federal Funds	1,991,600	1,993,200
TOTAL	100,239,800	99,239,000

M. TOURISM, ARTS AND HERITAGE CABINET

Budget Units

1. SECRETARY

	2026-27	2027-28
General Fund	3,894,900	3,861,500

1	Restricted Funds	20,340,500	19,574,400
2	TOTAL	24,235,400	23,435,900

3 **(1) Kentucky Mountain Regional Recreation Authority:** Restricted Funds in
4 the amount of \$1,500,000 in each fiscal year shall be transferred to the Department for
5 Local Government from taxes collected pursuant to KRS 142.400(2) to support the
6 Kentucky Mountain Regional Recreation Authority.

7 **2. ARTISANS CENTER**

8		2026-27	2027-28
9	General Fund	1,329,900	1,327,100
10	Restricted Funds	1,263,400	1,236,000
11	TOTAL	2,593,300	2,563,100

12 **3. TOURISM**

13		2026-27	2027-28
14	General Fund	3,692,300	3,664,500
15	Restricted Funds	22,700	22,700
16	TOTAL	3,715,000	3,687,200

17 **4. PARKS**

18		2026-27	2027-28
19	General Fund	59,723,300	59,713,300
20	Restricted Funds	47,804,500	46,048,000
21	TOTAL	107,527,800	105,761,300

22 **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS
23 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be
24 made.

25 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
26 the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746
27 in fiscal year 2027-2028 for each participant for training incentive payments.

(3) **Parks Capital Project Tracking Plan and Report:** The Department of Parks shall establish a project tracking plan and prepare a report on capital projects authorized in 2024 Ky. Acts ch. 175, Part II, K., 2., including but not limited to the projects funded, the current status of each project and projected completion date, the amount expended on each project, and filled positions associated with the projects. The Department of Parks shall submit this report on a quarterly basis beginning August 1, 2026, to the Interim Joint Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection.

5. HORSE PARK COMMISSION

	2026-27	2027-28
General Fund	2,479,300	2,526,600
Restricted Funds	12,026,900	11,800,100
TOTAL	14,506,200	14,326,700

(1) **Debt Service:** Included in the above General Fund appropriation is \$65,000 in fiscal year 2026-2027 and \$195,000 in fiscal year 2027-2028 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746 in fiscal year 2027-2028 for each participant for training incentive payments.

6. STATE FAIR BOARD

	2026-27	2027-28
General Fund	7,693,700	7,999,300
Restricted Funds	55,249,800	55,561,100
TOTAL	62,943,500	63,560,400

(1) **State Fair Board Property Improvements:** Notwithstanding any statute to

the contrary, the State Fair Board shall give preference to Kentucky businesses to make improvements to State Fair Board properties for hotel development. The Board shall recommend the participation of Kentucky-based businesses and shall also recommend the participation of other Kentucky-based businesses offering solutions to accomplish the goal of improving hotel development. For the purposes of this subsection, "Kentucky-based business" means a business that has employees working in Kentucky and that operates a principal executive office in Kentucky from which those employees, other offices, and affiliated entities are directed and controlled.

(2) Public-Private Partnerships: Notwithstanding KRS 45A.077(8), the utilization of the public-private partnership delivery method for State Fair Board projects of at least \$25,000,000 does not need to be explicitly authorized by the General Assembly.

7. FISH AND WILDLIFE RESOURCES

	2026-27	2027-28
Restricted Funds	58,443,200	57,759,500
Federal Funds	28,081,600	28,420,300
TOTAL	86,524,800	86,179,800

(1) Fish and Wildlife Resources Peace Officers' Stipend: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,653 in fiscal year 2026-2027 and \$4,746 in fiscal year 2027-2028 for each participant for training incentive payments.

(2) Fees-in-Lieu-of Stream Mitigation Reporting: The Department of Fish and Wildlife Resources shall develop a report of all projects managed by the Fees-in-Lieu-of Stream Mitigation Program. The Department shall present this report to the Interim Joint Committee on Tourism, Small Business, and Information Technology by August 1 of each fiscal year.

8. HISTORICAL SOCIETY

1		2026-27	2027-28
2	General Fund	8,189,000	8,116,700
3	Restricted Funds	314,600	313,300
4	Federal Funds	122,000	122,000
5	TOTAL	8,625,600	8,552,000
6	9. ARTS COUNCIL		
7		2026-27	2027-28
8	General Fund	1,837,900	1,819,100
9	Restricted Funds	76,300	68,000
10	Federal Funds	831,300	831,300
11	TOTAL	2,745,500	2,718,400
12	10. HERITAGE COUNCIL		
13		2026-27	2027-28
14	General Fund	1,892,800	1,915,100
15	Restricted Funds	682,600	631,000
16	Federal Funds	1,073,700	1,073,700
17	TOTAL	3,649,100	3,619,800
18	11. KENTUCKY CENTER FOR THE ARTS		
19		2026-27	2027-28
20	General Fund	597,600	579,000
21	TOTAL - TOURISM, ARTS AND HERITAGE CABINET		
22		2026-27	2027-28
23	General Fund	91,330,700	91,522,200
24	Restricted Funds	196,224,500	193,014,100
25	Federal Funds	30,108,600	30,447,300
26	TOTAL	317,663,800	314,983,600

27 **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 2026-2028 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 and information technology projects expire on June 30, 2026, unless specifically reauthorized in this Act with the following exceptions:

(a) A construction or purchase contract for the project shall have been awarded by June 30, 2026;

(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, 2026.

Notwithstanding the criteria set forth in this subsection and KRS 45.229 and 45.770(5)(d), funds appropriated to 2026-2028 fiscal biennium nonstatutory maintenance pools shall not lapse and shall carry forward.

(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

1 Code and accompanying regulations.

2 **(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
3 identification of specific projects in a variety of areas of the state government cannot be
4 ascertained with absolute certainty at this time, amounts are appropriated for specific
5 purposes to projects which are not individually identified in this Act in the following
6 areas: Kentucky Infrastructure Authority Water and Sewer projects; Flood Control
7 projects; Repair of State-Owned Dams; Guaranteed Energy Savings Performance
8 Contract projects; Wetland and Stream Mitigation projects; General Fund, Investment
9 Income, Restricted Fund, Federal Fund, Bond-funded, and Aircraft maintenance pools;
10 Economic Development projects, which shall include authorization for the High-Tech
11 Construction Pool and the High-Tech Investment Pool; Postsecondary Education pools;
12 Legacy System Retirement Pool; Wastewater Treatment Upgrades Pool; Utility
13 Infrastructure Replacement Pool; and State Fair Board property improvements.
14 Notwithstanding any statute to the contrary, projects estimated to cost \$1,000,000 and
15 over and equipment estimated to cost \$200,000 and over shall be reported to the Capital
16 Projects and Bond Oversight Committee.

17 **(5) Emergency Repair, Maintenance, and Replacement Account:** If funds in
18 the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then
19 up to \$1,000,000 of expenditures are to be paid first from the General Fund Surplus
20 Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account
21 (KRS 48.705), subject to the conditions and procedures provided in this Act.

22 **(6) Appropriation-Supported Debt:** To lower the cost of borrowing, the
23 agencies identified in KRS 45A.850(1)(a) and (2)(a) are authorized to refinance
24 appropriation-supported debt obligations that have previously been issued and for which
25 the Commonwealth is currently making lease-rental payments to meet the current debt
26 service requirements. Such action is authorized provided that the principal amount of any
27 such debt obligation is not increased and the term of the debt obligation is not extended.

Any such refinancing shall still be subject to the requirements of KRS 45.750 to 45.810 for reporting to the Capital Projects and Bond Oversight Committee.

(7) Public-Private Partnerships: Notwithstanding KRS 45A.077(8), the utilization of the public-private partnership delivery method for projects of at least \$1,000,000 shall be authorized by the General Assembly.

A. GENERAL GOVERNMENT

Budget Units	2026-27	2027-28
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1. VETERANS' AFFAIRS

001. Maintenance Pool - 2026-2028

Investment Income	1,000,000	1,000,000
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2. MILITARY AFFAIRS

001. Armory Installation Facility Maintenance Pool - 2026-2028

Bond Funds	4,000,000	4,000,000
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002. KY Youth Challenge Academies Maintenance Pool - 2026-2028

Investment Income	1,000,000	1,000,000
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003. Bluegrass Station Facility Maintenance Pool - 2026-2028

Restricted Funds	1,000,000	1,000,000
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3. ATTORNEY GENERAL

001. Franklin County - Lease

4. COMMONWEALTH'S ATTORNEYS

001. Jefferson County - Lease

5. AGRICULTURE

001. Franklin County - Lease

6. SCHOOL FACILITIES CONSTRUCTION COMMISSION

001. Offers of Assistance - 2024-2026

Bond Funds	40,000,000	-0-
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B. ECONOMIC DEVELOPMENT CABINET

Budget Unit	2026-27	2027-28
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1. ECONOMIC DEVELOPMENT

(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 Fund Program, High-Tech Construction/Investment Pool, and the Kentucky Economic Development Finance Authority Loan Pool interchangeably for economic development projects.

C. DEPARTMENT OF EDUCATION

Budget Unit	2026-27	2027-28
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1. OPERATIONS AND SUPPORT SERVICES

001. Maintenance Pool - 2026-2028

Investment Income	3,100,000	-0-
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D. EDUCATION AND LABOR CABINET

Budget Units	2026-27	2027-28
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1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

001. Maintenance Pool - 2026-2028

Investment Income	500,000	500,000
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002. Franklin County - Lease

1	2. KENTUCKY EDUCATIONAL TELEVISION		
2	001. Maintenance Pool - 2026-2028		
3	Investment Income	750,000	750,000
4	3. LIBRARIES AND ARCHIVES		
5	a. General Operations		
6	001. Franklin County - Lease		
7	4. WORKFORCE DEVELOPMENT		
8	001. Maintenance Pool - 2026-2028		
9	Investment Income	700,000	700,000
10	002. Hardin County - Lease		
11	003. Kenton County - Lease		
12	E. ENERGY AND ENVIRONMENT CABINET		
13	Budget Units	2026-27	2027-28
14	1. SECRETARY		
15	001. Maintenance Pool - 2026-2028		
16	Investment Income	479,000	533,000
17	002. Franklin County - Lease		
18	2. ADMINISTRATIVE SERVICES		
19	001. Franklin County - Lease		
20	3. ENVIRONMENTAL PROTECTION		
21	001. Franklin County - Lease		
22	4. NATURAL RESOURCES		
23	001. Franklin County - Lease		
24	5. ENERGY POLICY		
25	001. Franklin County - Lease		
26	6. KENTUCKY NATURE PRESERVES		
27	001. Franklin County - Lease		

7. PUBLIC SERVICE COMMISSION

001. Franklin County - Lease

F. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2026-27	2027-28
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1. FACILITIES AND SUPPORT SERVICES

001. Maintenance Pool - 2026-2028

Investment Income	7,500,000	7,500,000
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G. HEALTH AND FAMILY SERVICES CABINET

Budget Units	2026-27	2027-28
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1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

001. Maintenance Pool - 2026-2028

Investment Income	12,154,000	12,154,000
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2. PUBLIC HEALTH

001. Jefferson County - Lease

3. COMMUNITY BASED SERVICES

001. Kenton County - Lease

002. Fayette County - Lease

003. Warren County - Lease

004. Daviess County - Lease

005. Perry County - Lease

006. Boone County - Lease

007. Hardin County - Lease

008. Boyd County - Lease

009. Campbell County - Lease

010. Johnson County - Lease

011. Floyd County - Lease

012. Shelby County - Lease

- 1 **013.** Greenup County - Lease
- 2 **014.** Muhlenberg County - Lease
- 3 **015.** Madison County - Lease
- 4 **016.** Marshall County - Lease

H. JUSTICE AND PUBLIC SAFETY CABINET

6 Budget Units	2026-27	2027-28
7 1. CRIMINAL JUSTICE TRAINING		
8 001. Maintenance Pool - 2026-2028		
9 Restricted Funds	3,000,000	3,000,000
10 2. JUVENILE JUSTICE		
11 001. Maintenance Pool - 2026-2028		
12 Investment Income	5,000,000	5,000,000
13 3. STATE POLICE		
14 001. Maintenance Pool - 2026-2028		
15 Bond Funds	7,000,000	-0-
16 Investment Income	-0-	5,000,000
17 TOTAL	7,000,000	5,000,000
18 4. CORRECTIONS		
19 a. Adult Correctional Institutions		
20 001. Maintenance Pool - 2026-2028		
21 Bond Funds	20,000,000	20,000,000
22 002. Southeast State Correctional Complex - Lease		
23 003. Lee Adjustment Center - Lease		
24 b. Community Services and Local Facilities		
25 001. Bellevue Probation and Parole - Lease		
26 002. Lexington Probation and Parole - Lease		
27 5. PUBLIC ADVOCACY		

- 1 **001.** Franklin County - Lease
- 2 **002.** Fayette County - Lease
- 3 **003.** Louisville/Jefferson County - Lease

4 **J. POSTSECONDARY EDUCATION**

5 **(1) Postsecondary Education Asset Preservation Pool:** The Postsecondary
 6 Education Asset Preservation Pool provides funding for individual asset preservation,
 7 renovation, and maintenance projects at Kentucky's public postsecondary institutions in
 8 Education, General, and state-owned and operated residential housing facilities for fixed
 9 asset pedestrian and student parking areas, and for the razing of university-owned
 10 buildings. Capital projects as defined in KRS 45.750(1)(f) are hereby authorized from
 11 these funds or combination of funds thereof and shall be reported to the Capital Projects
 12 and Bond Oversight Committee.

13 Budget Units	2026-27	2027-28
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14 **1. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION**

15 **001.** Jefferson County Lease

16 **2. EASTERN KENTUCKY UNIVERSITY**

17 **001.** Asset Preservation Pool - 2026-2028

18 Bond Funds	10,000,000	8,189,000
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19 **002.** Guaranteed Energy Savings Performance Contracts

20 **003.** Madison County - Student Housing - Lease

21 **004.** Madison County - Land - Lease

22 **005.** Multi-Property-Multi-Use - Lease 1

23 **006.** Multi-Property-Multi-Use - Lease 2

24 **007.** New Housing Space - Lease

25 **008.** Lease - Aviation

26 **3. KENTUCKY STATE UNIVERSITY**

27 **001.** Asset Preservation Pool - 2026-2028

1	Bond Funds	10,000,000	2,360,000
2	4. MOREHEAD STATE UNIVERSITY		
3	001. Asset Preservation Pool - 2026-2028		
4	Bond Funds	10,000,000	5,065,000
5	002. Guaranteed Energy Savings Performance Contracts		
6	5. MURRAY STATE UNIVERSITY		
7	001. Asset Preservation Pool - 2026-2028		
8	Bond Funds	10,000,000	7,073,000
9	002. Guaranteed Energy Savings Performance Contracts		
10	6. NORTHERN KENTUCKY UNIVERSITY		
11	001. Asset Preservation Pool - 2026-2028		
12	Bond Funds	10,000,000	6,951,000
13	002. Guaranteed Energy Savings Performance Contracts		
14	7. UNIVERSITY OF KENTUCKY		
15	001. Asset Preservation Pool - 2026-2028		
16	Bond Funds	10,000,000	24,330,000
17	002. Construct/Improve Arts & Innovation Complex		
18	Restricted Funds	200,000,000	-0-
19	Agency Bonds	175,000,000	-0-
20	Other Funds	400,000,000	-0-
21	TOTAL	775,000,000	-0-
22	(1) Authorization: The above authorization is approved pursuant to KRS 45.763		
23	and 45A.077.		
24	003. Guaranteed Energy Savings Performance Contracts		
25	004. Lease - Off Campus 1		
26	005. Lease - Off Campus 3		
27	006. Lease - Off Campus 4		

- 1 **007.** Lease - Off Campus 5
- 2 **008.** Lease - Off Campus 6
- 3 **009.** Lease - Off Campus 7
- 4 **010.** Lease - Off Campus 11
- 5 **011.** Lease - Off Campus 12
- 6 **012.** Lease - Off Campus 13
- 7 **013.** Lease - Off Campus 14
- 8 **014.** Lease - Off Campus 15
- 9 **015.** Lease - Off Campus 16
- 10 **016.** Lease - Off Campus 17
- 11 **017.** Lease - Off Campus 18
- 12 **018.** Lease - Off Campus 19
- 13 **019.** Lease - Off Campus 20
- 14 **020.** Lease - Off Campus 21
- 15 **021.** Lease - Off Campus 22
- 16 **022.** Lease - Off Campus 23
- 17 **023.** Lease - Off Campus 24
- 18 **024.** Lease - Off Campus 25
- 19 **025.** Lease - Off Campus 26
- 20 **026.** Lease - Off Campus Housing 1
- 21 **027.** Lease - Off Campus Housing 2
- 22 **028.** Lease - Health Science Colleges 1
- 23 **029.** Lease - Health Science Colleges 2
- 24 **030.** Lease - Health Science Colleges 3
- 25 **031.** Lease - Off Campus Athletics 1
- 26 **032.** Lease - Off Campus Athletics 2
- 27 **033.** Lease - Health Affairs Office 3

- 1 **034.** Lease - Health Affairs Office 4
- 2 **035.** Lease - Health Affairs Office 10
- 3 **036.** Lease - Health Affairs Office 12
- 4 **037.** Lease - Health Affairs Office 14
- 5 **038.** Lease - Health Affairs Office 15
- 6 **039.** Lease - Health Affairs Office 18
- 7 **040.** Lease - Health Affairs Office 19
- 8 **041.** Lease - Health Affairs Office 20
- 9 **042.** Lease - Health Affairs Office 21
- 10 **043.** Lease - Health Affairs Office 22
- 11 **044.** Lease - Health Affairs Office 24
- 12 **045.** Lease - UK Healthcare Off Campus Facility 2
- 13 **046.** Lease - UK Healthcare Off Campus Facility 3
- 14 **047.** Lease - UK Healthcare Off Campus Facility 5
- 15 **048.** Lease - UK Healthcare Off Campus Facility 12
- 16 **049.** Lease - UK Healthcare Off Campus Facility 13
- 17 **050.** Lease - UK Healthcare Off Campus Facility 14
- 18 **051.** Lease - UK Healthcare Off Campus Facility 15
- 19 **052.** Lease - UK Healthcare Off Campus Facility 16
- 20 **053.** Lease - UK Healthcare Off Campus Facility 17
- 21 **054.** Lease - UK Healthcare Off Campus Facility 18
- 22 **055.** Lease - UK Healthcare Off Campus Facility 19
- 23 **056.** Lease - UK Healthcare Off Campus Facility 20
- 24 **057.** Lease - UK Healthcare Off Campus Facility 21
- 25 **058.** Lease - UK Healthcare Off Campus Facility 22
- 26 **059.** Lease - UK Healthcare Off Campus Facility 23
- 27 **060.** Lease - UK Healthcare Off Campus Facility 24

- 1 **061.** Lease - UK Healthcare Off Campus Facility 25
- 2 **062.** Lease - UK Healthcare Off Campus Facility 26
- 3 **063.** Lease - UK Healthcare Off Campus Facility 27
- 4 **064.** Lease - UK Healthcare Off Campus Facility 28
- 5 **065.** Lease - UK Healthcare Off Campus Facility 29
- 6 **066.** Lease - UK Healthcare Off Campus Facility 30
- 7 **067.** Lease - UK Healthcare Off Campus Facility 31
- 8 **068.** Lease - UK Healthcare Off Campus Facility 32
- 9 **069.** Lease - UK Healthcare Off Campus Facility 33
- 10 **070.** Lease - Off Campus 2
- 11 **071.** Lease - Off Campus 11
- 12 **072.** Lease - College of Medicine 1
- 13 **073.** Lease - College of Medicine 2
- 14 **074.** Lease - Health Affairs Office 1
- 15 **075.** Lease - Health Affairs Office 2
- 16 **076.** Lease - Health Affairs Office 5
- 17 **077.** Lease - Health Affairs Office 6
- 18 **078.** Lease - Health Affairs Office 7
- 19 **079.** Lease - Health Affairs Office 8
- 20 **080.** Lease - Health Affairs Office 9
- 21 **081.** Lease - Health Affairs Office 11
- 22 **082.** Lease - Health Affairs Office 13
- 23 **083.** Lease - Health Affairs Office 16
- 24 **084.** Lease - Health Affairs Office 17
- 25 **085.** Lease - Health Affairs Office 23
- 26 **086.** Lease - UK Healthcare Off Campus Facility 1
- 27 **087.** Lease - UK Healthcare Off Campus Facility 4

- | | |
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| 1 | 088. Lease - UK Healthcare Off Campus Facility 6 |
| 2 | 089. Lease - UK Healthcare Off Campus Facility 7 |
| 3 | 090. Lease - UK Healthcare Off Campus Facility 8 |
| 4 | 091. Lease - UK Healthcare Off Campus Facility 9 |
| 5 | 092. Lease - UK Healthcare Off Campus Facility 10 |
| 6 | 093. Lease - UK Healthcare Off Campus Facility 11 |
| 7 | 094. Lease - Off Campus 8 |
| 8 | 095. Lease - Off Campus 9 |
| 9 | 096. Lease - Off Campus 10 |
| 10 | 097. Lease - UK Healthcare Royal Blue Health 1 |
| 11 | 098. Lease - UK Healthcare Royal Blue Health 2 |
| 12 | 099. Lease - UK Healthcare Royal Blue Health 3 |
| 13 | 100. Lease - UK Healthcare Royal Blue Health 4 |
| 14 | 101. Lease - UK Healthcare Royal Blue Health 6 |
| 15 | 102. Lease - UK Healthcare Royal Blue Health 7 |
| 16 | 103. Lease - UK Healthcare Royal Blue Health 8 |

17 **8. UNIVERSITY OF LOUISVILLE**

- 18 **001. Asset Preservation Pool - 2026-2028**

19	Bond Funds	10,000,000	12,077,000
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- 20 **002.** Guaranteed Energy Savings Performance Contracts
- 21 **003.** Lease - Medical Center One
- 22 **004.** Lease - Nucleus 1 Building
- 23 **005.** Lease - University Point
- 24 **006.** Lease - Cardinal Towne
- 25 **007.** Lease - The Nine at Louisville
- 26 **008.** Lease - Province Apartments
- 27 **009.** Lease - Trager Institute

- 1 **010.** Lease - 1212 S. 4th St, Louisville, KY
- 2 **011.** Lease - Liberty Green Community Center
- 3 **012.** Lease - Western Kentucky Community and Technical College
- 4 **013.** Lease - Denny Crum Hall
- 5 **014.** Lease - Soccer Stadium
- 6 **015.** Lease - Founders Square
- 7 **016.** Lease - Rowan Building - A&S Fine Arts
- 8 **017.** Lease - Academic Space 1
- 9 **018.** Lease - Academic Space 2
- 10 **019.** Lease - Arthur Street - Tafel Building
- 11 **020.** Lease - Athletic/Student Dormitory
- 12 **021.** Lease - Housing Facilities
- 13 **022.** Lease - Housing 1
- 14 **023.** Lease - Housing 2
- 15 **024.** Lease - Housing 3
- 16 **025.** Lease - Housing 4
- 17 **026.** Lease - Jefferson County Clinic Space - State of Kentucky
- 18 **027.** Lease - Jefferson County Clinic Space 1
- 19 **028.** Lease - Jefferson County Clinic Space 2
- 20 **029.** Lease - Jefferson County Clinic Space 3
- 21 **030.** Lease - Jefferson County - Office Space 1
- 22 **031.** Lease - Jefferson County - Office Space 2
- 23 **032.** Lease - Jefferson County - Office Space 3
- 24 **033.** Lease - Jefferson County - Office Space 4
- 25 **034.** Lease - Medical Center One 2
- 26 **035.** Lease - Nucleus 1 Building 2
- 27 **036.** Lease - Support Space 1

1	9. WESTERN KENTUCKY UNIVERSITY		
2	001. Asset Preservation Pool - 2026-2028		
3	Bond Funds	10,000,000	9,158,000
4	002. Guaranteed Energy Saving Performance Contracts		
5	003. Lease - Alumni Center		
6	004. Lease - Parking Garage		
7	005. Lease - Nursing/Physical Therapy		
8	10. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM		
9	001. Asset Preservation Pool - 2026-2028		
10	Bond Funds	10,000,000	24,798,000
11	002. Lease - Jefferson CTC - Bullitt County Campus		
12	003. Lease - Jefferson CTC - Jefferson Education Center		
13	L. TOURISM, ARTS AND HERITAGE CABINET		
14	Budget Units	2026-27	2027-28
15	1. ARTISANS CENTER		
16	001. Maintenance Pool - 2026-2028		
17	Investment Income	500,000	500,000
18	2. PARKS		
19	001. Maintenance Pool - 2026-2028		
20	Investment Income	10,000,000	10,000,000
21	3. HORSE PARK COMMISSION		
22	001. Maintenance Pool - 2026-2028		
23	Bond Funds	1,500,000	1,500,000
24	4. STATE FAIR BOARD		
25	001. Maintenance Pool - 2026-2028		
26	Investment Income	3,000,000	3,000,000
27	5. FISH AND WILDLIFE RESOURCES		

1	001. Maintenance Pool - 2026-2028		
2	Restricted Funds	1,500,000	1,500,000
3	Federal Funds	1,500,000	1,500,000
4	TOTAL	3,000,000	3,000,000

5 **6. KENTUCKY CENTER FOR THE ARTS**

6	001. Maintenance Pool - 2026-2028		
7	Investment Income	550,000	550,000

8 **PART III**

9 **GENERAL PROVISIONS**

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

17 The sources of Restricted Funds appropriations in this Act shall include all fees
 18 (which includes fees for room and board, athletics, and student activities) and rentals,
 19 admittances, sales, bond proceeds, licenses collected by law, gifts, subventions,
 20 contributions, income from investments, and other miscellaneous receipts produced or
 21 received by a budget unit, except as otherwise specifically provided, for the purposes,
 22 use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall
 23 be credited and allotted to the respective fund or account out of which a specified
 24 appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in
 25 the State Treasury and credited to the proper account as provided in KRS Chapters 12,
 26 42, 45, and 48.

27 The sources of Federal Funds appropriations in this Act shall include federal

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

8 **2. Expenditure of Excess Federal Funds Receipts:** If receipts received or
9 credited to the Federal Funds accounts of a budget unit during fiscal year 2026-2027 or
10 fiscal year 2027-2028, and any balance forwarded to the credit of these same accounts
11 from the previous fiscal year, exceed the appropriation made by a specific sum for these
12 accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the
13 fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit
14 shall become available for expenditure for the purpose of the account during the fiscal
15 year only upon compliance with the conditions and procedures specified in KRS 48.400,
16 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800, and with the
17 authorization of the State Budget Director and approval of the Secretary of the Finance
18 and Administration Cabinet.

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

24 Each budget unit shall submit its reports in print and electronic format consistent
25 with the Federal Funds records contained in the fiscal biennium 2026-2028 Branch
26 Budget Request Manual and according to the following schedule in each fiscal year: (a)
27 on or before the beginning of each fiscal year; (b) on or before October 1; (c) on or before

1 January 1; and (d) on or before April 1.

2 Notwithstanding KRS 48.630, no unbudgeted Restricted Funds shall be allotted or
3 expended without the express authority of the General Assembly, with the exceptions of
4 the Public Service Commission, institutions of higher education, workers' compensation
5 payments paid by the Personnel Cabinet, and KRS 150.255 trust and agency stream and
6 wetland mitigation funds.

7 **3. Interim Appropriation Increases:** Notwithstanding KRS 48.630 or any
8 other provision of law, no appropriation from any fund source other than Federal Funds
9 shall exceed the sum specified in this Act, nor shall any unbudgeted appropriation be
10 allotted during the interim period, except unbudgeted Restricted Funds may be allotted
11 for the Public Service Commission, Medicaid Services subject to the provisions in Part I
12 of this Act, institutions of higher education, workers' compensation payments paid by the
13 Personnel Cabinet, and KRS 150.255 trust and agency stream and wetland mitigation
14 funds. Any documentation regarding the necessity, purpose, use, or source of those funds
15 may be submitted to the Interim Joint Committee on Appropriations and Revenue for
16 informational purposes only and shall not authorize an increase or revision to an
17 appropriation contained in the enacted State/Executive Branch Budget. All appropriations
18 and allotments shall remain within the amounts expressly authorized by this Act.

19 **4. Revision of Appropriation Allotments:** Allotments within appropriated
20 sums for the activities and purposes contained in the enacted State/Executive Budget
21 shall conform to KRS 48.610. Notwithstanding KRS 48.605, allotment revisions are
22 permitted exclusively for the purpose of modifying the quarterly allotment schedule or
23 budgeted object of expenditure.

24 **5. Permitted Appropriation Obligations:** No state agency, cabinet,
25 department, office, or program shall incur any obligation against the General Fund or
26 Road Fund appropriations contained in this Act unless the obligation may be reasonably
27 determined to have been contemplated in the enacted State/Executive Branch Budget and

1 is based upon supporting documentation considered by the General Assembly and
2 legislative and executive records.

3 **6. Lapse of General Fund or Road Fund Appropriations Supplanted by**
4 **Federal Funds:** Notwithstanding KRS 45.229, any General Fund appropriation made in
5 anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the Budget
6 Reserve Trust Fund Account (KRS 48.705) to the extent the Federal Funds otherwise
7 become available. Any Road Fund appropriation made in anticipation of a lack, loss, or
8 reduction of Federal Funds shall lapse to the Road Fund Surplus Account to the extent
9 the Federal Funds otherwise become available.

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

12 **8. Lapse of General Fund or Road Fund Excess Debt Service**
13 **Appropriations:** Notwithstanding KRS 48.720, any excess General Fund debt service
14 shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705) unless otherwise
15 directed in this Act. Pursuant to KRS 48.720, any excess Road Fund debt service shall
16 lapse to the Road Fund Surplus Account unless otherwise directed in this Act.

17 **9. Statutes in Conflict:** All statutes and portions of statutes in conflict with any
18 of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise
19 provided by this Act, and any question arising shall be decided by the Attorney General.

20 **10. Interpretation of Appropriations:** Notwithstanding KRS 48.500, all
21 questions that arise in interpreting this Act and the Transportation Cabinet Budget shall
22 be decided by the Attorney General, and the decision of the Attorney General shall be
23 final and conclusive.

24 **11. Publication of the Budget of the Commonwealth:** The State Budget
25 Director shall cause the Governor's Office for Policy and Management, within 60 days of
26 adjournment of the 2026 Regular Session of the General Assembly, to publish a final
27 enacted budget document, styled the Budget of the Commonwealth, based upon the

1 Legislative Branch Budget, State/Executive Branch Budget, Transportation Cabinet
2 Budget, and Judicial Branch Budget as enacted by the 2026 Regular Session, as well as
3 other Acts which contain appropriation provisions for the 2026-2028 fiscal biennium, and
4 based upon supporting documentation and legislative records as considered by the 2026
5 Regular Session. This document shall include, for each agency and budget unit, a
6 consolidated budget summary statement of available regular and continuing appropriated
7 revenue by fund source, corresponding appropriation allocations by program or
8 subprogram as appropriate, budget expenditures by principal budget class, and any other
9 fiscal data and commentary considered necessary for budget execution by the Governor's
10 Office for Policy and Management and oversight by the Interim Joint Committee on
11 Appropriations and Revenue. The enacted State/Executive Branch Budget and
12 Transportation Cabinet Budget shall be revised or adjusted only upon approval by the
13 Governor's Office for Policy and Management as provided in each Part of this Act and by
14 KRS 48.400 to 48.810, and upon review and approval by the Interim Joint Committee on
15 Appropriations and Revenue.

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

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

27 **14. Construction of Budget Provisions Regarding Executive Reorganization**

1 **Orders:** Nothing in this Act shall be construed to confirm or ratify, under KRS 12.028,
2 any executive reorganization order unless the executive order was confirmed or ratified
3 by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2026
4 Regular Session of the General Assembly.

5 **15. Executive Orders:** For the purpose of ensuring transparent government, the
6 Governor shall provide a comprehensive report to the Legislative Research Commission
7 simultaneously with each and every executive order issued pertaining to:

- 8 (1) Authorizing the expenditure of state funds over \$10,000;
9 (2) Establishing or altering the organization of state agencies;
10 (3) Establishing or altering the services provided by state government; or
11 (4) Establishing a new program or altering an existing program administered by
12 state government.

13 The comprehensive report shall contain the following items:

- 14 (1) A complete statement of each essential fact upon which the order is based;
15 (2) A complete statement of each goal sought through issuance of the order;
16 (3) A comprehensive analysis explaining how the executive order achieves each
17 stated goal with the least burden placed upon the constitutional rights of the citizens of
18 the Commonwealth of Kentucky and how each stated goal is accomplished with the most
19 efficient use of taxpayer money;
20 (4) A detailed estimate of the anticipated expenditures of all state funds and all
21 state employee time required for implementation or enforcement itemized in the smallest
22 categories reasonably identifiable and stated in weekly increments; and
23 (5) A detailed statement of all state funds and all state employee time actually
24 expended for implementation or enforcement of each and every prior executive order
25 upon the same issue or event or substantially similar issue or event itemized in the
26 smallest categories reasonably identifiable and stated in weekly increments.

27 Each comprehensive report shall be updated every 30 days subsequent to issuance

1 of an executive order and shall be provided to the Legislative Research Commission.

2 Notwithstanding any statute to the contrary, except as provided in this Act, no state
3 funds or state employee time shall be expended by any person or agency to implement or
4 enforce any executive order issued other than as authorized by KRS Chapters 39A to
5 39F, as amended by 2021 Regular Session SB 1 and further amended by subsequent acts
6 of the 2021 General Assembly, or other than as may be implemented or enforced for a
7 total sum not exceeding \$100,000, inclusive of all state employee time and costs, or other
8 than as may relate to an emergency order issued relative to a natural disaster, or other
9 than as may be approved by the General Assembly.

10 **16. Tax Expenditure Revenue Loss Estimates:** By September 1 of each fiscal
11 year, the Office of State Budget Director shall provide to each branch of government
12 detailed estimates for the General Fund and Road Fund for the current and next two fiscal
13 years of the revenue loss resulting from tax expenditures. The Department of Revenue
14 shall provide assistance and furnish data, which is not restricted by KRS 131.190. "Tax
15 expenditure" as used in this section means an exemption, exclusion, or deduction from
16 the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The
17 estimates shall include for each tax expenditure the amount of revenue loss, a citation of
18 the legal authority for the tax expenditure, the year in which it was enacted, and the tax
19 year in which it became effective.

20 **17. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X
21 of this Act and in an appropriation provision in any Act of the 2026 Regular Session
22 which constitutes a duplicate appropriation shall be governed by KRS 48.312.

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

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

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

4 **20. Unclaimed Lottery Prize Money:** For fiscal year 2026-2027 and fiscal year
5 2027-2028, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited
6 to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a
7 subsidiary account within the Finance and Administration Cabinet for the purpose of
8 funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education
9 Assistance Authority certifies to the State Budget Director that the appropriations in this
10 Act for the KEES Program under the existing award schedule are insufficient to meet
11 funds required for eligible applicants, then the State Budget Director shall provide the
12 necessary allotment of funds in the balance of the KEES Reserve Account to fund the
13 KEES Program. Actions taken under this section shall be reported to the Interim Joint
14 Committee on Appropriations and Revenue on a timely basis.

15 **21. Workers' Compensation:** Notwithstanding KRS 342.340(1) and 803 KAR
16 25:021, Section 4, the Personnel Cabinet shall be exempt from procuring excess risk
17 insurance in fiscal year 2026-2027 and fiscal year 2027-2028 for the Workers'
18 Compensation Benefits and Reserve Program administered by the Cabinet.

19 **22. Carry Forward and Undesignated General Fund and Road Fund Carry**
20 **Forward:** Notwithstanding KRS 48.700 and 48.705, and other Parts of this Act, the
21 Secretary of the Finance and Administration Cabinet shall determine and certify, within
22 30 days of the close of fiscal year 2025-2026 and fiscal year 2026-2027, the actual
23 amount of undesignated balance of the General Fund and the Road Fund for the year just
24 ended. The amounts from the undesignated fiscal year 2025-2026 and fiscal year 2026-
25 2027 General Fund and Road Fund balances that are designated and carried forward for
26 budgeted purposes in the 2026-2028 fiscal biennium shall be determined by the State
27 Budget Director during the close of the respective fiscal year and shall be reported to the

1 Interim Joint Committee on Appropriations and Revenue within 30 days of the close of
2 the fiscal year. Any General Fund undesignated balance in excess of the amount
3 designated for budgeted purposes under this section shall be made available for the
4 General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise
5 provided in this Act. The Road Fund undesignated balance in excess of the amount
6 designated for budgeted purposes under this section shall be made available for the Road
7 Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise
8 provided in this Act.

9 **23. Budget Implementation:** The General Assembly directs that the Executive
10 Branch shall carry out all appropriations and budgetary language provisions as contained
11 in the State/Executive Branch Budget. The Legislative Research Commission shall
12 review quarterly expenditure data to determine if an agency is out of compliance with this
13 directive. If the Legislative Research Commission suspects that any entity has acted in
14 non-conformity with this section, the Legislative Research Commission may order an
15 audit or review at the agency's expense. Such audit findings, reviews, and reports shall be
16 subject to the Kentucky Open Records Act. The Secretary of each Cabinet, the
17 Commissioner of Education, or agency head shall provide, in the form and manner
18 prescribed by the Legislative Research Commission, a comprehensive semiannual report,
19 beginning February 1, 2025, to the standing Appropriations and Revenue Committees of
20 the General Assembly or the Interim Joint Committee on Appropriations and Revenue, as
21 appropriate, detailing expenditures related to the appropriations contained within the
22 budgetary language provisions for each budget unit within their cabinet. If an agency
23 does not expend the full General Fund appropriation contained within a budgetary
24 language provision, the unexpended funds shall be transferred to the Budget Reserve
25 Trust Fund Account (KRS 48.705).

26 **24. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds
27 appropriated in this Act shall be expended only for the purposes specified and authorized

1 by the General Assembly in this Act. No funds appropriated in this Act shall be
2 transferred to or between any cabinet, department, board, commission, institution,
3 agency, or budget unit of state government unless specifically authorized by the General
4 Assembly in this Act and KRS 48.400 to 48.810. Semiannually, beginning February 1,
5 2027, the State Budget Director shall submit a letter to the Legislative Research
6 Commission certifying any known violations of any provision of this section for that six-
7 month period or any prior six-month period. Compliance with the provisions of this
8 section shall be reviewed and determined by the Interim Joint Committee on
9 Appropriations and Revenue.

10 **25. Information Technology:** All authorized computer information technology
11 projects shall submit a semiannual progress report to the Capital Projects and Bond
12 Oversight Committee and the Information Technology Oversight Committee. The
13 reporting process shall begin six months after the project is authorized and shall continue
14 through completion of the project. The initial report shall establish a timeline for
15 completion and cash disbursement schedule. Each subsequent report shall update the
16 timeline and budgetary status of the project and explain in detail any issues with
17 completion date and funding.

18 **26. Equipment Service Contracts and Energy Efficiency Measures:** The
19 General Assembly mandates that the Finance and Administration Cabinet review all
20 equipment service contracts to maximize savings to the Commonwealth to strictly adhere
21 to the provisions of KRS 56.772, 56.782, and 56.784 in maximizing the use of energy
22 efficiency measures.

23 **27. Debt Restructuring:** Notwithstanding any other provision of the Kentucky
24 Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be
25 undertaken during the 2026-2028 fiscal biennium.

26 **28. Effects of Subsequent Legislation:** If any measure enacted during the 2026
27 Regular Session of the General Assembly subsequent to this Act contains an

1 appropriation or is projected to increase or decrease General Fund revenues, the amount
2 in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or
3 the reduction or increase in projected revenues. Notwithstanding any provision of KRS
4 48.120(3) and (4) to the contrary, the official enacted revenue estimates of the
5 Commonwealth described in KRS 48.120(4) shall be adjusted at the conclusion of the
6 2026 Regular Session of the General Assembly, respectively, to incorporate any
7 projected revenue increases or decreases that will occur as a result of actions taken by the
8 General Assembly subsequent to the passage of this Act by both chambers.

9 **29. Permitted Use of Water and Sewer Bond Funds:** Notwithstanding Part II,
10 (3) of this Act and any statute to the contrary, any balances remaining for either closed or
11 open project grant agreements authorized pursuant to bond pools set forth in 2003 Ky.
12 Acts ch. 156, Part II, A., 3., d. Water and Sewer Resources Development Fund for
13 Tobacco Counties and e. Water and Sewer Resources Development Fund For Coal
14 Producing Counties; 2005 Ky. Acts ch. 173, Part II, A., 3., 003. Infrastructure for
15 Economic Development Fund for Coal-Producing Counties and 004. Infrastructure for
16 Economic Development Fund for Tobacco Counties; 2006 Ky. Acts ch. 252, Part II, A.,
17 2., 003. Infrastructure for Economic Development Fund for Non-Coal Producing
18 Counties and 004. Infrastructure for Economic Development Fund for Coal-Producing
19 Counties; 2008 Ky. Acts ch. 123, Section 3., 004. Infrastructure for Economic
20 Development Fund for Coal-Producing Counties and 005. Infrastructure for Economic
21 Development Fund for Non-Coal Producing Counties; 2008 Ky. Acts ch. 174, Section 2.;
22 and 2009 Ky. Acts ch. 87, Section 2. shall not lapse and shall remain to the credit of
23 projects previously authorized by the General Assembly unless expressly reauthorized
24 and reallocated by action of the General Assembly.

25 **30. Approval of State Aircraft Travel:** Notwithstanding KRS 45.101, 174.508,
26 and any other statute or administrative regulation to the contrary, the use of state aircraft
27 by any secretary or other state official of any Executive Branch cabinet for out-of-state

1 travel shall be approved by the State Treasurer. The State Treasurer shall only approve
2 requests which document that the use of state aircraft is the lowest cost option as
3 measured by both travel costs and travel time. The State Treasurer shall not designate
4 approval authority for out-of-state travel on state aircraft by Executive Branch cabinet
5 secretaries or other state officials to any other person. Any requests and documentation
6 regarding the use of state aircraft collected by the State Treasurer shall be subject to the
7 Kentucky Open Records Act, KRS 61.870 to 61.884.

8 **31. Electronic Access to Budget Information:** In accordance with KRS 48.950,
9 the State Budget Director shall continue to work cooperatively with the Legislative
10 Research Commission to provide relevant budgetary information in a timely manner. To
11 ensure that this information is transmitted in its most useful format, the State Budget
12 Director shall provide electronic versions of all documents requested by the Legislative
13 Research Commission in an editable format in order for documents to be manipulated
14 without the use of specialized software. Electronic access shall also include the ability to
15 access and view, but not edit, documents contained in KBUD and all related or successor
16 budgetary systems of record.

17 **32. Motor Vehicles:** Notwithstanding any statute to the contrary, no agency,
18 department, air pollution control district, or political subdivision of the Commonwealth,
19 including the Transportation Cabinet, shall mandate the purchase of electric vehicles, and
20 no Request for Proposal shall limit purchasing of vehicles to solely electric vehicles.

21 **33. Fiscal Year 2027-2028 Funds Expenditure Restriction:** Except in the case
22 of a declared emergency, the Governor, all agency heads, and all other constitutional
23 officers shall not expend or encumber in the aggregate more than 50 percent of the funds
24 appropriated by this Act during the first half of fiscal year 2027-2028.

25 **34. Operating Expense Reduction:** The State Auditor has identified that in fiscal
26 year 2024-2025, the Executive Branch spent \$344,014,427 on the following expense
27 codes:

- 1 (1) Employee Training- State Employee Only (E133) \$6,718,307;
- 2 (2) Advertising Services (E147) \$9,362,940;
- 3 (3) Temporary Manpower Services (E191) \$69,770,650;
- 4 (4) Advertising Rept (E255) \$29,692,913;
- 5 (5) Services Not Otherwise Classified (E257) \$51,802,056;
- 6 (6) Expenses Related to Trade Shows (E259) \$4,605,317;
- 7 (7) Food Products (E341) \$5,369,478;
- 8 (8) Subscriptions (E353) \$3,273,091;
- 9 (9) In-State Travel (E361) \$23,278,869;
- 10 (10) Out of State Travel (E362) \$7,438,490;
- 11 (11) Travel for Non-State Employees (E363) \$3,983,338;
- 12 (12) Dues (E381) \$10,336,469; and
- 13 (13) Other (E399) \$118,383,223.

14 The State Budget Director, the Secretary of the Executive Cabinet, and the
15 Secretary of the Finance and Administration Cabinet shall take the necessary steps to
16 reduce the expenses for the Executive Branch, in codes E361 and E362, in the fourth
17 fiscal quarter of fiscal year 2025-2026 by at least 50 percent from the expenses of these
18 codes in the fourth fiscal quarter of fiscal year 2024-2025.

19 The State Budget Director, the Secretary of the Executive Cabinet, the Secretary of
20 the Finance and Administration Cabinet, and the Secretary of the Personnel Cabinet shall
21 take the necessary steps to reduce the annual expenses for the Executive Branch, in code
22 E399 by 50 percent, in code E191 by 30 percent, and in each of the above additional 11
23 code categories by a minimum of 20 percent in fiscal year 2026-2027. The State Budget
24 Director shall by July 1, 2026, submit a plan to accomplish this policy directive to the
25 Interim Joint Committee on Appropriations and Revenue. Beginning, August 15, 2026,
26 the State Budget Direct shall file a quarterly report to the Interim Joint Committee on
27 Appropriations and Revenue showing the progress of implementation of this plan and the

1 projected savings for the previous quarter and the cumulative savings for the fiscal year
2 to date. The State Budget Director shall also perform a detailed review of the expenditure
3 records of the Executive Branch for code E399 for fiscal years 2024-2025 and 2025-2026
4 and submit a written report to the Interim Joint Committee on Appropriations and
5 Revenue by September 1, 2026, concerning the Executive Branch expenditures assigned
6 to this code.

7 **35. Operational Expenditures Data:** The head of each budget unit shall, by
8 October 1, 2026, submit a report to the Legislative Oversight and Investigations
9 Committee and the Interim Joint Committee on Appropriations and Revenue with the
10 following information and data pertaining to the historical and projected operational
11 expenditures for each budget unit:

- 12 (1) Identifying information of the budget unit; and
- 13 (2) A description of each program, function, service, or benefit provided by the
14 budget unit, including but not limited to the following:
 - 15 (a) Measurable outcome data for the program, function, service, or benefit
16 provided in fiscal year 2025-2026 and projected for fiscal years 2026-2027 and 2027-
17 2028 for programs, functions, services, or benefits that are statutorily mandated;
 - 18 (b) Measurable outcome data for the program, function, service, or benefit
19 provided in fiscal year 2025-2026 and projected for fiscal years 2026-2027 and 2027-
20 2028 for programs, functions, services, or benefits that are not statutorily mandated;
 - 21 (c) Identification of any contracts or grants with other state budget units or
22 external providers engaged to provide or assist in providing the program, function,
23 service, or benefit in fiscal years 2025-2026, 2026-2027, or 2027-2028;
 - 24 (d) The number of full-time, part-time, and other filled positions assigned to the
25 program, function, service, or benefit on July 1 of each fiscal year;
 - 26 (e) The number and projected cost of all temporary manpower service personnel
27 assigned to the program, function, service, or benefit as of July 1 each fiscal year;

1 (f) The actual expenditures, by fund source, for each program, function, service,
2 or benefit for fiscal year 2025-2026;

3 (g) The projected expenditures, by fund source, by fiscal year, for each program,
4 function, service, or benefit for fiscal years 2026-2027 and 2027-2028; and

5 (h) The actual balance of any Restricted Funds or Agency Trust Funds assigned
6 to the program, function, service, or benefit as of July 1, 2026, and projected to be on
7 July 1, 2027, and July 1, 2028.

8 The information shall be submitted only in a format prescribed by the Legislative
9 Oversight and Investigations Committee.

10 The head of each budget unit shall, within 30 days, provide any follow-up or
11 additional information on the programs, functions, services, or benefits provided by the
12 budget unit requested by the Legislative Research Commission or a subcommittee
13 thereof.

14 Failure to submit timely, complete, and accurate information within the deadlines
15 for submission of the initial report or any additional information requested may result in a
16 two percent reduction per occurrence, not to exceed ten percent, of the General Fund and
17 Restricted Funds appropriations provided in Part I of this Act for fiscal years 2026-2027
18 and 2027-2028. The Legislative Oversight and Investigations Committee shall report
19 occurrences of noncompliance to the Legislative Research Commission prior to the 2027
20 Regular Session of the General Assembly for potential action by the General Assembly.

21 **PART IV**

22 **STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY**

23 **1. Authorized Personnel Complement:** On July 1, 2026, and July 1, 2027, the
24 Personnel Cabinet and the Office of State Budget Director shall establish a record for
25 each budget unit of authorized permanent full-time and other positions based upon the
26 enacted State/Executive Branch Budget of the Commonwealth and any adjustments
27 authorized by provisions in this Act. The total number of filled permanent full-time and

1 all other positions shall not exceed the authorized complements pursuant to this section.
2 An agency head may request an increase in the number of authorized positions to the
3 State Budget Director. Upon approval of the State Budget Director, the Secretary of the
4 Personnel Cabinet may authorize the employment of individuals in addition to the
5 authorized complement. A report of the actions authorized in this section shall be
6 provided to the Legislative Research Commission on a monthly basis.

7 **2. Salary Increment:** Notwithstanding KRS 18A.355, relating to anniversary
8 date, and notwithstanding KRS 156.808(6)(e) and 163.032(1), a two percent salary
9 increase is provided, effective July 1, 2026, and a two percent salary increase is provided,
10 effective July 1, 2027, on the base salary or wages of each eligible state employee.

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

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

18 **5. Employer Retirement Contribution Rates:** Notwithstanding KRS 61.565
19 and 61.702, the employer contribution rates for Kentucky Employees Retirement System
20 from July 1, 2026, through June 30, 2028, and except as otherwise provided in this Act,
21 shall be 18.83 percent, consisting of 18.83 percent for pension for hazardous duty
22 employees; for the same period, the employer contribution for employees of the State
23 Police Retirement System shall be 54.33 percent, consisting of 51.84 percent for pension
24 and 2.49 percent for health insurance. Notwithstanding any other provision of this Act or
25 KRS 61.565 or 61.702 to the contrary, the initial actuarially accrued liability employer
26 contribution rate from July 1, 2026, through June 30, 2028, for nonhazardous employees
27 in the Executive Branch departments shall be determined by the State Budget Director by

1 May 1, 2026. The employer contribution rate shall include the normal cost contribution
2 of 7.76 percent and be sufficient to adhere to the prorated amount of the actuarially
3 accrued liability to each individual nonhazardous employer as determined by the
4 Kentucky Employees Retirement System. The rates in this section apply to wages and
5 salaries earned for work performed during the described period regardless of when the
6 employee is paid for the time worked.

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

17 **7. State Group Health Insurance Plan - Transfer Between Plan Years:**
18 Notwithstanding KRS 18A.2254, the Secretary of the Finance and Administration
19 Cabinet and the Secretary of the Personnel Cabinet are authorized to use the excess funds
20 from any prior plan year to satisfy claims or expenses in Plan Year 2022, Plan Year 2023,
21 Plan Year 2024, and Plan Year 2025.

22 **8. State Group Health Insurance Plan - Plan Year Closure:** Notwithstanding
23 KRS 18A.2254, Plan Year 2021 shall be considered closed as of June 30, 2026, and the
24 balance from that Plan Year shall be transferred to Plan Year 2022. All other income and
25 expenses attributable to the closed Plan Year shall be deposited in or charged to the Plan
26 Year 2022 account after that date.

27 **9. State Employee Group Health Insurance Plan - Employer Contribution**

Rates: Notwithstanding any statute to the contrary, the required employer contribution rates for the State Employee Group Health Insurance Plan for Plan Year 2027 shall not increase more than five percent over Plan Year 2026. Notwithstanding any statute to the contrary, the required employer contribution rates for the State Employee Group Health Insurance Plan for Plan Year 2028 shall not increase more than five percent over Plan Year 2027.

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 2026-2027 and fiscal year 2027-2028:

	2026-27	2027-28
A. HEALTH AND FAMILY SERVICES		
1. General Administration and Program Support		
Medical Cannabis Agency Fund	10,400,000	-0-
B. JUSTICE AND PUBLIC SAFETY		
1. Criminal Justice Training		
Criminal Justice Training	2,368,000	2,368,000
(KRS 15.430 and 136.392(2))		
Notwithstanding KRS 15.430 and 136.392(2), these funds transfers to the General Fund support the General Fund debt service for the capital project in 2022 Ky. Acts ch. 199, Part II, H., 2., 002.		
TOTAL - FUNDS TRANSFER	12,768,000	2,368,000

PART VI

GENERAL FUND BUDGET REDUCTION PLAN

1 Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is
2 enacted for state government in the event of an actual or projected revenue shortfall in
3 General Fund revenue receipts, excluding Tobacco Settlement – Phase I receipts, of
4 \$15,498,900,000 in fiscal year 2025-2026, \$15,882,000,000 in fiscal year 2026-2027, and
5 \$16,232,200,000 in fiscal year 2027-2028, as modified pursuant to Part III, 28. of this Act
6 and by related Acts and actions of the General Assembly in any subsequent extraordinary
7 or regular session. Notwithstanding KRS 48.130, direct services, obligations essential to
8 the minimum level of constitutional functions, and other items that may be specified in
9 this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a
10 specific plan to address the proportionate share of the General Fund revenue shortfall
11 applicable to the respective branch. No budget revision action shall be taken by a branch
12 head in excess of the actual or projected revenue shortfall.

13 The Governor, the Secretary of State, the Attorney General, the Treasurer, the
14 Commissioner of Agriculture, the Auditor of Public Accounts, the Chief Justice, and the
15 Legislative Research Commission shall direct and implement reductions in allotments
16 and appropriations only for their respective branch budget units as may be necessary, as
17 well as take other measures which shall be consistent with the provisions of this Part and
18 biennial branch budget bills.

19 Pursuant to KRS 48.130(4), in the event of a revenue shortfall of five percent or
20 less, the following General Fund budget reduction actions shall be implemented:

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

25 (2) Transfers of excess unappropriated Restricted Funds, notwithstanding any
26 statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied
27 as determined by the head of each branch for its respective budget units. No transfers to

1 the General Fund shall be made from the following:

2 (a) Local Government Economic Assistance Fund and Local Government
3 Economic Development Fund;

4 (b) Unexpended debt service from the Tobacco-Settlement Phase I Funds,
5 including but not limited to unexpended debt service and the Tobacco Unbudgeted
6 Interest Income-Rural Development Trust Fund, in either fiscal year; and

7 (c) The Kentucky Permanent Pension Fund;

8 (3) Lapse unexpended debt service;

9 (4) Any unanticipated Phase I Master Settlement Agreement revenues in both
10 fiscal years shall be appropriated according to Part X of this Act and shall not be
11 transferred to the General Fund;

12 (5) Use of the unappropriated balance of the General Fund surplus shall be
13 applied;

14 (6) Any language provision that expresses legislative intent regarding a specific
15 appropriation shall not be reduced by a greater percentage than the reduction to the
16 General Fund appropriation for that budget unit;

17 (7) Lapse contributions appropriated to pensions in excess of statutory
18 requirements;

19 (8) Lapse contributions appropriated to pension insurance in excess of actuarially
20 required contributions;

21 (9) Reduce General Fund appropriations in Executive Branch agencies' operating
22 budget units by a sufficient amount to balance either fiscal year. No reductions of
23 General Fund appropriations shall be made from the Local Government Economic
24 Assistance Fund or the Local Government Economic Development Fund;

25 (10) Notwithstanding subsection (9) of this Part, no reductions shall be made to the
26 Secretary of State, the Attorney General, the Treasurer, the Commissioner of Agriculture,
27 or the Auditor of Public Accounts, or their offices, Commonwealth's Attorneys or their

1 offices, or County Attorneys or their offices. The Governor may request their
2 participation in a budget reduction; however, the level of participation shall be at the
3 discretion of the Constitutional Officer or the Prosecutors Advisory Council, and shall
4 not exceed the actual percentage of revenue shortfall;

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

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

17 (12) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections
18 (1) to (11) of this Part are insufficient to eliminate an actual or projected General Fund
19 revenue shortfall, then the Governor is empowered and directed to take necessary actions
20 with respect to the Executive Branch budget units to balance the budget by such actions
21 conforming with the criteria expressed in this Part; and

22 (13) Within 15 days of the enactment of a General Fund Budget Reduction Plan,
23 the Secretary of each cabinet, the Commissioner of Education, or the head of each
24 agency, shall submit a report to the Interim Joint Committee on Appropriations and
25 Revenue detailing the plan for implementation of the reduction, including any personnel
26 actions, programmatic changes, or other measures necessary to achieve the required
27 reduction.

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 2025-2026, 2026-2027, and 2027-2028. 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 22. of this Act are appropriated to the following:

(a) Expenditures without a sum-specific appropriation amount, known as Necessary Government Expenses, as authorized in Part I of this Act;

(b) The entire remaining amount to the Budget Reserve Trust Fund; and

(c) No surplus moneys in any fiscal year shall be reserved for Necessary Government Expenses in a subsequent fiscal year.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of each fiscal year, 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 in fiscal year 2026-2027 and fiscal year 2027-2028. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

PART VIII**ROAD FUND BUDGET REDUCTION PLAN**

There is established a Road Fund Budget Reduction Plan for fiscal years 2025-2026, 2026-2027, and 2027-2028. 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 \$1,844,000,000 in fiscal year 2025-2026, \$1,836,000,000 in fiscal year 2026-2027, and
2 \$1,909,400,000 in fiscal year 2027-2028, as modified by related Acts and actions of the
3 General Assembly in an extraordinary or regular session, the Governor shall implement
4 sufficient reductions as may be required to protect the highest possible level of service.

5 Within 15 days of the enactment of a Road Fund Budget Reduction Plan, the
6 Secretary of each cabinet or the head of each agency shall submit a report to the Interim
7 Joint Committee on Appropriations and Revenue detailing the plan for implementation of
8 the reduction, including any personnel actions, programmatic changes, or other measures
9 necessary to achieve the required reduction.

10 **PART IX**

11 **ROAD FUND SURPLUS EXPENDITURE PLAN**

12 Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the
13 expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus
14 Account shall be appropriated to the State Construction Account within the Highways
15 budget unit and utilized to support projects in the 2026-2028 Biennial Highway
16 Construction Program.

17 **PART X**

18 **PHASE I TOBACCO SETTLEMENT**

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

26 **(2) State's MSA Share:** The Commonwealth's share of the MSA is equal to
27 1.7611586 percent of the total settlement amount. Payments under the MSA are made to

1 the states annually in April of each year.

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

6 **(4) Distinct Identity of MSA Payment Deposits:** The General Assembly has
7 determined that it shall be the policy of the Commonwealth that all Phase I Tobacco
8 Settlement payments shall be deposited to the credit of the General Fund and shall
9 maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to
10 the credit of the General Fund surplus but shall continue forward from each fiscal year to
11 the next fiscal year to the extent that any balance is unexpended.

12 **(5) MSA Payment Estimates and Adjustments:** Based on the official estimates
13 of the Consensus Forecasting Group, the amount of MSA payments expected to be
14 received in fiscal year 2026-2027 is \$82,800,000 and in fiscal year 2027-2028 is
15 \$77,400,000. It is recognized that payments to be received by the Commonwealth are
16 estimated and are subject to change. If MSA payments received are less than the official
17 estimates, appropriation reductions shall be applied as follows: after exempting
18 appropriations for debt service, the Attorney General, and the Department of Revenue, 50
19 percent to the Agricultural Development Fund, 30 percent to the Early Childhood
20 Development Fund, and 20 percent to the Health Care Improvement Fund. If MSA
21 payments received exceed the official estimates, appropriation increases shall be applied
22 as follows: after exempting appropriations for debt service, the Attorney General, and the
23 Department of Revenue, 50 percent to the Agricultural Development Fund, 30 percent to
24 the Early Childhood Development Fund, and 20 percent to the Health Care Improvement
25 Fund.

26 **a. State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of
27 \$150,000 of the MSA payments in each fiscal year is appropriated to the Attorney

1 General for the state's diligent enforcement of noncompliant nonparticipating
2 manufacturers.

3 **b. State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of
4 \$250,000 of the MSA payments in each fiscal year is appropriated to the Finance and
5 Administration Cabinet, Department of Revenue for the state's diligent enforcement of
6 noncompliant nonparticipating manufacturers.

7 **c. Debt Service:** Notwithstanding KRS 248.654 and 248.703(4), \$14,100,200 in
8 MSA payments in fiscal year 2026-2027 and \$13,880,900 in MSA payments in fiscal
9 year 2027-2028 are appropriated to the Finance and Administration Cabinet, Debt
10 Service budget unit.

11 **d. Agricultural Development Initiatives:** Notwithstanding KRS 248.654 and
12 248.703(4), \$38,086,500 in MSA payments in fiscal year 2026-2027 and \$35,197,600 in
13 MSA payments in fiscal year 2027-2028 are appropriated to the Kentucky Agricultural
14 Development Fund to be used for agricultural development initiatives as specified in this
15 Part.

16 **e. Early Childhood Development Initiatives:** Notwithstanding KRS 248.654,
17 \$20,018,100 in MSA payments in fiscal year 2026-2027 and \$18,499,700 in MSA
18 payments in fiscal year 2027-2028 are appropriated to the Early Childhood Development
19 Initiatives as specified in this Part.

20 **f. Health Care Initiatives:** Notwithstanding KRS 164.476, 248.654, and
21 304.17B-003(5), \$10,195,200 in MSA payments in fiscal year 2026-2027 and \$9,421,800
22 in MSA payments in fiscal year 2027-2028 are appropriated to the Health Care
23 Improvement Fund for health care initiatives as specified in this Part.

24 **A. STATE ENFORCEMENT**

25 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

26 Notwithstanding KRS 248.654 and 248.703(4), appropriations for state enforcement
27 shall be as follows:

1 **1. GENERAL GOVERNMENT**

2 Budget Unit	2026-27	2027-28
3 a. Attorney General	150,000	150,000

4 **2. FINANCE AND ADMINISTRATION CABINET**

5 Budget Unit	2026-27	2027-28
6 a. Revenue	250,000	250,000

7 **B. DEBT SERVICE**

8 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

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

11 **1. FINANCE AND ADMINISTRATION CABINET**

12 Budget Unit	2026-27	2027-28
13 a. Debt Service	14,100,200	13,880,900

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

21 **(2) Appropriation of Unexpended Tobacco Debt Service:** Any unexpended
22 balance from the fiscal year 2026-2027 or fiscal year 2027-2028 General Fund (Tobacco)
23 debt service appropriation in the Finance and Administration Cabinet, Debt Service
24 budget unit, shall continue and be appropriated to the Department of Agriculture,
25 Kentucky Office of Agricultural Policy.

26 **C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS**

27 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

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

1. DEPARTMENT OF AGRICULTURE

Budget Unit	2026-27	2027-28
a. Agriculture	35,426,900	32,739,700

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

(2) Counties Account: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$11,777,900 in fiscal year 2026-2027 and \$10,884,500 in fiscal year 2027-2028 for the counties account as specified in KRS 248.703(1)(a).

(3) State Account: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$21,876,000 in fiscal year 2026-2027 and \$20,216,600 in fiscal year 2027-2028 for the state account as specified in KRS 248.703(1)(b).

(4) Farms to Food Banks Program: Included in the above General Fund (Tobacco) appropriation is \$886,500 in fiscal year 2026-2027 and \$819,300 in fiscal year 2027-2028 to support the Farms to Food Banks Program. The use of the moneys provided by this appropriation shall be restricted to purchases of Kentucky-grown produce from Kentucky farmers who participate in the Farms to Food Banks Program.

(5) Kentucky Rural Mental Health, Suicide Prevention, and Farm Safety Program: Included in the above General Fund (Tobacco) appropriation is \$886,500 in fiscal year 2026-2027 and \$819,300 in fiscal year 2027-2028 to support the Kentucky Rural Mental Health, Suicide Prevention, and Farm Safety Program known as the Raising Hope Initiative. The Department of Agriculture shall enhance awareness of the National

1 Suicide Prevention Lifeline (988) in rural communities in Kentucky, improve access to
2 information on rural mental health issues and available treatment services, provide
3 outreach, and provide other necessary services to improve the mental health outcomes of
4 rural communities in Kentucky. The Farm Safety and Rural Health Division, at its
5 discretion, may receive, accept, and solicit grants, contributions of money, property,
6 labor, or other things of value from any governmental agency, individual, nonprofit
7 organization, or private business to be used for the Kentucky Rural Mental Health,
8 Suicide Prevention, and Farm Safety Program. The Department of Agriculture may
9 utilize up to \$150,000 of the appropriation amount in each fiscal year for program
10 administration purposes. The Department of Agriculture shall coordinate with the Raising
11 Hope Initiative to take custody of and maintain any intellectual property assets that were
12 created or developed by any state agency in connection with the Raising Hope Initiative.

13 The Department of Agriculture's Office of Agricultural Marketing shall submit a
14 comprehensive annual report to the Interim Joint Committee on Appropriations and
15 Revenue and the Tobacco Settlement Agreement Fund Oversight Committee no later
16 than November 1 of each fiscal year. At a minimum, the report shall include:

- 17 (a) An accounting of all expenditures by fund source;
- 18 (b) A detailed accounting of all administrative expenses;
- 19 (c) The total amount expended on grants, loans, and benefits;
- 20 (d) A detailed accounting of all expenses not otherwise classified;
- 21 (e) Identification of any unexpended funds and the reason why the funds were not
22 expended; and
- 23 (f) An explanation of how all expenditures align with program objectives.

24 The Division Director of the Farm Safety and Rural Health Division and the
25 Executive Director of the Office of Agricultural Marketing shall provide a program
26 update to the Tobacco Settlement Agreement Fund Oversight Committee in November of
27 each fiscal year.

1 **2. ENERGY AND ENVIRONMENT CABINET**

2	Budget Unit	2026-27	2027-28
3	a. Natural Resources	2,659,600	2,457,900
4	(1) Environmental Stewardship Program: Included in the above General Fund		
5	(Tobacco) appropriation is \$1,773,100 in fiscal year 2026-2027 and \$1,638,600 in fiscal		
6	year 2027-2028 for the Environmental Stewardship Program.		
7	(2) Conservation District Local Aid: Included in the above General Fund		
8	(Tobacco) appropriation is \$886,500 in fiscal year 2026-2027 and \$819,300 in fiscal year		
9	2027-2028 for the Division of Conservation to provide direct aid to local conservation		
10	districts.		
11	TOTAL - AGRICULTURAL	38,086,500	35,197,600
12	APPROPRIATIONS		

13 **D. EARLY CHILDHOOD DEVELOPMENT**

14 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

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

17 **1. EDUCATION AND LABOR CABINET**

18	Budget Unit	2026-27	2027-28
19	a. General Administration and Program Support	1,063,800	983,200
20	(1) Early Childhood Development: Included in the above General Fund		
21	(Tobacco) appropriation is \$1,063,800 in fiscal year 2026-2027 and \$983,200 in fiscal		
22	year 2027-2028 for the Early Childhood Advisory Council.		

23 **2. CABINET FOR HEALTH AND FAMILY SERVICES**

24	Budget Units	2026-27	2027-28
25	a. Community Based Services	10,195,200	9,421,900
26	(1) Early Childhood Development Program: Included in the above General		
27	Fund (Tobacco) appropriation is \$8,422,100 in fiscal year 2026-2027 and \$7,783,300 in		

1 fiscal year 2027-2028 for the Early Childhood Development Program.

2 **(2) Early Childhood Adoption and Foster Care Supports:** Included in the
3 above General Fund (Tobacco) appropriation is \$1,773,100 in fiscal year 2026-2027 and
4 \$1,638,600 in fiscal year 2027-2028 for the Early Childhood Adoption and Foster Care
5 Supports Program.

6		2026-27	2027-28
7	b. Public Health	7,606,600	7,029,500

(1) **HANDS Program, Healthy Start, Early Childhood Mental Health, and Early Childhood Oral Health:** Included in the above General Fund (Tobacco) appropriation is \$5,301,500 in fiscal year 2026-2027 and \$4,899,400 in fiscal year 2027-2028 for the Health Access Nurturing Development Services (HANDS) Program, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for Healthy Start initiatives, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for Early Childhood Mental Health, \$620,600 in fiscal year 2026-2027 and \$573,500 in fiscal year 2027-2028 for Early Childhood Oral Health, and \$443,300 in fiscal year 2026-2027 and \$409,600 in fiscal year 2027-2028 for Lung Cancer Screening.

17	c.	Behavioral Health, Developmental and	2026-27	2027-28
18		Intellectual Disabilities Services	1,152,500	1,065,100

19 **(1) Substance Abuse Prevention and Treatment:** Included in the above
20 General Fund (Tobacco) appropriation is \$1,152,500 in fiscal year 2026-2027 and
21 \$1,065,100 in fiscal year 2027-2028 for substance abuse prevention and treatment for
22 pregnant women with a history of substance abuse problems.

23	TOTAL - EARLY CHILDHOOD	20,018,100	18,499,700
24	APPROPRIATIONS		

25 **E. HEALTH CARE IMPROVEMENT APPROPRIATIONS**26 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

27 Notwithstanding KRS 164.476, 248.654, and 304.17B-003(5), appropriations for

1 health care improvement shall be as follows:

2 **1. CABINET FOR HEALTH AND FAMILY SERVICES**

3 Budget Unit	2026-27	2027-28
4 a. Public Health	1,773,100	1,638,600

5 **(1) Smoking Cessation Program:** Included in the above General Fund
 6 (Tobacco) appropriation is \$1,773,100 in fiscal year 2026-2027 and \$1,638,600 in fiscal
 7 year 2027-2028 for Smoking Cessation.

8 **2. JUSTICE AND PUBLIC SAFETY CABINET**

9 Budget Unit	2026-27	2027-28
10 a. Justice Administration	2,881,200	2,662,700

11 **(1) Office of Drug Control Policy:** Included in the above General Fund
 12 (Tobacco) appropriation is \$2,659,600 in fiscal year 2026-2027 and \$2,457,900 in fiscal
 13 year 2027-2028 for the Office of Drug Control Policy.

14 **(2) Restorative Justice:** Included in the above General Fund (Tobacco)
 15 appropriation is \$221,600 in fiscal year 2026-2027 and \$204,800 in fiscal year 2027-2028
 16 to support the Restorative Justice Program administered by the Volunteers of America.

17 **3. POSTSECONDARY EDUCATION**

18 Budget Unit	2026-27	2027-28
19 a. Council on Postsecondary Education	5,540,900	5,120,500

20 **(1) Cancer Research and Screening:** Included in the above General Fund
 21 (Tobacco) appropriation is \$5,540,900 in fiscal year 2026-2027 and \$5,120,500 in fiscal
 22 year 2027-2028 for cancer research and screening. The appropriation in each fiscal year
 23 shall be equally shared between the University of Kentucky and the University of
 24 Louisville.

25 TOTAL - HEALTH CARE	10,195,200	9,421,800
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26 TOTAL - PHASE I TOBACCO SETTLEMENT

27 FUNDING PROGRAM	82,800,000	77,400,000
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PART XI

2

STATE/EXECUTIVE BRANCH BUDGET SUMMARY

3

OPERATING BUDGET

4

2026-27**2027-28**

5

General Fund (Tobacco)

82,800,000

77,399,900

6

General Fund

14,879,045,600

14,930,755,200

7

Restricted Funds

15,493,167,800

15,428,203,300

8

Federal Funds

23,164,138,400

23,036,327,000

9

Road Fund

59,499,300

61,957,100

10

SUBTOTAL

53,678,651,100

53,534,642,500

11

CAPITAL PROJECTS BUDGET

12

2026-27**2027-28**

13

Restricted Funds

205,500,000

5,500,000

14

Federal Funds

1,500,000

1,500,000

15

Bond Funds

162,500,000

125,501,000

16

Agency Bonds

175,000,000

-0-

17

Investment Income

46,233,000

48,187,000

18

Other Funds

400,000,000

-0-

19

SUBTOTAL

990,733,000

180,688,000

20

TOTAL - STATE/EXECUTIVE BUDGET

21

2026-27**2027-28**

22

General Fund (Tobacco)

82,800,000

77,399,900

23

General Fund

14,879,045,600

14,930,755,200

24

Restricted Funds

15,698,667,800

15,433,703,300

25

Federal Funds

23,165,638,400

23,037,827,000

26

Road Fund

59,499,300

61,957,100

27

Bond Funds

162,500,000

125,501,000

1	Agency Bonds	175,000,000	-0-
2	Investment Income	46,233,000	48,187,000
3	Other Funds	400,000,000	-0-
4	TOTAL FUNDS	54,669,384,100	53,715,330,500