

**FB 2018-2020**  
**HOUSE BILL 200/PHS1 and HOUSE BILL 203/PHS1**  
**HOUSE HIGHLIGHTS**

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The Proposed House Substitute makes the following changes in the Governor's Recommended Budget:

## **STATEWIDE**

The Governor's budget recommended reductions of 6.25% in the upcoming biennium for most budget areas. The reductions for the Executive Branch were generally accepted except for Education, Postsecondary Education, Veterans' Affairs, and Kentucky State Police. The Judicial and Legislative branches were treated similarly, with constitutional duties excluded from the reduction.

The debt service ratio in the Governor's proposal was 5.53%. The House proposal is 5.73%.

The ending balance of the Budget Reserve Trust Fund in the Governor's Recommendation is \$253.8 million. The ending balance of the House proposal is \$249.7 million.

### **A. GOVERNMENT OPERATIONS**

#### Veterans' Affairs

Provides additional General Fund support of \$1,192,700 in each fiscal year to restore the 6.25% cut from the Governor's budget reduction.

Restores language to identify \$93,700 in each fiscal year for grants to support the Brain Injury Alliance of Kentucky and \$93,700 in each fiscal year for grants to support the Epilepsy Foundation of Kentuckiana to be used solely for the purpose of working with veterans who have experienced brain trauma and their families.

Restores language to identify \$187,500 in each fiscal year to support Veterans' Service Organization programs.

Re-authorizes a capital project to construct the Bowling Green Veterans Center and provides that if debt service is needed to issue bonds after federal approvals, it will be treated as a Necessary Government Expense.

Restores language to express the desire of the General Assembly that future beds allocated from the U.S. Department of Veterans Affairs be dedicated to a state veterans nursing home in Magoffin County.

#### Governor's Office of Agricultural Policy

Adds language to provide \$11,917,600 of General Fund (Tobacco) support in each fiscal year of the biennium for the counties account.

Military Affairs

Restores language to identify \$335,000 in each fiscal year to support the Bluegrass Challenge Academy and \$335,000 in each fiscal year to support the Appalachian Youth Challenge Academy.

Commission on Human Rights

Restores 31% of General Fund baseline budget cuts, \$525,900 in each fiscal year of the biennium.

Department for Local Government

Restores language to identify \$1,984,000 of General Fund in each fiscal year for the Joint Funding Administration Program in support of the Area Development Districts.

Restores language to identify \$257,800 of General Fund in each fiscal year to support the Mary Kendall Homes program and \$257,800 in each fiscal year to support the Gateway Juvenile Diversion program.

Adds language to allow cities the flexibility to publish audits and bid solicitations online, provided that the cities also publish a description of the documents posted online in the local newspaper.

Local Government Economic Assistance Fund (LGEAF)

Maintains funding for LGEAF at the level recommended by the Governor.

Local Government Economic Development Fund (LGEDF)

Maintains funding for LGEDF at the level recommended by the Governor.

Removes General Fund support from coal severance tax receipts for the following programs and projects:

<b>Program/Project</b>	<b>Where it is funded</b>
Operation UNITE	Justice and Public Safety Cabinet - Justice Administration (New funding provided from the Risperdal Settlement Funds)
Osteopathic Medicine Scholarship Program	KHEAA- no funds provided
Pharmacy Scholarships	KHEAA- Operations and Support Services, no funds provided

Adds language to provide that all LGEDF transfers are to support Single-County Account projects.

Adds language to provide that projects line-itemed in Part II, Capital Projects Budget, are to receive first priority of allocation from LGEDF Single-County Account transfers.

Adds language to provide that all remaining LGEDF Single-County Accounts transfers not required for line-item projects are to be allocated at the discretion of the county judge/executive and state senator(s) and representative(s). In the event those officials do not achieve concurrence, the fiscal court may apply for grants through the Department for Local Government.

#### Area Development Fund

Restores language providing that Joint Funding Administration Program grants from the Community Development Block grant program and the Appalachian Regional Commission in support of the Area Development Districts shall be matched on an equal, dollar-for-dollar basis.

#### Registry of Election Finance

Adds \$62,900 of General Fund in each fiscal year of the biennium for an office lease and COT expenses.

#### Attorney General

Adds language specifying the disbursement of settlement funds from the Purdue Pharma settlement to Operation UNITE.

Subjects contingency contracts with outside attorneys to the state procurement code.

Restores the ability of state agencies to contract with the Office of the Attorney General for legal services.

#### Commonwealth's Attorneys

Removes \$1,529,300 of General Fund in FY19 and \$1,600,200 of General Fund in FY20, half of the amount the Governor recommended for additional personnel.

#### County Attorneys

Removes \$2,168,800 of General Fund in FY19 and \$2,270,800 of General Fund in FY20, half of the amount the Governor recommended for additional personnel.

#### Department of Agriculture

Provides \$300,000 in each fiscal year in General Fund (Tobacco) for County Fair Improvement Grants.

Identifies \$500,000 in each fiscal year of the 2018-2020 biennium in General Fund (Tobacco) for the Farms to Food Banks Program and removes \$198,300 for Farms to Food Banks for the current fiscal year.

Identifies \$100,000 in each fiscal year in General Fund (Tobacco) for the Kentucky Hunters for the Hungry program.

Adds language to outline the programmatic responsibilities of the Grape and Wine Council and reduces the amount allocated to the Grape and Wine Council by \$100,000 in each fiscal year to provide the Commissioner flexibility in spending that \$100,000.

#### Teachers' Retirement System

Adds \$59.5 million in FY 2019 to cover the cost of health insurance for members who retired after July 1, 2010, who are not yet eligible for Medicare.

Adds language to clarify that the prohibition on the dependent subsidy does not take effect until Plan Year 2019.

#### School Facilities Construction Commission

Adds \$33 million in bond funds for normal offers of assistance for a total of \$91 million as pledged in the 2016 Budget Bill, along with the required debt service.

Adds \$18.538 million in bond funds for special offers of assistance, along with the required debt service.

#### Kentucky Communications Network Authority

Replaces \$2,820,200 of General Fund support in FY18 and \$7,500,000 of General Fund support in FY19 and FY20 with General Fund (Tobacco) support.

### **B. ECONOMIC DEVELOPMENT CABINET**

Restores language to allow Restricted Funds to be expended and Necessary Government Expenses, not to exceed \$2 million in the biennium, to be used for additional Bluegrass State Skills Corporation training grants.

Adds language to allow Economic Development to use unobligated or uncommitted bonds that have been previously authorized for economic development projects.

### **C. DEPARTMENT OF EDUCATION**

#### Support Education Excellence in Kentucky (SEEK) Program

Increases the SEEK per-pupil base to \$4,055 in FY 2019 and \$4,056 in FY 2020.

Reduces the forced lapse by \$7 million, and changes language to direct any SEEK lapse in FY 2019 or FY 2020 into SEEK Transportation in the next year.

Adds \$127.8 million in each fiscal year to SEEK Transportation, restoring it to the FY 2018 level.

Adds \$11.8 million in FY 2019 and \$3.16 million in FY 2020 to fully fund the Teachers' Retirement System employer match, including retiree health insurance.

Adjusts funding for the Teachers' Retirement System Employer Match due to an oversight by the Office of the State Budget Director. Full funding for retiree pensions is maintained.

Adds \$2.25 million in FY 2019 and \$2.2 million in FY 2020 to equalize districts that have levied recallable nickels since January 1, 2016 at 25%, with the intent to fully equalize them in the next biennium.

Restores language protecting districts that receive hold-harmless funding.

Restores language clarifying that funding for students enrolled in the Kentucky Guard Youth Challenge Programs shall come from the Department of Military Affairs rather than SEEK.

Adds language to give districts the flexibility to transfer capital funds to operating while closing the loophole that affected SFCC's unmet need formula and prohibiting those districts from receiving grants from SFCC's Emergency and Targeted Investment Fund.

#### Operations and Support Services

Restores language to identify funding for the Blind/Deaf Residential Travel Program.

Restores language to identify funding for the School Food Services Program.

Restores language to identify funding for the Kentucky Facilities and Inventory Classification System.

Adds \$1 million to cover the exam costs of AP and International Baccalaureate students who are eligible for free and reduced lunch.

#### Learning and Results Services

Adds \$57.4 million in FY 2019 and \$71.6 million in FY 2020 to fully fund health insurance to active school district employees, both certified and classified.

Restores language giving local schools flexibility with their Extended School Services and Safe Schools funding.

Restores language allowing local school districts flexibility in publishing their required annual reports.

Restores language regarding coordination between local preschools and the Head Start program.

Restores language regarding appointments to the Advisory Council for Gifted and Talented Education.

Restores language giving the Center for School Safety flexibility in allocating its funds to local school districts.

Restores language identifying funding for the Kentucky School for the Blind and Kentucky School for the Deaf.

Restores funding of \$1.2 million to the Collaborative Center for Literacy Development.

Restores funding of \$1.85 million in each fiscal year for the Community Education Program.

Restores language identifying funding for various programs on the "LARS List" and adds \$10.5 million to restore the 6.25% cuts.

Adds \$2.6 million in each year to expand the Safe Schools Program.

Restores language to allow participation by Area Vocational Education Centers in the Kentucky Education Technology System.

Restores language identifying funding for the Preschool Partnership Grant Program.

#### **D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

##### General Administration and Support

Appropriates \$1 million in General Fund to leverage matching support in FY 2020 for a Kentucky Adult Learner Pilot Program.

##### Libraries and Archives — Direct Local Aid

Restores the 6.25% budget cut for the Public Libraries Facilities Construction Fund by adding \$270,600 in General Fund support in each fiscal year, and restores language to identify a total of \$4,329,600 in General Fund support in each fiscal year.

#### **E. ENERGY AND ENVIRONMENT CABINET**

##### Secretary

Designates Restricted Funds from the Volkswagen Settlement to the Kentucky Volkswagen Leverage Fund to be expended in support of projects that reduce nitrogen oxide (NOx) emissions from the transportation sector.

##### Natural Resources

Amends language to provide \$907,300 for each fiscal year in General Fund (Tobacco) for direct aid to local conservation districts.

Adds language to provide \$200,000 in General Fund (Tobacco) support in FY19 and \$250,000 in General Fund (Tobacco) support in FY20 for the Agriculture Water Quality Authority.

Provides \$2 million in Restricted Funds in FY19 from the Firefighters Foundation Program Fund to be used exclusively for the purchase of bulldozers and related transport units for emergency forest fire suppression.

#### Public Service Commission

Restores language exempting certain water districts and water associations from obtaining a certificate of public convenience and necessity if the project will cost less than \$500,000 or the project will not incur obligations requiring PSC approval. The language also prohibits customer rate increases as a result of these projects.

### **F. FINANCE AND ADMINISTRATION CABINET**

#### General Administration

Restores language requiring reporting of the use of the State Motor Vehicle Fleet and limiting the use of permanently assigned fleet vehicles.

#### Commonwealth Office of Technology (COT)

Transfers \$2.8 million of Restricted Funds in FY18, FY19 and FY20 from the Computer Services Fund to the General Fund with corresponding reduction of Restricted Fund appropriation.

#### Department of Revenue (DOR)

Provides \$2 million of Restricted Funds in FY19 and \$4 million of Restricted Funds in FY20 to support grants to local economic development agencies from the TVA Regional Development Agency Assistance Fund.

#### Property Valuation Administrators (PVAs)

Provides \$2,438,400 of General Fund support in FY18 to restore amounts reduced in the 18-01 General Fund Budget Reduction Order.

Provides \$8,224,900 of General Fund support in FY19 and FY20 to restore the General Fund appropriation base reduction.

Provides \$1.5 million of General Fund support in FY19 and FY20 to partially restore the 6.25% cut.



## **G. HEALTH AND FAMILY SERVICES CABINET**

### General Administration and Program Support

Restores language prohibiting participants in the Kentucky Works Program from participating in the Human Services Transportation Delivery Program.

Restores language directing the Cabinet to fill all federally funded positions.

Restores language authorizing the Secretary to transfer funds between appropriation units up to 10% of General Fund or Restricted Funds appropriations.

### Medicaid Administration

Restores language requiring Medicaid managed care organizations to collect Medicaid expenditure data.

### Medicaid Benefits

Restores language prohibiting hospitals from billing a patient if a DSH payment has also been made.

Restores language to prevent providers from only posting that a provider tax was paid without also notifying the public that DSH payments were also received.

Restores language to prohibit an acute care hospital from converting to a critical access hospital unless the hospital receives permission from the Kentucky State Office of Rural Health.

Restores language requiring the Department for Medicaid Services to submit a quarterly report to the Appropriations and Revenue Committee.

Restores language requiring Medicaid MCOs to submit quarterly reports to the Department for Medicaid Services.

Restores language allowing an appeal for denial of service by a Medicaid MCO.

Restores language requiring Medicaid pharmacies to provide a 72-hour emergency supply of medicine if a recipient cannot provide the necessary co-pay.

Includes language to establish a new methodology for distributing DSH payments.

Includes language to directing \$10.5 million in General Fund in each fiscal year and \$24.5 million in Federal Funds in each fiscal year to increase provider reimbursements for Supports for Community Living Waiver services.

### Behavioral Health, Developmental and Intellectual Disabilities (BHDID)

Includes language directing the Cabinet for Health and Family Services to transition all qualified individuals from the ICF/ID care model to the community living model as demonstrated by the Supports for Community Living Waiver program, provides for an enhanced reimbursement rate for individuals requiring certain levels of care who are transitioned from institutional to community care, and directs that 50 percent of any cost savings realized be used to increase SCL provider reimbursement rates and the remainder transferred to the Budget Reserve Trust Fund. Requires CHFS to provide a quarterly report on the transition progress to the General Assembly.

### Public Health (DPH)

Restores language to prohibit the DPH from interfering with local health department reimbursement.

Removes language regarding Public Health Emergencies.

### Family Resource Centers and Volunteer Services

Includes language directing an additional \$4.1 million in General Fund in FY18 and \$9.7 million in each year to restore reductions to the FRYSC program.

### Community Based Services

Adds language to identify \$1 million in each fiscal year for Relative Placement Support Benefits including start-up costs for placing children with non-parental relatives.

Adds language to identify \$250,000 in General Fund support in each fiscal year for Domestic Violence Shelters and \$250,000 in each year for Rape Crisis Centers.

Identifies an additional \$550,000 in each fiscal year for supplemental payments for dually-licensed pediatric facilities.

Identifies an additional \$10.6 million in General Fund support in each fiscal year to provide child care assistance to families at or below 160% of the federal poverty level as determined annually by HHS.

Restores language to identify \$50,000 in General Fund support in each fiscal year for family dependent exchange and visitation services.

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

### Justice Administration

Identifies \$1.5 million in Restricted Funds (Purdue Pharma settlement funds) and \$375,000 in General Fund each fiscal year for the support of Operation UNITE.

Restores language to identify \$297,800 in General Fund support in each fiscal year for the Madisonville Medical Examiner's Office.

Adds language and provides \$639,800 in General Fund support in each fiscal year for the Access to Justice Program.

Identifies \$1.4 million in General Fund support each fiscal year to Court Appointed Special Advocates (CASA) programs and includes language prohibiting the Justice Cabinet from applying administrative costs to these resources.

#### Criminal Justice Training

Includes language to distinguish additional reimbursements, in proportion to the training incentive stipend, paid to employers of state officers and local officers.

Provides authorization for a \$4.3 million funds transfer from the KLEFP Fund to the Kentucky State Police (KSP) to pay 50% of KSP's bill for the purchase of sick leave credit and pension spiking costs to the State Police Retirement System.

Suspends additional statutes in various pieces of language to authorize certain uses of the KLEFP Fund.

Provides authority for a funds transfer from the KLEFP Fund to the Department of Justice Administration to support an attorney position.

#### Juvenile Justice

Provides \$600,000 in FY18 and \$1.7 million in each fiscal year in General Fund support for Day Treatment Center contracted programs.

#### State Police

Clarifies language regarding the Governor's call of KSP to extraordinary duty.

Provides \$6.2 million in General Fund support in each fiscal year to restore the 6.25 percent cuts.

Postpones bond authority and associated debt service of two-way radio system replacement, phase one capital project from FY19 to FY20 and makes necessary changes to reflect the appropriation of debt service (\$1.1 million in FY19 is removed and replaces the \$3.4 million in FY20).

#### Corrections

##### *Corrections Management*

Provides language authorizing appropriation adjustments made between the Adult Correctional Institutions and Community Services and Local Facilities appropriation units if these adjustments do not result in the need for a necessary government expense.

Adds language to require that private prison contracts provide cost savings of at least ten percent or more and directs that any savings beyond ten percent lapse to the General Fund.

### *Community Services and Local Facilities*

Restores language authorizing the Justice and Public Safety Cabinet and the Cabinet for Health and Family Services coordinate the parole of infirm inmates to community providers for their care.

Restores language to require that the Office of State Budget Director supply information related to state inmate projections to the Interim Joint Committee on Appropriations and Revenue.

Restores language to require that the Office of State Budget Director supply information relating to the calculation of costs avoided as a result of previous legislative actions of the General Assembly.

Adds language requiring the Department of Corrections, prior to issuing any private prison contract, to annually certify that all county jail beds have been utilized.

### *Local Jail Support*

Provides a distribution formula for the Local Corrections Assistance Fund to support county jail operations to include an equal share of a portion of the funds to each county.

Restores funding and language identifying \$880,000 in General Fund support in each fiscal year to provide \$20,000 annually to counties with a life safety or closed jail.

Removes language prohibiting counties with a life safety or closed jail from receiving state resource assistance.

Restores language and funding that identifies a total of \$1.7 million in General Fund for medical services to support county jails.

## **K. POSTSECONDARY EDUCATION**

### Council on Postsecondary Education (CPE)

Restores funding and language to retain the Science and Technology Program in the Council on Postsecondary Education with General Fund support of \$5,112,300 in each fiscal year of the biennium.

Restores language to provide General Fund support of \$776,000 in each fiscal year of the biennium to fund 44 Optometry slots, which shall include contracts with the Kentucky College of Optometry for ten (10) slots in FY19 and fifteen (15) slots in FY20. Adds language prohibiting Southern Regional Education Board (SREB) dues payments from the Optometry slots program support.

Restores language to require the Council on Postsecondary Education to set the salary of the CPE President at an amount no greater than the salary he was receiving on January 1, 2012.

Restores language to allow universities that have issued debt through not-for-profit corporations, municipalities, or county governments to refinance those obligations on the condition that the principal amount of the debt obligations is not increased and the rental payments of the university are not increased.

Restores language to identify General Fund support for the Adult Education program.

Adds General Fund (Tobacco) support of \$5,084,000 in each fiscal year of the biennium to fund 164 Veterinary Medicine Contract Spaces. Adds language prohibiting Southern Regional Education Board (SREB) dues payments from the Veterinary Medicine slots support.

Adds General Fund (Tobacco) support of \$600,000 in each fiscal year of the biennium for the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

Adds General Fund (Tobacco) support of \$6.4 million in each fiscal year of the biennium for cancer research and screening, equally shared with the University of Louisville and the University of Kentucky.

Kentucky Higher Education Assistance Authority (KHEAA)

Adds General Fund support from lottery proceeds in the amount of \$1.2 million in each fiscal year of the biennium for the Collaborative Center for Literacy Development.

Eastern Kentucky University (EKU)

Restores 6.25% General Fund reduction of \$4,043,500 in each fiscal year of the biennium, to the institution.

Adds language to provide General Fund support in the amount of \$150,000 in each fiscal year for the Model Laboratory School.

Adds General Fund support in the amount of \$459,000 in FY19 and \$1,377,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Kentucky State University (KSU)

Restores 6.25% General Fund reduction of \$1,670,600 in each fiscal year of the biennium, to the institution.

Restores language and adds \$400,000 in General Fund support to total \$3.7 million in each fiscal year to leverage federal matching funds for the Land Grant Program.

Adds General Fund (Tobacco) support in the amount of \$760,000 in each fiscal year to leverage federal matching funds for the Land Grant Program.

Adds General Fund support in the amount of \$121,000 in FY19 and \$363,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Morehead State University (MoSU)

Restores 6.25% General Fund reduction of \$2,590,200 in each fiscal year of the biennium, to the institution.

Restores \$200,000 in General Fund support in each fiscal year for the Kentucky Folk Art Center.

Adds General Fund support in the amount of \$337,000 in FY19 and \$1,011,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Murray State University (MuSU)

Restores 6.25% General Fund reduction of \$2,787,600 in each fiscal year of the biennium, to the institution.

Adds General Fund (Tobacco) support in the amount of \$3.2 million in each fiscal year of the biennium for the Breathitt Veterinary Diagnostic Center at Murray State University.

Adds General Fund support of \$2,523,600 in each fiscal year of the biennium to replace funding for the Breathitt Veterinary Diagnostic Center.

Adds General Fund support in the amount of \$364,000 in FY19 and \$1,092,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Northern Kentucky University (NKU)

Restores 6.25% General Fund reduction of \$3,143,600 in each fiscal year of the biennium, to the institution.

Adds General Fund support in the amount of \$308,000 in FY19 and \$924,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

University of Kentucky (UofK)

Restores 6.25% General Fund reduction of \$16,162,900 in each fiscal year of the biennium, to the institution.

Adds General Fund support of \$2,670,000 in each fiscal year of the biennium for the Center for Applied Energy Research.

Adds General Fund support of \$3,962,700 in each fiscal year of the biennium to replace funding for the Livestock Disease Diagnostic Laboratory.

Adds General Fund support of \$1,784,600 in each fiscal year of the biennium for the Agriculture Public Service Program.

Adds General Fund (Tobacco) support in the amount of \$3.9 million in each fiscal year to support Veterinary Diagnostic Laboratory and Division of Regulatory Services operations.

Adds General Fund support in the amount of \$2,344,500 in FY19 and \$7,033,500 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Adds General Fund support in the amount of \$1.5 million in each fiscal year to support pediatric cancer research.

Adds General Fund support in the amount of \$1 million in each fiscal year to support the Neonatal Intensive Care Unit.

Adds General Fund support in the amount of \$1million in each fiscal year to support the Robinson Scholars Program.

Adds General Fund support in the amount of \$600,000 in each fiscal year to support the Mining Engineering Scholarship Program.

Adds General Fund support in the amount of \$300,000 in each fiscal year to support the Center for Entrepreneurship.

Adds General Fund support in the amount of \$300,000 in each fiscal year to support research and development activities.

University of Louisville (UofL)

Restores 6.25% General Fund reduction of \$8,297,400 in each fiscal year of the biennium, to the institution.

Adds General Fund support in the amount of \$1,079,000 in FY19 and \$3,237,000 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Adds General Fund (Tobacco) support in the amount of \$150,000 in each fiscal year of the biennium for autism training.

Adds General Fund support of \$2.5 million in each fiscal year of the biennium for additional operational resources.

Western Kentucky University (WKU)

Restores 6.25% General Fund reduction of \$4,619,000 in each fiscal year of the biennium, to the institution.

Adds General Fund (Tobacco) support in the amount of \$750,000 in each fiscal year for the Kentucky Mesonet.

Adds General Fund support in the amount of \$562,500 in FY19 and \$1,687,500 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

Kentucky Community and Technical College System (KCTCS)

Restores 6.25% General Fund reduction of \$11,115,300 in each fiscal year of the biennium, to the institution.

Restores language to allow KCTCS to enter into Guaranteed Energy Savings Performance Contracts to allow them to negotiate their own contracts.

Restores language regarding "BuildSmart" to require KCTCS to assess a mandatory student fee not to exceed \$8 per credit hour to be used exclusively for debt service on agency bond projects identified in the Capital Projects budget, prohibits the fee to be used in the tuition setting process for KCTCS by the Council on Postsecondary Education.

Restores language to stipulate that the President of KCTCS receive no housing allowance.

Adds General Fund (Tobacco) support in the amount of \$1 million in each fiscal year for the Adult Agriculture Program.

Adds a Restricted Funds transfer to Natural Resources in the amount of \$2,000,000 in FY19 for the Wildland Fire Equipment capital project in a Part II, Capital Project authorization.

Adds General Fund support in the amount of \$793,500 in FY19 and \$2,380,500 in FY20 for new debt service related to Part II, Bond Funds, Capital Project authorizations, related to asset preservation projects.

**L. PUBLIC PROTECTION CABINET**

Housing, Buildings, and Construction

Amends language regarding funding flexibility to require that any funds transferred from one program to another be returned within the fiscal biennium.

**M. TOURISM, ARTS, AND HERITAGE CABINET**

Secretary

Removes language regarding the Kentucky Film Office tax incentives and tax credits and includes the language in the 2018 Revenue Bill - House Bill 366.

Restores language to identify \$365,000 in Restricted Funds support in each fiscal year for tourism grants.

Tourism

Provides \$115,000 in General Fund support in each fiscal year for the Whitehaven Welcome Center to restore budget cuts.



### Parks

Provides \$107,200 in additional General Fund and adds language to identify \$234,400 in General Fund support in each fiscal year for the Capitol Annex cafeteria.

### Fish and Wildlife

Restores language to require FILO project resources to be available to all 120 counties.

Adds language to require Fish and Wildlife to provide a report of all FILO projects to the Interim Joint Committee on Tourism, Small Business, and Information Technology.

## **N. BUDGET RESERVE TRUST FUND**

Decreases the amount appropriated to the Budget Reserve Trust Fund by \$4.1 million over the biennium.

## **GENERAL FUND (TOBACCO)**

### FY 2018

The Governor's Recommended (Branch) Budget and the House proposed budget recognize \$30.2 million in unanticipated tobacco receipts in FY 18.

The \$30.2 million in unanticipated tobacco receipts is composed of two parts:

- \$21.8 million increase in estimated tobacco receipts adopted by the Consensus Forecasting Group, and
- \$8.4 million in prior year receipts that were not previously appropriated.

In Fiscal Year 2018, the House appropriates \$2.5 million in tobacco dollars to the Early Childhood Adoption and Foster Care Supports Program and \$2.8 million to the Kentucky Communications Network Authority.

The remaining FY 18 unanticipated tobacco receipts (\$24.9 million) are appropriated in the upcoming biennium.

### FY 2019 and FY 2020

The House proposal contains \$29 million each fiscal year in General Fund (Tobacco) appropriations from the Agricultural Development Fund.

- The House provides nearly \$26 million each fiscal year to the Governor's Office of Agricultural Policy. Included in this amount is \$11.9 million each fiscal year for the counties account.
- \$2.5 million is provided each fiscal year for the Environmental Cost Share Program.
- \$500,000 is provided each fiscal year for the Farm to Food Banks Program and \$100,000 is provided each fiscal year for the Kentucky Hunters for the Hungry Program.

The House proposal contains \$23.6 million each fiscal year in General Fund (Tobacco) appropriations for other agricultural initiatives.

- \$3.2 million each fiscal year to Murray State for the Breathitt Veterinary Center.
- \$3.9 million each fiscal year to support UK's Veterinary Diagnostic Center and the Division of Regulatory Services.
- \$750,000 is provided each fiscal year for the Mesonet Program at Western Kentucky University.
- Kentucky Community and Technical College System (KCTCS) will receive \$1 million each fiscal year for the Adult Agriculture Program.
- \$5,084,000 is provided each fiscal year to fund 164 contract spaces for Veterinary Students.
- \$760,000 is provided each fiscal year to Kentucky State University to meet its Land-Grant requirement.
- \$907,300 is provided each fiscal year for Local Aid to Conservation Districts.
- \$300,000 is provided each fiscal year for the Local Agricultural Fair Aid Program.
- \$200,000 in FY 2019 and \$250,000 in FY 2020 is provided for the Agriculture Water Quality Authority.

In addition to the items above, the House also provides \$7.5 million each fiscal year to the Kentucky Communications Network Authority.

The House proposal contains nearly \$29 million each fiscal year in General Fund (Tobacco) appropriations from the Early Childhood Development Fund.

- Compared to the Governor's recommended budget, the House provides additional support over the upcoming biennium to the Department for Community Based Services (DCBS).
- \$13.2 million is provided each fiscal year to DCBS.
- The House follows the Governor's budget by providing \$2.5 million each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.
- The House proposal follows the Governor's proposal by providing \$12.13 million for Public Health programs, primarily for the Hands Program, the Healthy Start Initiative, and other Early Childhood Programs.
- \$1.5 million is provided each fiscal year in the House proposal for substance abuse treatment for pregnant women.

The House proposal contains \$21 million each fiscal year in General Fund (Tobacco) appropriations from the Health Care Improvement Fund.

- \$2 million each fiscal year for smoking cessation.
- \$10.8 million each fiscal year for opioid treatment, prevention and recovery initiatives.
- \$1 million each fiscal year for the Poison Control Center at Norton Kosair Children's Hospital.

- \$150,000 each fiscal year for Autism Training at the University of Louisville.
- \$7 million each fiscal year for Cancer Research and Screening. Included in this amount is \$6.4 million each fiscal year for the Lung Cancer Research Program and \$600,000 each fiscal year for the Ovarian Cancer Outreach Program.

## **CAPITAL PROJECTS**

Adds language specifying that financings executed on behalf of a state agency for capital projects shall be subject to the same statutory review and approval provisions as debt directly issued by a state agency.

### Eastern Kentucky University (EKU)

Adds language for the EKU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$10,817,000 and Agency Bonds of \$10,817,000 in each fiscal year of the biennium, for an Asset Preservation Pool at EKU.

Adds biennial capital project support, consisting of: Restricted Funds of \$25,500,000, Bond Funds of \$21,634,000, Agency Bonds of \$81,634,000, and Other Funds of \$58,000,000 for EKU capital project authorizations.

### Kentucky State University (KSU)

Adds language for the KSU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$2,804,000 in each fiscal year of the biennium, Agency Bonds of \$2,300,000 in FY19, and Restricted Funds of \$504,000 in FY19 and \$2,804,000 in FY20, for an Asset Preservation Pool at KSU.

Adds biennial capital project support, consisting of: Restricted Funds of \$3,308,000, Bond Funds of \$5,608,000, and Agency Bonds of \$2,300,000 for KSU capital project authorizations.

### Morehead State University (MoSU)

Adds language for the MoSU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$7,925,000 and Agency Bonds of \$7,925,000 in each fiscal year of the biennium, for an Asset Preservation Pool at MoSU.

Adds biennial capital project support, consisting of: Bond Funds of \$15,850,000 and Agency Bonds of \$15,850,000 for MoSU capital project authorizations.

Murray State University (MuSU)

Adds language for the MuSU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$8,565,000 and Agency Bonds of \$8,565,000 in each fiscal year of the biennium, for an Asset Preservation Pool at MuSU.

Adds biennial capital project support, consisting of: Bond Funds of \$17,130,000 and Agency Bonds of \$17,130,000 MuSU capital project authorizations.

Northern Kentucky University (NKU)

Adds language for the NKU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$7,246,000 and Agency Bonds of \$7,246,000 in each fiscal year of the biennium, for an Asset Preservation Pool at NKU.

Adds biennial capital project support, consisting of: Restricted Funds of \$215,000,000, Bond Funds of \$14,492,000, Agency Bonds of \$21,492,000, and Other Funds of \$12,000,000 for NKU capital project authorizations.

University of Kentucky (UofK)

Adds language for the UofK Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$55,262,000 and Agency Bonds of \$55,262,000 in each fiscal year of the biennium, for an Asset Preservation Pool at UofK.

Adds biennial capital project support, consisting of: Restricted Funds of \$2,841,000,000, Bond Funds of \$110,524,000, Agency Bonds of \$450,524,000, and Other Funds of \$645,000,000 for UofK capital project authorizations.

University of Louisville (UofL)

Adds language for the UofL Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$25,435,000 and Agency Bonds of \$25,435,000 in each fiscal year of the biennium, for an Asset Preservation Pool at UofL.

Adds biennial capital project support, consisting of: Restricted Funds of \$202,000,000, Bond Funds of \$50,870,000, and Agency Bonds of \$154,745,000 for UofL capital project authorizations.

Western Kentucky University (WKU)

Adds language for the WKU Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$13,252,000 in each fiscal year of the biennium, Agency Bonds of \$12,500,000 in FY19, and Restricted Funds of \$752,000 in FY19 and \$13,252,000 in FY20, for an Asset Preservation Pool at WKU.

Adds biennial capital project support, consisting of: Restricted Funds of \$83,404,000, Bond Funds of \$26,504,000, and Agency Bonds of \$12,500,000 for WKU capital project authorizations.

Kentucky Community and Technical College System (KCTCS)

Adds language for the KCTCS Asset Preservation Pool for asset preservation, renovation, and maintenance projects.

Adds Capital Budget authorization, including Bond Funds of \$18,694,000 and Agency Bonds of \$18,694,000 in each fiscal year of the biennium, for an Asset Preservation Pool at KCTCS.

Adds biennial capital project support, consisting of: Restricted Funds of \$37,388,000 and Bond Funds of \$37,388,000 for KCTCS capital project authorizations.

**PART VI – GENERAL FUND BUDGET REDUCTION PLAN**

Amends the General Fund Budget Reduction Plan to order the areas in which the Governor shall reduce/transfer funds in the event that a shortfall of five percent or less occurs in any fiscal year of the biennium.

**PART VII – GENERAL FUND SURPLUS EXPENDITURE PLAN**

Amends the General Fund Surplus Expenditure Plan to require that 50 percent of any surplus be deposited into the Budget Reserve Trust Fund and 50 percent be deposited into the Teachers' Retirement System Medical Insurance Fund.

## **X. JUDICIAL BRANCH – HB203/HCS1**

### Court Operations and Administration - Part I

Provides language identifying the Court's authority to increase civil filing fees and authorizes the use of \$10.5 million, in accumulated revenue, in each fiscal year to be used for salary increases for non-elected personnel. All moneys in excess of \$10.5 million are directed to the General Fund.

Restores language to require night court operations in Jefferson County to continue for each fiscal year.

Identifies \$286,000 in Restricted Funds in each fiscal year to be utilized for Supreme Court renovations.

Provides \$2.9 million in FY19 and \$4 million in FY20 in additional General Fund support of the Judicial Branch.