COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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RECEIVED AND FILED
DATE April 24, 2006
9:19 pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

House Bill 380 of the 2006 Regular Session – Partial Veto #1

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 2, lines 10 through 12, in their entirety.

I am vetoing this part as it conflicts with applicable statutes affording the Governor's Scholars Program, Inc., flexibility in the hiring and compensation of its employees.

House Bill 380 of the 2006 Regular Session – Partial Veto #2

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 4, line 5, after "shall" delete ",".
Page 4, line 6, delete "within 15 days of the final award of grants,".

This part mandates that a report of all the recipients of homeland security grants be presented to the Legislative Research Commission within 15 days of the final award of the grants. I am vetoing this part because the timeframe is too restrictive. I have no objection to the issuance of a report in a more reasonable timeframe and have left the underlying reporting requirements intact.

House Bill 380 of the 2006 Regular Session – Partial Veto #3

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 9, line 1, after "2006-2007" delete "and $500,000 in fiscal year 2007-2008".

This part appropriates $500,000 in fiscal year 2007-2008 as a grant supporting the operations of the Patton Museum. The Patton Museum is located on the grounds of Fort Knox and is a museum of the history of mechanized armor and General George S. Patton. The Patton Museum is incorporated as a 501(c) entity responsible for raising operating and support revenues through private donations as well as maintaining historic objects and pieces of equipment that remain U.S. Army property. I am vetoing the $500,000 appropriation in fiscal year 2007-2008 because the grant for the Patton Museum should be a one-time, nonrecurring grant of funds from state tax dollars. As a result of this veto, the $500,000 will lapse to the General Fund Surplus account at the end of fiscal year 2007-2008.

House Bill 380 of the 2006 Regular Session – Partial Veto #4

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 12, line 27, in its entirety.
Page 13, lines 1 through 3, in their entirety.
Page 24, lines 26 through 27, in their entirety.
Page 25, line 1, in its entirety.
Page 33, line 10, after the word "above" delete "General Fund appropriation is $1,630,000 in".
Page 33, line 11, in its entirety.
Page 43, lines 11 through 13, in their entirety.
Page 44, lines 9 through 11, in their entirety.
Page 49, lines 23 through 27, in their entirety.
Page 50, lines 1 through 22, in their entirety.
Page 112, lines 8 through 11, in their entirety.
Page 122, lines 26 through 27, in their entirety.
Page 123, lines 1 through 9, in their entirety.
Page 153, lines 3 through 6, in their entirety.
Page 153, line 10, in its entirety.
Page 154, line 15, after the second character ";" delete "the Capital Renewal and Maintenance Bond".
Page 154, line 18, after the second character ";" delete "the Postsecondary Education Institutions".
Page 154, line 19, in its entirety.

Page 154, line 20, delete "Support/Lab Renovation and Equipment Pool;".
Page 158, lines 26 through 27, in their entirety.
Page 159, lines 18 through 19, in their entirety.
Page 160, line 2, in its entirety.
Page 160, lines 23 through 27, in their entirety.
Page 161, lines 23 through 24, in their entirety.
Page 164, lines 10 through 13, in their entirety.
Page 173, lines 15 through 19, in their entirety.
Page 175, lines 7 through 18, in their entirety.
Page 175, lines 21 through 22, in their entirety.
Page 176, lines 15 through 18, in their entirety.
Page 176, lines 24 through 27, in their entirety.
Page 178, line 27, in its entirety.
Page 179, line 1, in its entirety.
Page 179, lines 6 through 7, in their entirety.
Page 181, lines 10 through 13, in their entirety.
Page 181, lines 16 through 17, in their entirety.
Page 183, lines 14 through 17, in their entirety.
Page 185, lines 21 through 24, in their entirety.
Page 187, lines 2 through 3, in their entirety.
Page 206, lines 13 through 16, in their entirety.
Page 210, lines 20 through 27, in their entirety.
Page 211, lines 18 through 21, in their entirety.
Page 211, lines 26 through 27, in their entirety.
Page 212, line 27, in its entirety.
Page 213, lines 1 through 3, in their entirety.
Page 213, lines 6 through 9, in their entirety.
Page 214, line 4, in its entirety.
Page 215, lines 24 through 25, in their entirety.
Page 216, lines 1 through 2, in their entirety.
Page 216, lines 9 through 12, in their entirety.
Page 403, lines 24 through 27, in their entirety.
Page 405, lines 5 through 8, in their entirety.

These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents $11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account.

The part on page 50, lines 1 through 3, mandates the procurement of a specific bandwidth for local school districts with the funds appropriated for a data/telecommunications network. I am vetoing this part because specifying a particular bandwidth in an Appropriations Act unduly eliminates the necessary administrative discretion of the Executive. It also precludes the implementation of network bandwidth that most appropriately meets the needs of each school district, is cost-effective, is based on an analysis of empirical data, and can be afforded within the funds available.

House Bill 380 of the 2006 Regular Session – Partial Veto #5

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 18, line 11, after the character "." delete the word "The".
Page 18, lines 12 through 14, in their entirety.

This part mandates that the Cabinet for Economic Development engage in specific evaluations of and provide the necessary funding for multicounty regional industrial parks. I am vetoing this part because state funds have already been used to purchase and develop these industrial parks, and it is the responsibility of the local owners of these industrial parks to provide these functions and to maintain their viability.

House Bill 380 of the 2006 Regular Session – Partial Veto #6

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 35, lines 14 through 15, in their entirety.

This part suspends the state law that requires unexpended debt service to be credited to the General Fund, and instead credits unexpended debt service for the School Facilities Construction Commission to the Urgent Need School Trust Fund. I am vetoing this part because the fiscal year 2005-2006 General Fund ending balance enacted by the 2006

General Assembly is dependent upon $19,616,000 in unexpended debt service to lapse to the credit of the General Fund. The lapsing of unexpended debt service appropriations is required by KRS 45.229, KRS 48.010(13)(b) and KRS 48.720. In addition, House Bill 380 directs the Executive Branch to reduce unspecified General Fund expenditures in the amount of $38,500,000 in fiscal year 2006-2007 and $39,500,000 in fiscal year 2007-2008 from the collective appropriations made to the Executive Branch. Finally, House Bill 380 mandates certain expenditures from the General Fund Surplus account in numerous instances without making an appropriation. One of the largest historical contributors to the Commonwealth's ability to accommodate these unbudgeted expenditures is the lapsing of unexpended debt service.

House Bill 380 of the 2006 Regular Session – Partial Veto #7

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 43, lines 17 through 19, in their entirety.

This part mandates that $125,000 in Restricted Funds from the Department of Parks be used to construct boat slips at Buckhorn Lake State Park. I am vetoing this part because House Bill 380 did not provide any additional money for this project, and the budget for the Department is already constrained by the obligation to continue current levels of service within the amounts appropriated.

House Bill 380 of the 2006 Regular Session – Partial Veto #8

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following distinct part:

Page 51, line 6, after the word "program" delete "under the".
Page 51, line 7, delete "direction of the Kentucky Economic Development Finance Authority".

This part places funding received by the Department of Education for the Coal County Computing program under the direction of the Kentucky Economic Development Finance Authority. I am vetoing this part because the funds are appropriated to the Department of Education, and because providing school technology resources is the responsibility of the Department of Education.

House Bill 380 of the 2006 Regular Session – Partial Veto #9

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 77, lines 24 through 26, in their entirety

This part imposes a moratorium on the assessments paid by Kentucky thoroughbred and standardbred race tracks to the Horse Racing Authority for each live-day of racing for the 2006-2008 biennium. The receipts from these assessments represent approximately $1 million of the Authority's Restricted Funds appropriations each year. I am vetoing this part because the funds generated from the assessments are required to support the appropriations enacted in House Bill 380, which finance all of the Authority's statutory activities in fiscal year 2007-2008. I am reserving the option of imposing or suspending the assessments for fiscal year 2006-2007 because House Bill 380 provided an alternative source of funding for that year.

House Bill 380 of the 2006 Regular Session – Partial Veto #10

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 85, lines 8 through 13, in their entirety.

This part requires a semiannual report to the Interim Joint Committee on Appropriations and Revenue of contracting information by the Commonwealth Office of Technology. I am vetoing this part because the reporting requirements are redundant of information already provided to the Government Contract Review Committee of the General Assembly.

House Bill 380 of the 2006 Regular Session – Partial Veto #11

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 106, lines 14 through 19, in their entirety.

This part suspends a statute for the stated purpose of allowing a reservation of a certificate of need for the same health care facility services in the same county in the event of a voluntary closure, revocation of a certificate of need, or the revocation of licensure. I am vetoing this part because existing law already permits the re-establishment of a licensed health care service or facility which was voluntarily discontinued; because this part nullifies existing legal authority of the Cabinet for Health and Family Services that is unrelated to the policy goal of this part; and because this part

could provide unintended statutory consequences to the regulation and licensure of health care facilities.

House Bill 380 of the 2006 Regular Session – Partial Veto #12

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 111, line 27, in its entirety.
Page 112, lines 1 through 2, in their entirety.

This part directs any unexpended General Funds appropriated for Foster Youth Transitional Assistance in fiscal year 2006-2007 to carry forward into fiscal year 2007-2008 rather than lapsing to the General Fund Surplus account. I am vetoing this part because KRS 45.229 directs that unexpended General Fund appropriations lapse at the end of each fiscal year. Exceptions are sometimes made for a legitimate business purpose, such as expenditures that span two fiscal years. In this case, these are recurring expenditures. Moreover, House Bill 380 directs the Executive Branch to reduce unspecified General Fund expenditures in the amount of $38,500,000 in fiscal year 2006-2007 and $39,500,000 in fiscal year 2007-2008 from the collective appropriations made to the Executive Branch. Finally, House Bill 380 mandates certain expenditures from the General Fund Surplus account in numerous instances without making an appropriation.

House Bill 380 of the 2006 Regular Session – Partial Veto #13

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following distinct part:

Page 124, lines 6 through 8, in their entirety

This part suspends existing law so that the Kentucky Science and Technology Corporation shall administer three science and technology programs for the Council on Postsecondary Education. I am vetoing this part because I oppose the suspension of a competitive procurement process for these services as required by KRS 164.6017(3) and by the Commonwealth's model procurement code. Furthermore, the language in this part suspends the incorrect statutory provision, leaving in place the existing statutory contracting requirements.

House Bill 380 of the 2006 Regular Session – Partial Veto #14

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 124, line 16, after the word "universities" delete "in equal amounts of $800,000 per".
Page 124, line 17, delete "institution".
Page 124, line 25, after the character "." delete "Once distributed, these funds will become recurring to the".
Page 124, line 26, delete "institutions."

This part mandates that the Council on Postsecondary Education distribute funding for the Regional Stewardship Funding Program in equal amounts of $800,000 among the six public comprehensive universities. I am vetoing this part because the language eliminates any discretion that the Council on Postsecondary Education may have in awarding these funds. The language requires adherence to certain conditions and approval prior to the distribution of the funds. The mandatory language conflicts with the requirement of meeting certain conditions prior to the distribution of the funds. Also, the $800,000 allocation per institution is inconsistent with the funding provided, which is $1,200,000 in fiscal year 2006-2007, and $3,600,000 in fiscal year 2007-2008.

House Bill 380 of the 2006 Regular Session – Partial Veto #15

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 126, lines 3 through 5, in their entirety.

This part requires the Kentucky Higher Education Assistance Authority to award grants from the Kentucky Tuition Grant program only to postsecondary students that are accepted by or enrolled as a full-time student at a Kentucky independent college or university which is accredited by the Southern Association of Colleges and Schools. I am vetoing this part because there are currently 313 Kentucky students who are receiving grants from the Kentucky Tuition Grant program in total amounts exceeding $600,000 who attend currently eligible institutions that are not accredited by Southern Association of Colleges and Schools. To be eligible to participate in the Kentucky Tuition Grant program, these institutions must be accredited by a regional accrediting association recognized by the United States Department of Education. By vetoing this part, I ensure that these students and other students who attend these institutions remain eligible to receive grants from the program as intended by current law.

House Bill 380 of the 2006 Regular Session – Partial Veto #16

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 126, lines 25 through 27, in their entirety.
Page 127, lines 1 through 9, in their entirety.

This part requires authorization from the General Assembly before the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation may enter into any agreements which would result in the transfer of ownership or ultimate managerial decision-making authority regarding the control and investment performance of their property and assets. This part would impair the agencies' ability to enter into contracts; could prevent the ability to outsource the servicing of the Kentucky Higher Education Student Loan Commission's loan portfolio; and would jeopardize the ongoing origination and sale of loans to the Alabama Higher Education Loan Corporation.

House Bill 380 of the 2006 Regular Session – Partial Veto #17

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 128, line 10, after the character "." delete "The board will make all".
Page 128, lines 11 through 13, in their entirety.
Page 128, line 14, delete "community areas and the performing arts center."

This part mandates that a Community Operations Board make all decisions regarding the use of the Business/Technology Building at Eastern Kentucky University. I am vetoing this part because it removes the responsibility for operations of Eastern Kentucky University facilities from the President and the Board of Regents where that responsibility properly resides. I am retaining the provision that establishes and sets membership of the Community Operations Board so that it may provide useful advice from the community to the University for the operations of this facility.

House Bill 380 of the 2006 Regular Session – Partial Veto #18

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 130, line 19, after the word "is", delete "encouraged".

This part encourages the University of Kentucky to provide funding to the Cooperative Extension Service to support the County Extension Enhancement Initiative. By this partial veto I direct funding to support the County Extension Enhancement Initiative.

House Bill 380 of the 2006 Regular Session – Partial Veto #19

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 134, lines 14 through 21, in their entirety.

This part suspends existing laws to allow the President of the Kentucky Community and Technical College System to convey title to state-owned land to the Gateway Community and Technical College Foundation for future consideration. I am vetoing this part because it eliminates existing legal processes under the authority of the Secretary of the Finance and Administration Cabinet.

House Bill 380 of the 2006 Regular Session – Partial Veto #20

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 138, line 1, after the word "prioritize" delete "and fund".
Page 138, line 2, after the word "resources" delete "in the designated fiscal year".

This part requires the Transportation Cabinet to fund aviation projects in the specific fiscal year as contained in the Aviation Six Year Plan. I am vetoing this part because the appropriations enacted in House Bill 380 are less than the identified costs associated with the project list, and because mandating the fiscal year for each project eliminates the flexibility of the Transportation Cabinet to adjust the timing of the projects.

House Bill 380 of the 2006 Regular Session – Partial Veto #21

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 138, lines 22 through line 24, in their entirety.

This part prohibits the use of appropriated funds for the studying, planning, or construction of additional runways for, or the expansion of, the Capital City Airport. I am vetoing this part because the language eliminates a potential investment by the Commonwealth or from an award of Federal Aviation Administration funds to the

Commonwealth for the next two fiscal years. While there are no future plans to construct an additional runway, a blanket prohibition is unnecessary.

House Bill 380 of the 2006 Regular Session – Partial Veto #22

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 146, line 16, after the character ":" delete "The Transportation Cabinet".
Page 146, line 17, delete "shall".

This part mandates the completion of the painting of the Kennedy Bridge in Louisville within the current biennium. I am vetoing this part because the introductory provision on page 145, section 25, states that the Transportation Cabinet may undertake the following miscellaneous road projects. This provision is one of twenty-two miscellaneous projects listed, but the language for this project is mandatory rather than permissive. I am retaining the part that allows the Transportation Cabinet to complete the bridge painting.

House Bill 380 of the 2006 Regular Session – Partial Veto #23

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 146, line 22, after the character ":" delete "A sound barrier shall be".
Page 146, line 24, after the word "feet" delete ". The cost related to the installation of the sound barrier shall be".
Page 146, line 25 in its entirety.
Page 146, line 26, delete "2006-2007".

This part mandates that a sound barrier shall be installed on the north side of I-264/Watterson Expressway from the west side of the Newburg Interchange going west 1,500 feet, to be funded for $650,000 from the Highway Construction Contingency Account in fiscal year 2006-2007. I am vetoing this part because the introductory provision on page 145, section 25, states that the Transportation Cabinet may undertake the following miscellaneous road projects. This provision is one of twenty-two miscellaneous projects listed, but the language for this project is mandatory rather than permissive. I am retaining the portion of the part that allows the Transportation Cabinet to install the sound barrier.

House Bill 380 of the 2006 Regular Session – Partial Veto #24

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 218, lines 2 through 27, in their entirety.
Pages 219 through 308, in their entirety.
Page 309, lines 1 through 4, in their entirety.

These parts contain projects authorized for funding from coal severance tax receipts in single county accounts within the Local Government Economic Development Fund. I am vetoing these project designations, but not the funding that will be available to the respective counties listed therein. In accord with House Bill 380, the funds received by the respective counties from coal severance receipts may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development, with the concurrence of both the respective fiscal court and the Governor's Office for Local Development or the Kentucky Infrastructure Authority, as appropriate. I am taking this action because I believe that local officials and communities should have more involvement in the decision-making process for the investment of these funds that are returned to their communities as a result of the severance of coal.

House Bill 380 of the 2006 Regular Session – Partial Veto #25

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 424, line 12, after "KRS 18A.355" delete "(1)".

KRS 18A.355(1) requires that state employees receive a 5 percent annual increment. By adoption of the salary policy authorized in House Bill 380, providing non-uniform annual increments, the General Assembly's clear and unmistakable intent is to suspend the entirety of the statute. As authorized and intended, lower-paid employees are provided a higher annual increment than higher-paid employees. I am vetoing this part so that the entirety of KRS 18A.355 is suspended for the fiscal year 2006–2008 biennium, as intended by the General Assembly.

House Bill 380 of the 2006 Regular Session – Partial Veto #26

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 431, lines 18 through 19, in their entirety.

This part requires that the Commonwealth Office of Technology transfer $1,000,000 to the General Fund in fiscal year 2007-2008 from its internal service fund. I am vetoing this part because the nature of the internal service fund is to charge state agencies for the costs of the services delivered. This mechanism yields no excess funds, or profits. Due to the billing structure of the fund, transferring $1,000,000 would result in the Commonwealth Office of Technology overbilling state agencies for the services rendered. Moreover, since a portion of the payments made by state agencies are from federal funds, this transfer will likely result in an audit finding to which the Commonwealth may have to repay approximately $200,000 in funds that are unbudgeted.

House Bill 380 of the 2006 Regular Session – Partial Veto #27

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 435, line 13, delete "Federal".

This part mandates the transfer of $9,000,000 in Federal Highway funds to the General Fund in fiscal year 2006-2007. I am vetoing this part because the grant requirements for the federal funds prohibit the direct transfer to the General Fund. Federal funds must be expended by state or recipient agencies for legal and eligible purposes. I am retaining the value of the $9,000,000 fund transfer in the anticipation that some portion of it may be executed in conformity with the federal grant.

House Bill 380 of the 2006 Regular Session – Partial Veto #28

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 556, lines 10 through 12, in their entirety.

This part mandates that any debt obligation issued by or on behalf of a unit of government to finance a court facility leased to the Administrative Office of the Courts be publicly bid by the owner of the court facility. I am vetoing this part because it temporarily overrides an existing statute, KRS 66.141, that requires bonds to be publicly bid, but allows notes to be sold by either competitive bid or at private negotiated sale. The existing statute adequately provides the flexibility of either procurement approach for issuing notes, and leaves that decision to the local unit of government.

House Bill 380 of the 2006 Regular Session – Partial Veto #29

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 599, line 18, after the word "***principles***" delete "***, shall be paid for***".
Page 599, line 19, delete "***by the trust fund,***".

Although this section appropriately requires an audit of the books and records of the public employee health insurance trust fund, it mandates payment with fund source specificity, for performance of the audit by the Auditor of Public Accounts, an office whose operations are funded otherwise with appropriations by House Bill 380. Considerations as to burden of payment and expenses for such an audit should be left to the discretion of the Personnel Cabinet.

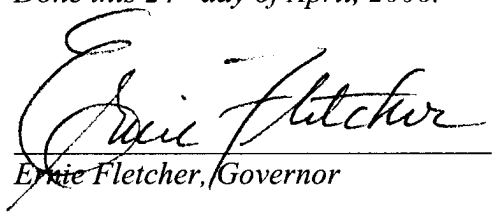
House Bill 380 of the 2006 Regular Session – Partial Veto #30

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 599, line 23, after "***(d)***" delete "***Within thirty (30) days of the end of each calendar quarter,***".

This part mandates a quarterly report by the Secretary of the Personnel Cabinet on the status of the Public Employee Health Insurance Trust Fund within 30 days of the end of each calendar quarter. I am vetoing this part because the 30-day requirement precludes the ability to fully report the information contained in the remainder of this provision. I have retained all of the underlying requirements.

Done this 24th day of April, 2006.



Ernie Fletcher, Governor

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 380

VOLUME 1 OF 3

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

RECEIVED AND FILED
DATE April 28, 2006
9:45 a.m.

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Randie Allison

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

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

1 **PART I**

2 **OPERATING BUDGET**

3 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
4 Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning
5 July 1, 2005, and ending June 30, 2006, for the fiscal year beginning July 1, 2006, and
6 ending June 30, 2007, and for the fiscal year beginning July 1, 2007, and ending June 30,
7 2008, the following discrete sums, or so much thereof as may be necessary. Appropriated
8 funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by
9 source of respective fund or funds accounts. Appropriations for the following officers,
10 cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and
11 budget units of the state government, and any and all other activities of the government of
12 the Commonwealth, are subject to the provisions of Chapters 12, 42, 45, and 48 of the
13 Kentucky Revised Statutes and compliance with the conditions and procedures set forth
14 in this Act.

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

19 **A. GENERAL GOVERNMENT**

20 **Budget Units**

21 **1. OFFICE OF THE GOVERNOR**

22 **2006-07** **2007-08**

General Fund	9,734,400	9,816,100
Restricted Funds	388,200	388,200
TOTAL	10,122,600	10,204,300

(1) Housing Allowance for the Lieutenant Governor: Included in the above General Fund appropriation for the Office of the Governor and Lieutenant Governor's Office, is $2,500 monthly as a housing allowance.

(2) Governor's Scholars Program: Included in the above General Fund appropriation is $2,180,100 in fiscal year 2006-2007 and $2,297,800 in fiscal year 2007-2008 for the Governor's Scholars Program.

[~~**(3) Employees of Governor's Scholars Program, Inc.:** For the purposes of salary and fringe benefits, employees of Governor's Scholars Program, Inc. shall be considered state employees.~~] *(Veto #1)*

2. OFFICE OF STATE BUDGET DIRECTOR

	2006-07	**2007-08**
General Fund	4,433,400	4,433,400
Restricted Funds	80,600	136,800
TOTAL	4,514,000	4,570,200

3. STATE PLANNING FUND

	2006-07	**2007-08**
General Fund	250,000	250,000

4. HOMELAND SECURITY

	2006-07	**2007-08**
General Fund	350,000	350,000
Restricted Funds	440,000	440,000
Federal Funds	40,000,000	40,000,000
Road Fund	350,000	350,000
TOTAL	41,140,000	41,140,000

1 **(1) Reviewing of Applications:** The Kentucky Office of Homeland Security shall
2 consult with Local Area Development Districts and local government entities while
3 reviewing applications to determine qualified grant recipients.
4 **(2) Statewide Annual Report:** The Kentucky Office of Homeland Security shall
5 prepare an annual report that identifies the state homeland security priorities based on
6 National Homeland Security Priorities and shall include:
7 a. An assessment of the Commonwealth's preparedness to respond to acts of war or
8 terrorism, including nuclear, biological, chemical, electromagnetic pulse, agricultural,
9 ecological, or cyber terrorism;
10 b. Identify the priority of needs, areas of improvement, and the overall progress
11 made with regard to the Commonwealth's preparedness; and
12 c. Provide a record of all federal homeland security funding, including grants of all
13 federal homeland security funding distributed in Kentucky since the last annual written
14 report, as well as any other relevant homeland security funding information gathered by
15 the Kentucky Office of Homeland Security. The record shall identify, at a minimum, the
16 specific federal source, the amount, the specific recipient, the intended use of the funding,
17 the actual use of the funding, and any unspent amount.
18 The report shall be approved by the Homeland Security Interagency Working
19 Group. The Homeland Security Interagency Working Group shall include the chair of the
20 Senate Committee on Veterans, Military Affairs, and Public Protection, the chair of the
21 House Committee on Seniors, Military Affairs, and Public Safety, a state agency
22 representative, and a private agency representative.
23 The annual report shall be submitted to the Legislative Research Commission by
24 October 25 of each year for a public hearing to be conducted by a joint meeting of the
25 Senate Committee on Veterans, Military Affairs, and Public Protection and the House
26 Committee on Seniors, Military Affairs, and Public Safety for the purpose of receiving
27 comments on the statewide report and critique of the criteria established for determining

1 the award of homeland security funds. The Executive Director of the Kentucky Office of
2 Homeland Security shall report all findings of fact or any other reports or
3 recommendations presented at the public hearing to the Homeland Security Working
4 Group.

5 **(3) Grant Recipient Report:** The Kentucky Office of Homeland Security shall[~~,~~
6 ~~within 15 days of the final award of grants,~~] *(Veto #2)* report the list of recipients to the
7 Legislative Research Commission.

8 **(4) Application Background Data:** The Kentucky Office of Homeland Security
9 shall, upon request of the Commission, make available to the Commission all grant
10 applications submitted to the office, score sheets, and procedures for funding.

11 **5. DEPARTMENT OF VETERANS' AFFAIRS**

	2006-07	2007-08
General Fund	15,436,200	16,669,700
Restricted Funds	24,713,700	24,905,700
TOTAL	40,149,900	41,575,400

16 **(1) Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans'
17 Centers are authorized to continue the weekend and holiday premium pay incentive
18 component of the Personnel Pilot Program for the 2006-2008 fiscal biennium.

19 **(2) Congressional Medal of Honor Recipients - Travel and Per Diem:** The
20 Commissioner of the Department of Veterans' Affairs may approve travel and per diem
21 expenses incurred when Kentucky residents who have been awarded the Congressional
22 Medal of Honor attend veterans, military, or memorial events in the Commonwealth of
23 Kentucky.

24 **(3) Military Burial Honor Guard Program**: Included in the above General
25 Fund appropriation is an additional $35,000 in each fiscal year to support the Military
26 Burial Honor Guard Program/Veterans' Service Organizational Burial Honor Guard Trust
27 Fund for providing proper support and decorum for veterans' funeral honors. These funds

1 shall not lapse nor be utilized for other than the intended purposes.

2 Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with
3 the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors
4 on the implementation of the Military Burial Honor Guard Program. The Board of
5 Embalmers and Funeral Directors shall mail program notification letters to all licensed
6 embalmers and funeral directors with information related to the program description and
7 contacts for the Military Burial Honor Guard Program. These letters shall be mailed with
8 the annual renewal notifications prior to July 1 each year. New applicants will receive
9 their notification of the program at the time of licensing. The Board of Embalmers and
10 Funeral Directors shall establish a section on the Board's Web site pertaining to the
11 Military Burial Honor Guard Program. The Department of Military Affairs and the
12 Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors,
13 Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the
14 implementation of the Military Burial Honor Guard Program. The report shall include
15 recommendations on organizational related matters, training and continuing education
16 needs, equipment requirements for organizations performing or coordinating the honors
17 ceremonies, and the expenditure of funds.

18 **(4) Debt Service:** Included in the above General Fund appropriation is $84,000 in
19 fiscal year 2006-2007 and $168,000 in fiscal year 2007-2008 for debt service to support
20 new bonds for the Western Kentucky Veterans' Center as set forth in Part II, Capital
21 Projects Budget, of this Act.

22 **6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY**

		2006-07	**2007-08**
24	General Fund (Tobacco)	17,469,800	20,065,100
25	General Fund	3,000,000	-0-
26	Restricted Funds	545,800	570,000
27	TOTAL	21,015,600	20,635,100

1 **(1) Kentucky Agricultural Finance Corporation:** Notwithstanding KRS
2 247.978(2), the total amount of principal which a qualified applicant may owe the
3 Kentucky Agricultural Finance Corporation at any one time shall not exceed $5,000,000.
4 **(2) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2),
5 and from the allocation provided therein, counties that are allocated in excess of $20,000
6 annually may provide up to four percent of the individual county allocation, not to exceed
7 $15,000 annually, to the county council in that county for administrative costs.
8 **(3) Partial Phase II Litigation Proceeds:** Notwithstanding KRS 45.229, General
9 Fund dollars of $27,000,000 representing Partial Phase II Litigation proceeds that were
10 appropriated in fiscal year 2005-2006 pursuant to 2005 House Bill 267 (2005 Ky. Acts
11 ch. 173, Part X, Phase I Tobacco Settlement, B.3.a.(4)), shall not lapse in fiscal years
12 2005-2006, 2006-2007, and 2007-2008. To the extent possible, all General Fund dollars
13 shall be expended from the account prior to the expenditure of Tobacco Fund dollars.
14 **(4) Restoration of Funds:** Notwithstanding KRS 45.229, General Fund dollars of
15 $3,000,000 representing the restoration of funds, shall not lapse in fiscal year 2006-2007
16 and fiscal year 2007-2008. Included in the above General Fund appropriation in fiscal
17 year 2006-2007 is an additional $3,000,000 for the restoration of funds resulting from the
18 Master Settlement Agreement appropriation adjustment resulting from the reduced
19 Consensus Forecasting Group estimates in fiscal year 2005-2006.
20 **7. KENTUCKY INFRASTRUCTURE AUTHORITY**

	2006-07	2007-08
General Fund	2,343,500	25,744,100
Restricted Funds	1,483,300	1,752,600
Federal Funds	50,172,600	50,172,600
TOTAL	53,999,400	77,669,300

26 **(1) Federally Assisted Wastewater Revolving Loan Fund Program:** Included
27 in the above General Fund appropriation is $188,000 in fiscal year 2007-2008 for debt

1 service to support $4,000,000 in bonds to match $20,000,000 in Federal Funds for the
2 Federally Assisted Wastewater Revolving Loan Fund Program (Fund A).

3 **(2) Safe Drinking Water State Revolving Loan Fund Program:** Included in
4 the above General Fund appropriation is $188,000 in fiscal year 2007-2008 for debt
5 service to support $4,000,000 in bonds to match $22,000,000 in Federal Funds for the
6 Safe Drinking Water State Revolving Loan Fund Program (Fund F). The Federal Funds
7 for this program are appropriated in the operating budget to comply with the Federal Cash
8 Management Act. The required state matching funds are appropriated as Bond Funds in
9 Part II, Capital Projects Budget, of this Act.

10 **(3) Administrative Fee on Infrastructure for Economic Development Fund**
11 **Projects:** A one-half of one percent administrative fee is authorized to be paid to the
12 Kentucky Infrastructure Authority for the administration of each project funded by the
13 Infrastructure for Economic Development Fund for Coal-Producing Counties and the
14 Infrastructure for Economic Development Fund for Tobacco Counties. These
15 administrative fees shall be paid, upon inception of the project, out of the fund from
16 which the project was allocated.

17 **(4) Local Government Economic Development Funds:** Included in the above
18 General Fund appropriation is $370,000 in fiscal year 2006-2007 and $311,700 in fiscal
19 year 2007-2008 from the Local Government Economic Development Fund to support
20 services provided to coal-producing counties.

21 **(5) Infrastructure for Economic Development Fund for Non-Coal Producing**
22 **Counties:** Included in the above General Fund appropriation is $13,968,000 in fiscal year
23 2007-2008 for debt service to support $150,000,000 Bond Funds for the Infrastructure for
24 Economic Development Fund for Non-Coal Producing Counties as set forth in Part II,
25 Capital Projects Budget, of this Act.

26 **(6) Infrastructure for Economic Development Fund for Coal-Producing**
27 **Counties:** Included in the above General Fund appropriation is $9,312,000 in fiscal year

1 2007-2008 for debt service to support $100,000,000 Bond Funds for the Infrastructure for
2 Economic Development Fund for Coal-Producing Counties as set forth in Part II, Capital
3 Projects Budget, of this Act.

4 **8. MILITARY AFFAIRS**

	2006-07	2007-08
General Fund	12,588,700	12,799,700
Restricted Funds	24,271,500	24,271,500
Federal Funds	62,302,800	62,660,700
TOTAL	99,163,000	99,731,900

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

16 **(2) Disaster or Emergency Aid Funds:** There is appropriated from the General
17 Fund the necessary funds, subject to the conditions and procedures in this Act, which are
18 required to match federal aid to which the state would be eligible in the event of a
19 presidentially declared disaster or emergency. These necessary funds shall be made
20 available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve
21 Trust Fund Account (KRS 48.705).

22 **(3) Base Realignment and Closure:** Included in the above General Fund
23 appropriation is $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008
24 for the Kentucky Commission on Military Affairs to support Kentucky's efforts regarding
25 the Base Realignment and Closure process. The Department of Military Affairs shall
26 continue to provide administrative support for this activity.

27 **(4) Patton Museum:** Included in the above General Fund appropriation is an

1 additional $500,000 in fiscal year 2006-2007~~[and $500,000 in fiscal year 2007-2008]~~
2 *(Veto #3)* for the Kentucky Commission on Military Affairs to provide funds for a grant
3 to support the operations of the Patton Museum. The Department of Military Affairs shall
4 provide administrative support for this activity.

5 **(5) Military Burial Honor Guard Program:** Included in the above General
6 Fund appropriation is an additional $200,000 in each fiscal year to support the Military
7 Burial Honor Guard Program/Military Burial Honor Guard Trust Fund for providing the
8 proper support and decorum for military funeral honors pursuant to KRS 36.390 to
9 36.396. These funds shall not lapse nor be utilized for other than the intended purposes.

10 Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with
11 the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors
12 on the implementation of the Military Burial Honor Guard Program. The Board of
13 Embalmers and Funeral Directors shall mail program notification letters to all licensed
14 embalmers and funeral directors with information related to program description and
15 contacts for the Military Burial Honor Guard Program. These letters shall be mailed with
16 the annual renewal notifications prior to July 1 each year. New applicants will receive
17 their notification of the program at the time of licensing. The Board of Embalmers and
18 Funeral Directors shall establish a section on the Board's web site pertaining to the
19 Military Burial Honor Guard Program. The Department of Military Affairs and the
20 Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors,
21 Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the
22 implementation of the Military Burial Honor Guard Program. The report shall include
23 recommendations on organizational related matters, training and continuing education
24 needs, equipment requirements for organizations performing or coordinating the honors
25 ceremonies, and the expenditure of funds.

26 **(6) Debt Service:** Included in the above General Fund appropriation is $211,000
27 in fiscal year 2006-2007 and $422,000 in fiscal year 2007-2008 for debt service to

1 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

2 **(7) Military Family Assistance Trust Fund:** Included in the above General
3 Fund appropriation is an additional $500,000 each fiscal year to provide funding to
4 support the Military Family Assistance Trust Fund as codified in Part XXVIII of this Act.
5 Of the total General Fund appropriation, $400,000 each fiscal year shall be used as
6 proceeds for the Fund and $100,000 shall be used for operations.

7 **(8) Morehead/Rowan County Airport:** The Kentucky National Guard may
8 accept any available federal dollars for construction of a road to the Morehead/Rowan
9 County Airport. The Kentucky National Guard shall work with the Transportation
10 Cabinet to complete this project.

11 **9. COMMISSION ON HUMAN RIGHTS**

	2005-06	2006-07	2007-08
12			
13 General Fund	-0-	1,840,900	1,859,100
14 Restricted Funds	-0-	1,700	1,600
15 Federal Funds	126,100	293,400	305,700
16 TOTAL	126,100	2,136,000	2,166,400

17 **10. COMMISSION ON WOMEN**

	2006-07	2007-08
18		
19 General Fund	266,200	266,200
20 Restricted Funds	25,600	24,400
21 TOTAL	291,800	290,600

22 **11. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT**

	2006-07	2007-08
23		
24 General Fund	13,498,500	20,887,400
25 Restricted Funds	2,585,600	2,085,600
26 Federal Funds	55,564,200	55,564,200
27 TOTAL	71,648,300	78,537,200

1 **(1) Flood Control Matching Fund Project Review:** The Governor's Office for
2 Local Development shall transmit a copy of the application for a flood-related project to
3 be funded from the flood control matching fund to the Environmental and Public
4 Protection Cabinet with a request for a review of the project pursuant to KRS Chapter
5 151.

6 **(2) Owenton/Owen County Natural Gas Line Project:** Included in the above
7 General Fund appropriation is $234,000 in fiscal year 2007-2008 to provide new debt
8 service for the Owenton/Owen County Natural Gas Line Project as set forth in Part II,
9 Capital Projects Budget, of this Act.

10 **(3) Support of the 12 Multicounty Regional Industrial Park Authorities:**
11 Included in the above Restricted Funds appropriation is $300,000 in fiscal year 2006-
12 2007 and $300,000 in fiscal year 2007-2008 in support of the 12 multicounty regional
13 industrial park authorities. Funds shall be distributed equally to the 12 multicounty
14 regional industrial park authorities for marketing and maintenance of the industrial parks
15 and the procurement of property and casualty insurance on the parks.

16 **(4) Buckhorn Children's Home:** Included in the above Restricted Funds
17 appropriation is $500,000 in fiscal year 2006-2007 for a grant to the Buckhorn Children's
18 Home.

19 **(5) Prior Year Funded Community Development Projects:** Notwithstanding
20 any statutory provision or agreement between a state agency and any local government to
21 the contrary, any fund balance remaining in any Community Development Project
22 appropriated in 2000 Ky. Acts ch. 549, Part II, Section R, remain authorized and may be
23 retained by the local entity and expended in a manner consistent with the intent and
24 purpose of the appropriation. The Secretary of the Finance and Administration Cabinet,
25 pursuant to KRS 48.500, shall make any determination necessary to effect this provision.

26 **(6) Debt Service - Warren County Fiscal Court - Transpark - Rail Spur:**
27 Included in the above General Fund appropriation is $422,000 in fiscal year 2007-2008

1 for debt service to support $4,500,000 Bond Funds for the Warren County Fiscal Court
2 Transpark, for Rail Spur and Infrastructure Improvements, as set forth in Part II, Capital
3 Projects Budget, of this Act.

4 **(7) Jessamine County Fiscal Court - Building Restoration in Nicholasville:**
5 Included in the above General Fund appropriation is $300,000 in fiscal year 2006-2007
6 for a grant to Jessamine County Fiscal Court for building restoration in Nicholasville.

7 **(8) Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia:**
8 Included in the above General Fund appropriation is $100,000 in fiscal year 2006-2007
9 for a grant to Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia.

10 **(9) Scott County Fiscal Court - Buffalo Park Improvement and**
11 **Infrastructure:** Included in the above General Fund appropriation is $150,000 in fiscal
12 year 2006-2007 for a grant to Scott County Fiscal Court for the Buffalo Park
13 Improvement and Infrastructure.

14 **(10) City of Covington - Timestar Commons - Planning:** Included in the above
15 General Fund appropriation is $250,000 in fiscal year 2006-2007 for a grant to the City of
16 Covington for Timestar Commons planning.

17 **(11) City of Ludlow - Municipal Meeting Center:** Included in the above General
18 Fund appropriation is $225,000 in fiscal year 2006-2007 for a grant to the City of Ludlow
19 for Phases I through III of the upgrade and renovation of the Municipal Meeting Center.

20 **(12) Richmond Arts Council:** Included in the above General Fund appropriation
21 is $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 for a grant to
22 the Richmond Arts Council.

23 **(13) Debt Service - Community Development Fund Projects:** Included in the
24 above General Fund appropriation is $7,045,000 in fiscal year 2007-2008 for debt service
25 to support $75,658,000 in Bond Funds for the Community Development Fund Projects,
26 as set forth in Part II, Capital Projects Budget, of this Act.

27 ~~[(14) **Debt Service - Louisville Zoo - Glacier Run**: Included in the above General~~

1 ~~Fund appropriation is $561,000 in fiscal year 2007-2008 for debt service on $6,000,000~~
2 ~~Bond Funds for the Louisville Zoo - Glacier Run project as set forth in Part II, Capital~~
3 ~~Projects Budget, of this Act.~~] *(Veto #4)*

4 **12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	2006-07	2007-08
General Fund	52,535,600	51,443,100

13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2006-07	2007-08
General Fund	51,716,800	50,453,700

10 **(1) Coal Severance Tax Collections Calculations and Transfers:** The above
11 appropriations from the General Fund are based on the official estimate presented by the
12 Office of State Budget Director for coal severance tax collections during the biennium,
13 distributed in accordance with KRS 42.450 to 42.495.

14 **(2) Trover Clinic Grant:** Notwithstanding KRS 42.4582 and 42.4585, the
15 quarterly calculation and transfer of the funds shall be made only after each quarterly
16 installment of the annual appropriation of $1,000,000 in fiscal year 2006-2007 and
17 $1,000,000 in fiscal year 2007-2008 has been credited to the Trover Clinic Grant within
18 the Governor's Office for Local Development.

19 **(3) Community Development Office:** Notwithstanding KRS 42.4592, the
20 quarterly calculation of the allocation of moneys to coal-producing counties through the
21 Local Government Economic Development Fund shall be made only after each quarterly
22 installment of the annual appropriation of $669,700 in fiscal year 2006-2007 and
23 $728,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
24 Community Development Office in the Governor's Office for Local Development.

25 **(4) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the
26 quarterly calculation of the allocation of moneys to coal-producing counties through the
27 Local Government Economic Development Fund shall be made only after each quarterly

1 installment of the annual appropriation of $370,000 in fiscal year 2006-2007 and
2 $311,700 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
3 Kentucky Infrastructure Authority.

4 **(5) Tourism Marketing Program:** Notwithstanding KRS 42.4588, $1,000,000
5 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 shall be transferred
6 from the Local Government Economic Development Fund, Multi-County Fund, to the
7 Tourism Marketing Program within the Commerce Cabinet. Fees for professional artists
8 and entertainers performing on the Kentucky Music Trail shall be paid from the Tourism
9 Marketing Program.

10 **(6) Read to Achieve:** Notwithstanding KRS 42.4592, the quarterly calculation of
11 the allocation of moneys to coal-producing counties through the Local Government
12 Economic Development Fund shall be made only after each quarterly installment of the
13 annual appropriation of $4,000,000 in fiscal year 2006-2007 and $4,000,000 in fiscal year
14 2007-2008 is appropriated as General Fund moneys to the Read to Achieve Program
15 within the Department of Education.

16 **(7) Drug Courts:** Notwithstanding KRS 42.4588, $1,300,000 in fiscal year 2006-
17 2007 and $1,800,000 in fiscal year 2007-2008 shall be transferred from the Local
18 Government Economic Development Fund, Multi-County Fund, to the Drug Court
19 Program in the Office of Drug Control Policy, Justice Administration budget unit.

20 **(8) Kentucky Wood Products Competitiveness Corporation:** Notwithstanding
21 KRS 42.4586, no funds shall be transferred to the Secondary Wood Products
22 Development Fund.

23 **(9) Kentucky Workers' Compensation Funding Commission:**
24 Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the
25 Kentucky Workers' Compensation Funding Commission in fiscal year 2006-2007 and
26 fiscal year 2007-2008.

27 **(10) Energy Research and Development Fund:** Notwithstanding KRS 42.4588,

1 $3,500,000 in fiscal year 2006-2007 and $3,500,000 in fiscal year 2007-2008 shall be
2 transferred from the Local Government Economic Development Fund to the Office of
3 Energy Policy within the Commerce Cabinet as General Fund moneys. These funds shall
4 be used for research projects relating to clean coal, new combustion technology, thin-
5 seam coal extraction research, synthetic natural gas produced from coal through
6 gasification processes, and the development of alternative transportation fuels produced
7 by processes that convert coal or biomass resources or extract oil from oil shale and shall
8 be targeted solely to Kentucky's Local Government Economic Development Fund-eligible
9 counties. The Office of Energy Policy shall coordinate its efforts with those of Kentucky's
10 universities and related Kentucky Community and Technical College System programs in
11 order to maximize Kentucky's opportunities for federal funding and receive research
12 grants and awards from federal and other sources of funding for the development of clean
13 coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and
14 biomass energy resources.

15 **(11) School Facilities Construction Commission:** Notwithstanding KRS
16 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties
17 through the Local Government Economic Development Fund in fiscal year 2006-2007
18 shall be made only after funds totaling $4,617,900, and in fiscal year 2007-2008 shall be
19 made only after funds totaling $4,617,900, is appropriated as General Fund moneys to the
20 School Facilities Construction Commission to provide debt service to support previously
21 authorized bonds.

22 **(12) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the
23 quarterly calculation of the allocation of moneys to coal-producing counties through the
24 Local Government Economic Development Fund shall be made only after each quarterly
25 installment of the annual appropriation of $4,091,900 in fiscal year 2006-2007 and
26 $4,091,900 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
27 Finance and Administration Cabinet, Debt Service budget unit to provide General Fund

1 debt service to support previously authorized bonds for the Water and Sewer Resources
2 Development Fund for Coal Producing Counties.

3 **(13) KIA Infrastructure for Economic Development Fund for Coal-Producing**
4 **Counties:** Notwithstanding KRS 42.4588, funds totaling $7,450,000 in fiscal year 2006-
5 2007 and $7,450,000 in fiscal year 2007-2008 shall be transferred from the Local
6 Government Economic Development Fund, Multi-County Fund, to the General Fund to
7 be used by the Finance and Administration Cabinet Debt Service budget unit to support
8 previously authorized bonds for the Infrastructure for Economic Development Fund for
9 Coal-Producing Counties, Bond Pool.

10 **(14) Debt Service:** All necessary debt service amounts shall be appropriated from
11 the General Fund and shall be fully paid regardless of whether there are sufficient moneys
12 available to be transferred from coal severance tax-supported funding program accounts
13 to other accounts of the General Fund.

14 **(15) Flood Matching/State Owned Dam Repair Pool:** Notwithstanding KRS
15 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties
16 through the Local Government Economic Development Fund shall be made only after
17 each quarterly installment of the annual appropriation of $800,000 in fiscal year 2006-
18 2007 and $800,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to
19 the Governor's Office for Local Development.

20 Notwithstanding KRS 42.4588, $700,000 in fiscal year 2006-2007 and $700,000 in
21 fiscal year 2007-2008 shall be transferred from the Local Government Economic
22 Development Fund, Multi-County Fund, to the Flood Matching/State Owned Dam Repair
23 Pool within the Governor's Office for Local Development.

24 **(16) Osteopathic Medicine Scholarship Program:** The transfer of moneys from
25 the General Fund to the Local Government Economic Development Fund shall be made
26 after the transfer to the Osteopathic Medicine Scholarship Program has been made
27 pursuant to KRS 164.7891(11) and (12) in the amount of $1,024,300 in fiscal year 2006-

1 2007 and $1,024,300 in fiscal year 2007-2008, within the Kentucky Higher Education
2 Assistance Authority.

3 **(17) Operation Unite:** Notwithstanding KRS 42.4588, funds totaling $1,250,000
4 in fiscal year 2006-2007 and $1,250,000 in fiscal year 2007-2008 shall be transferred
5 from the Local Government Economic Development Fund, Multi-County Fund, to the
6 Office of Drug Control Policy for Operation Unite in relation to the Federal Task Force
7 on Drug Abuse.

8 **(18) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592,
9 the quarterly calculation of the allocation of moneys to coal-producing counties through
10 the Local Government Economic Development Fund shall be made only after each
11 quarterly installment of the annual appropriation of $200,000 in fiscal year 2006-2007
12 and $200,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
13 University of Kentucky for the Mining Engineering Scholarship Program.

14 **(19) 404 Permitting Program:** Notwithstanding KRS 42.4588, $300,000 in fiscal
15 year 2006-2007 and $300,000 in fiscal year 2007-2008 shall be transferred from the Local
16 Government Economic Development Fund, Multi-County Fund, to the U.S. Clean Water
17 Act section for 404 Permitting Program in the Environmental and Public Protection
18 Cabinet, Division of Water. These funds will only be made available after the
19 Commonwealth assumes primacy over the 404 Permitting Program.

20 **(20) School Technology:** Notwithstanding 42.4588, $5,000,000 in fiscal year
21 2006-2007 and $5,000,000 in fiscal year 2007-2008 shall be transferred from the Local
22 Government Economic Development Fund, Multi-County Fund, to the Office of
23 Operations and Support Services within the Department of Education for school
24 technology purposes.

25 **(21) Parameters for County Flexibility:** Notwithstanding KRS 42.4588(2), Local
26 Government Economic Development Fund allocations may be used to support the
27 nonrecurring investments in public health and safety, economic development, public

1 infrastructure, information technology development and access, and public water and
2 wastewater development, with the concurrence of both the respective fiscal court and the
3 Governor's Office for Local Development or the Kentucky Infrastructure Authority, as
4 appropriate.

5 **(22) Support of the 12 Multicounty Regional Industrial Park Authorities:**
6 Notwithstanding KRS 42.4588, funds totaling $300,000 in fiscal year 2006-2007 and
7 $300,000 in fiscal year 2007-2008 shall be transferred from the Local Government
8 Economic Development Fund, Multi-County Fund, to the Governor's Office for Local
9 Development to be distributed equally to the 12 multicounty regional industrial park
10 authorities located in coal counties to be used for marketing and maintenance of the
11 industrial parks and for procurement of property and casualty insurance on the parks.[
12 ~~The Cabinet for Economic Development is directed to evaluate the ongoing marketing,~~
13 ~~maintenance, and insurance needs of multicounty regional industrial parks and make~~
14 ~~necessary expenditures from the Multi-County Fund to ensure viability of these~~
15 ~~parks.~~]*(Veto #5)*

16 **(23) Coal Severance Tax Receipts:** The appropriations of severance tax receipts
17 made in this Act shall not lapse but shall be carried forward at the end of each fiscal year.

18 **(24) Buckhorn Children's Home:** Notwithstanding KRS 42.4588, funds totaling
19 $500,000 in fiscal year 2006-2007 shall be transferred from the Local Government
20 Economic Development Fund, Multi-County Fund, to the Governor's Office for Local
21 Development to be distributed as a grant to the Buckhorn Children's Home.

22 **(25) Infrastructure for Economic Development Fund for Coal Producing**
23 **Counties:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of
24 moneys to coal-producing counties through the Local Government Economic
25 Development Fund shall be made only after each quarterly installment of the annual
26 appropriation of $1,164,000 in fiscal year 2007-2008 is appropriated as General Fund
27 moneys to the Kentucky Infrastructure Authority for debt service on $100,000,000 Bond

1 Funds for the Infrastructure for Economic Development Fund for Coal-Producing
2 Counties.
3 Notwithstanding KRS 42.4588, funds totaling $8,148,000 in fiscal year 2007-2008
4 shall be transferred from the Local Government Economic Development Fund, Multi-
5 County Fund, to the Kentucky Infrastructure Authority for debt service on $100,000,000
6 Bond Funds for the Infrastructure for Economic Development Fund for Coal-Producing
7 Counties.
8 **(26) Industrial Park Priority:** Notwithstanding KRS 42.4588(2), any county that
9 is providing at least $1,000,000 from their Local Government Economic Development
10 Fund, Single County Account for an industrial park project, shall be given higher priority
11 when applying for Local Government Economic Development Fund, Multi-County Fund
12 dollars for the same project.
13 **(27) Pharmacy Scholarship Fund:** Notwithstanding KRS 42.4582 and 42.4585,
14 the quarterly calculation and transfer of the funds in fiscal year 2007-2008 shall be made
15 only after each quarterly installment of the annual appropriation of $1,000,000 has been
16 credited to the Pharmacy Scholarship Fund within the Kentucky Higher Education
17 Assistance Authority.
18 **(28) Kentucky Geological Survey:** Notwithstanding KRS 42.4588, funds totaling
19 $250,000 in fiscal year 2007-2008 shall be transferred from the Local Government
20 Economic Development Fund, Multi-County Fund, to the University of Kentucky for the
21 Kentucky Geological Survey.

	2006-07	2007-08
22		
23 **14. AREA DEVELOPMENT FUND**		
24 General Fund	809,700	809,700

25 **(1) Appropriation Limit:** Notwithstanding KRS 48.185, funds appropriated
26 from the General Fund for the Area Development Fund shall be limited to these amounts.
27 **15. EXECUTIVE BRANCH ETHICS COMMISSION**

	2005-06	2006-07	2007-08
General Fund	62,400	435,000	444,000
Restricted Funds	-0-	1,500	1,500
TOTAL	62,400	436,500	445,500

16. SECRETARY OF STATE

	2006-07	2007-08
General Fund	2,299,300	2,298,100
Restricted Funds	849,200	900,000
TOTAL	3,148,500	3,198,100

(1) Carry Forward of Restricted Funds Appropriation Balance: Notwithstanding KRS 14.140(3), the above Restricted Funds appropriations shall not lapse and shall be used for the continuation of current activities within the General Administration unit and for the operations and staff of the Uniform Commercial Code Branch.

17. BOARD OF ELECTIONS

	2006-07	2007-08
General Fund	4,878,500	4,861,900
Restricted Funds	77,600	93,900
Federal Funds	10,000,000	5,628,500
TOTAL	14,956,100	10,584,300

(1) Help America Vote Act of 2002: Amounts above those appropriated that are necessary to match Federal Funds from the Help America Vote Act 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 (KRS 48.705). Notwithstanding KRS 45.229, any unexpended balance from the General Fund appropriation necessary to match Federal Funds shall not lapse and shall carry forward to fiscal year 2006-2007 and fiscal year 2007-2008.

1 **(2) Cost of Elections:** Included in the above General Fund appropriation is
2 $3,280,900 in fiscal year 2006-2007 and $3,291,100 in fiscal year 2007-2008 to pay the
3 state's share of county election expenses (KRS 117.345) and the state's share of voter
4 registration expenses (KRS 116.112(7), 116.145, and 117.343). Notwithstanding KRS
5 117.345(2), the maximum state payment rate is increased from the current statutory level
6 of $255 to $300 per precinct per election to each precinct using voting machines. Any
7 amount that the state is required to pay for precinct election expenses under the
8 provisions of KRS 116.112(7), 116.145, 117.343, and 117.345 shall be deemed necessary
9 government expenses and shall be paid from the General Fund Surplus Account (KRS
10 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

11 **18. REGISTRY OF ELECTION FINANCE**

	2006-07	2007-08
12		
13 General Fund	1,547,100	1,571,700

14 **19. ATTORNEY GENERAL**

	2006-07	2007-08
15		
16 General Fund	14,276,500	14,113,100
17 Restricted Funds	9,167,300	9,109,100
18 Federal Funds	2,437,000	2,531,500
19 TOTAL	25,880,800	25,753,700

20 **(1) Expert Witnesses:** In addition to such funds as may be appropriated, the
21 Office of the Attorney General may request from the Finance and Administration Cabinet,
22 as a necessary government expense, such funds as may be necessary for expert witnesses.
23 Upon justification of the request, the Finance and Administration Cabinet shall provide
24 up to $275,000 for the 2006-2008 fiscal biennium for this purpose to the Office of the
25 Attorney General. The Office of Insurance shall provide the Office of the Attorney
26 General any available information to assist in the preparation of a rate hearing pursuant to
27 KRS 304.17A-095.

1 **(2) Annual and Sick Leave Service Credit:** Notwithstanding any statutory or
2 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial
3 System who has been appointed to a permanent full-time position under KRS Chapter
4 18A shall be credited annual and sick leave based on service credited under the Kentucky
5 Retirement Systems solely for the purpose of computation of sick and annual leave. This
6 provision shall only apply to any new appointment or current employee as of July 1,
7 1998.

8 **(3) Legal Services Contracts:** The Office of the Attorney General may present
9 proposals to state agencies specifying legal work that is presently accomplished through
10 Personal Service Contracts that indicate the Office of the Attorney General's capacity to
11 perform the work at a lesser cost. State agencies may agree to make arrangements with
12 the Office of the Attorney General to perform the legal work and compensate the Office
13 of the Attorney General for the legal services. Notwithstanding KRS Chapter 45A, the
14 Office of the Attorney General may contract with outside law firms on a contingency
15 basis.

16 **(4) Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.162,
17 the Transportation Cabinet shall review the costs related to the distribution of child
18 victims' license plates. Any revenue received from the sale or renewal of those plates in
19 excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual
20 basis.

21 **20. UNIFIED PROSECUTORIAL SYSTEM**

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

25 **a. Commonwealth's Attorneys**

	2006-07	2007-08
General Fund	31,752,200	32,558,100

Restricted Funds	234,000	249,900
Federal Funds	179,700	186,500
TOTAL	32,165,900	32,994,500

b. County Attorneys

	2006-07	**2007-08**
General Fund	26,875,000	27,752,300
Restricted Funds	23,000	23,500
Federal Funds	472,700	502,000
TOTAL	27,370,700	28,277,800

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2006-07	**2007-08**
General Fund	58,627,200	60,310,400
Restricted Funds	257,000	273,400
Federal Funds	652,400	688,500
TOTAL	59,536,600	61,272,300

21. TREASURY

	2006-07	**2007-08**
General Fund	2,171,300	2,210,400
Restricted Funds	744,500	753,100
Road Fund	250,000	250,000
TOTAL	3,165,800	3,213,500

(1) Unclaimed Property Fund: Included in the above Restricted Funds appropriation is a recurring transfer from the Unclaimed Property Fund. In each respective fiscal year of the 2006-2008 fiscal biennium, $744,500 and $753,100 is appropriated to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

22. AGRICULTURE

	2006-07	2007-08
General Fund	19,803,100	21,529,700
Restricted Funds	4,937,200	4,548,900
Federal Funds	3,947,400	3,889,200
TOTAL	28,687,700	29,967,800

(1) Breathitt Veterinary Center and Diagnostic Laboratories: Included in the above General Fund appropriation is $478,500 in fiscal year 2006-2007 and $478,500 in fiscal year 2007-2008 for the Breathitt Veterinary Center at Murray State University and $478,500 in fiscal year 2006-2007 and $478,500 in fiscal year 2007-2008 for the University of Kentucky for the diagnostic laboratories.

(2) Enforcement of Tobacco Product Sale Restrictions: Included in the above General Fund appropriation is $260,000 in fiscal year 2006-2007 and $260,000 in fiscal year 2007-2008 to carry out the provisions of KRS 438.335.

(3) Purchase of Agricultural Conservation Easement (PACE) Program: The PACE board may contract directly with land surveyors, real estate appraisers, and other licensed professionals as necessary. The Department of Agriculture may receive funds from local and private sources to match Federal Funds for the Purchase of Agricultural Conservation Easement (PACE) Program.

(4) Metrology Lab Operating Fees: The Department of Agriculture may promulgate administrative regulations establishing license fees, testing fees, and any other fees necessary to operate and maintain a metrology lab in the Department of Agriculture. These Restricted Funds receipts shall be utilized for personnel and operations of the metrology lab.

(5) County Fair Grants: Included in the above General Fund appropriation is $495,000 in fiscal year 2006-2007 and $495,000 in fiscal year 2007-2008 to support the capital improvement grants to the Local Agricultural Fair Program.

~~[(6) **Debt Service:** Included in the above General Fund appropriation is $462,000~~

1 ~~in fiscal year 2007-2008 for debt service to support new bonds for Animal Shelters as set~~
2 ~~forth in Part II, Capital Projects Budget, of this Act.]~~ *(Veto #4)*

3 **23. AUDITOR OF PUBLIC ACCOUNTS**

	2006-07	2007-08
General Fund	5,829,900	5,828,300
Restricted Funds	3,297,500	3,297,500
TOTAL	9,127,400	9,125,800

8 **(1) Auditor's Scholarships:** Notwithstanding KRS 43.200, no funding is
9 provided for Auditor's scholarships.

10 **(2) Audit Services Contracts:** No state agency shall enter into any contract with
11 a nongovernmental entity for an audit unless the Auditor of Public Accounts has declined
12 in writing to perform the audit or has failed to respond within 30 days of receipt of a
13 written request. The agency requesting the audit shall furnish the Auditor of Public
14 Accounts a comprehensive statement of the scope and nature of the proposed audit.

15 **(3) Audit Records and Status Reports:** The Auditor of Public Accounts shall
16 report in writing each 60 days to the Interim Joint Committee on Appropriations and
17 Revenue the progress of all state audits, together with copies of all completed audits. The
18 Auditor of Public Accounts shall maintain a record of all time and expenses for each
19 audit or investigation.

20 **(4) Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public
21 Accounts determines that internal budgetary pressures warrant further austerity measures,
22 the State Auditor may institute a policy to suspend payment of 50 hour blocks of
23 compensatory time for those auditors who have accumulated 240 hours of compensatory
24 time and instead to convert those hours to sick leave.

25 **(5) Auditor Salary Equity:** Included in the above General Fund appropriation
26 are funds to provide an increase to each merit classified auditor within the Auditor of
27 Public Accounts office to be added to the eligible employee's base salary effective July 1,

1 2006. The Secretary of the Personnel Cabinet shall take such action to develop a revised
2 classification and salary compensation schedule to implement this provision in
3 consultation with the Auditor of Public Accounts to be effective by July 1, 2006. This
4 salary increase shall be in addition to any salary increase provided to state employees
5 included in this Act.

6 **24. PERSONNEL BOARD**

	2005-06	2006-07	2007-08
General Fund	38,600	-0-	-0-
Restricted Funds	-0-	754,500	767,100
TOTAL	38,600	754,500	767,100

11 **(1) Personnel Board Operating Assessment:** Each agency of the Executive
12 Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year
13 the amount required for the operation of the Personnel Board, as appropriated above. The
14 agency assessment shall be determined by the Secretary of the Finance and
15 Administration Cabinet based on the authorized full-time positions of each agency on
16 July 1 each year of the biennium. The Secretary of the Finance and Administration
17 Cabinet shall collect the assessment and allot these Restricted Funds for the routine
18 operations of the Personnel Board. Notwithstanding KRS 45.229, any Restricted Funds
19 generated by this assessment not spent in fiscal year 2006-2007 shall not lapse but shall
20 be carried forward to the next fiscal year and utilized for the routine operations of the
21 Personnel Board.

22 **(2) Special Assessment:** As a result of increased workload or for other reasons in
23 the best interest of the State Merit System, the Chairman of the Personnel Board may
24 request a special assessment to adequately provide for the financial needs and operation
25 of the Personnel Board. Any special assessment for Personnel Board operations shall
26 receive the prior approval of the State Budget Director and the Secretary of the Finance
27 and Administration Cabinet. Should any special assessment be approved, it shall be

1 uniformly implemented in accordance with the same procedures as the regular Personnel
2 Board Operating Assessment.

3 **25. KENTUCKY RETIREMENT SYSTEMS**

	2005-06	2006-07	2007-08
4			
5 Restricted Funds	1,235,000	22,580,700	24,253,100

6 **(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement**
7 **System:** From July 1, 2006, through December 31, 2007, in addition to the benefits
8 conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance
9 shall also be eligible for the dependent subsidy as provided under the terms established by
10 the State Group Health Insurance Program. The dependent subsidy conferred to recipients
11 of a nonhazaradous monthly retirement allowance shall not be considered as a benefit
12 protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

13 **(2) Dependent Subsidy for Retirees - County Employees Retirement System:**
14 From July 1, 2006, through December 31, 2007, in addition to the benefits conferred
15 under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also
16 be eligible for the dependent subsidy as provided under the terms established by the State
17 Group Health Insurance Program. The dependent subsidy conferred to recipients of a
18 nonhazaradous monthly retirement allowance shall not be considered as a benefit
19 protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

20 **26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

21 **a. Accountancy**

	2006-07	2007-08
22		
23 Restricted Funds	617,600	619,200

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

	2006-07	2007-08
25		
26 Restricted Funds	67,200	67,200

27 **c. Architects**

		2006-07	2007-08
	Restricted Funds	356,600	362,800

d. Certification for Professional Art Therapists

	2006-07	2007-08
Restricted Funds	11,400	11,400

e. Auctioneers

	2006-07	2007-08
Restricted Funds	405,500	412,700

f. Barbering

	2006-07	2007-08
Restricted Funds	247,400	249,400

g. Chiropractic Examiners

	2006-07	2007-08
Restricted Funds	203,900	211,100

h. Dentistry

	2006-07	2007-08
Restricted Funds	639,800	641,800

i. Licensure and Certification for Dietitians and Nutritionists

	2006-07	2007-08
Restricted Funds	77,500	77,500

j. Embalmers and Funeral Directors

	2006-07	2007-08
Restricted Funds	259,400	262,800

(1) Military Burial Honor Guard Program: Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors on the implementation of the Military Burial Honor Guard Program. The Board of Embalmers and Funeral Directors shall mail

1 program notification letters to all licensed embalmers and funeral directors with
2 information related to program description and contacts for the Military Burial Honor
3 Guard Program. These letters shall be mailed with the annual renewal notifications prior
4 to July 1 each year. New applicants will receive their notification of the program at the
5 time of licensing. The Board of Embalmers and Funeral Directors shall establish a section
6 on the Board's Web site pertaining to the Military Burial Honor Guard Program. The
7 Department of Military Affairs and the Department of Veterans' Affairs shall report to the
8 Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection
9 prior to January 1, 2007, on the implementation of the Military Burial Honor Guard
10 Program. The report shall include recommendations on organizational related matters,
11 training and continuing education needs, equipment requirements for organizations
12 performing or coordinating the honors ceremonies, and the expenditure of funds.

13 **k. Licensure for Professional Engineers and Land Surveyors**

	2006-07	2007-08
Restricted Funds	1,398,400	1,411,400

16 **l. Certification of Fee-Based Pastoral Counselors**

	2006-07	2007-08
Restricted Funds	3,500	3,500

19 **m. Registration for Professional Geologists**

	2006-07	2007-08
Restricted Funds	135,000	135,000

22 **n. Hairdressers and Cosmetologists**

	2006-07	2007-08
Restricted Funds	1,043,000	1,074,100

25 **o. Specialists in Hearing Instruments**

	2006-07	2007-08
Restricted Funds	55,200	55,200

1 **p. Interpreters for the Deaf and Hard of Hearing**

	2006-07	2007-08
Restricted Funds	31,000	31,000

q. Examiners and Registration of Landscape Architects

	2006-07	2007-08
Restricted Funds	53,000	53,200

r. Licensure of Marriage and Family Therapists

	2006-07	2007-08
Restricted Funds	83,200	83,200

s. Licensure for Massage Therapy

	2006-07	2007-08
Restricted Funds	62,800	62,800

t. Medical Licensure

	2006-07	2007-08
Restricted Funds	2,408,200	2,427,400

u. Nursing

	2006-07	2007-08
Restricted Funds	4,656,900	4,760,600

v. Licensure for Nursing Home Administrators

	2006-07	2007-08
Restricted Funds	76,200	76,200

w. Licensure for Occupational Therapy

	2006-07	2007-08
Restricted Funds	86,000	86,000

x. Ophthalmic Dispensers

	2006-07	2007-08
Restricted Funds	62,900	62,900

1	**y. Optometric Examiners**		
2		**2006-07**	**2007-08**
3	Restricted Funds	167,200	166,400
4	**z. Pharmacy**		
5		**2006-07**	**2007-08**
6	Restricted Funds	1,037,200	1,045,000
7	**aa. Physical Therapy**		
8		**2006-07**	**2007-08**
9	Restricted Funds	264,700	264,700
10	**ab. Podiatry**		
11		**2006-07**	**2007-08**
12	Restricted Funds	21,700	21,700
13	**ac. Private Investigators**		
14		**2006-07**	**2007-08**
15	Restricted Funds	64,200	64,200
16	**ad. Licensed Professional Counselors**		
17		**2006-07**	**2007-08**
18	Restricted Funds	56,200	56,200
19	**ae. Proprietary Education**		
20		**2006-07**	**2007-08**
21	Restricted Funds	164,300	164,300
22	**af. Examiners of Psychology**		
23		**2006-07**	**2007-08**
24	Restricted Funds	176,100	176,100
25	**ag. Real Estate Appraisers**		
26		**2006-07**	**2007-08**
27	Restricted Funds	602,700	604,200

1 **ah. Real Estate Commission**

	2006-07	2007-08
Restricted Funds	2,744,300	2,666,600

ai. Respiratory Care

	2006-07	2007-08
Restricted Funds	127,100	127,100

aj. Social Work

	2006-07	2007-08
Restricted Funds	145,300	145,300

ak. Speech-Language Pathology and Audiology

	2006-07	2007-08
Restricted Funds	92,000	92,000

al. Veterinary Examiners

	2006-07	2007-08
Restricted Funds	237,800	237,800

TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

	2006-07	2007-08
Restricted Funds	18,942,400	19,070,000

27. EMERGENCY MEDICAL SERVICES

	2005-06	2006-07	2007-08
General Fund	-0-	2,393,700	2,373,800
Restricted Funds	40,000	401,300	422,700
Federal Funds	-0-	155,000	155,000
TOTAL	40,000	2,950,000	2,951,500

28. KENTUCKY RIVER AUTHORITY

	2006-07	2007-08

General Fund	368,200	1,978,800
Restricted Funds	5,436,600	4,414,800
TOTAL	5,804,800	6,393,600

(1) Water Withdrawal Fees: The water withdrawal fees imposed by the Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding that portion of the provision of KRS 151.710(10) that directs the Finance and Administration Cabinet to provide administrative services for the Kentucky River Authority, Tier I water withdrawal fees shall be used to support the operations of the Authority and for contractual services for water supply and quality studies.

(2) Debt Service - Kentucky River Locks and Dams Maintenance and Renovations Pool: Included in the above~~[General Fund appropriation is $1,630,000 in fiscal year 2007-2008 for debt service on $17,500,000 in Bond Funds, and in the]~~ *(Veto #4)* Restricted Funds appropriation $3,092,000 in fiscal year 2007-2008 for debt service on $33,200,000 in Agency Bond Funds for the Kentucky River Locks and Dams Maintenance and Renovations Pool, as set forth in Part II, Capital Projects Budget, of this Act. The Agency Bonds may be issued by the State Property and Buildings Commission or the Kentucky Asset Liability Commission.

29. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2006-07	**2007-08**
General Fund	107,589,000	117,974,500

(1) Debt Service: Included in the above General Fund appropriation is $1,688,000 in fiscal year 2006-2007 and $8,439,000 in fiscal year 2007-2008 for debt service on $150,000,000 in bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Growth Nickel Levy: The Facilities Support Program of Kentucky is fully funded in the 2006-2008 fiscal biennium. Notwithstanding KRS 157.621(3), local school districts may exercise authority expressed in KRS 157.621(1) and (2).

1 **(3) School Facility Revenue:** A local board of education may commit an
2 equivalent tax rate not to exceed five cents in addition to the taxes levied in KRS
3 157.440(1)(b). Receipts from the levy shall be committed to debt service, new facilities,
4 or major renovations of existing school facilities. The tax rate levied by the local board of
5 education under this provision shall be made no later than October 1 of each odd-
6 numbered year and shall not be equalized with state funding. The levy shall be subject to
7 recall.

8 **(4) Urgent Need School Trust Fund:** The Urgent Need School Trust Fund is
9 established in the Finance and Administration Cabinet for the purpose of assisting school
10 districts that have urgent and critical construction needs. The Urgent Need School Trust
11 Fund shall be administered by the School Facilities Construction Commission. The fund
12 may receive state appropriations, contributions, and grants from any source which shall
13 be credited to the trust fund and invested until needed. All interest earned on the fund
14 shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund
15 shall not lapse, but shall carry forward at the end of each fiscal year.

16 The Secretary of the Finance and Administration Cabinet, the Commissioner of
17 Education, and the Executive Director of the School Facilities Construction Commission
18 shall jointly establish an Urgent Need School Trust Fund Advisory Committee to develop
19 guidelines for the distribution of funds and to advise the School Facilities Construction
20 Commission on the distribution of funds from this trust fund. Funds may be distributed to
21 local school districts to address anomalies in the existing school construction funding
22 formulas as direct grants, loans, matching funds, additional offers of assistance to address
23 districts' unmet needs, or as equalization funds in situations where school districts have
24 levied additional taxes for school construction purposes. The guidelines developed for
25 distribution of funds from this trust fund shall be developed and presented to the Interim
26 Joint Committee on Appropriations and Revenue and the Interim Joint Committee on
27 Education no later than September 31, 2006. Area Vocational Centers shall be eligible to

1 participate in the Urgent Need School Trust Fund. Included in the above appropriation is
2 $5,000,000 in fiscal year 2007-2008 for the Urgent Need School Trust Fund that may be
3 distributed after July 1, 2007. In addition, funds authorized in subsections (1) and (6) of
4 this section may be distributed to local school districts based on the guidelines developed
5 by the Urgent Need School Trust Fund Advisory Committee after July 1, 2007.

6 **(5) Offers of Assistance:** Notwithstanding KRS 157.622, a local school district
7 may accumulate credit, subject to the availability of funds, for its unused state allocation
8 for a period not to exceed eight years.

9 **(6) Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.640,
10 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is
11 authorized to make an additional $100,000,000 in offers of assistance during the 2006-
12 2008 biennium in anticipation of debt service availability during the 2008-2010
13 biennium. No bonded indebtedness based on the above amount is to be incurred during
14 the 2006-2008 biennium.

15 ~~[(7) **Debt Service:** Notwithstanding KRS 45.229, moneys appropriated for debt~~
16 ~~service shall not lapse but shall be credited to the Urgent Need School Trust Fund.]~~ *(Veto*
17 *#6)*

18 **(8) Administrative Costs:** The School Facilities Construction Commission may
19 utilize up to $300,000 in each fiscal year of the 2006-2008 biennium for administrative
20 purposes.

21 **(9) School Facilities Evaluation:** The Kentucky Department of Education, in
22 partnership with the School Facilities Construction Commission, shall conduct a
23 comprehensive evaluation of the current facilities planning process, the process for
24 categorizing schools for planning and funding purposes, major plant maintenance
25 planning and implementation, the process used to determine unmet school facility needs,
26 and the degree of equity in the distribution of state capital funds. The department shall
27 involve local superintendents, finance officers, facility managers and other local school

1 personnel, consultants who are knowledgeable in school facilities planning and
2 construction, and others as deemed appropriate.
3 The evaluation shall consider:
4 (a) The feasibility of adding weights for special needs or situations, including but
5 not limited to student growth, inadequate classroom space, student accommodations,
6 health and safety needs, compliance with the Americans with Disabilities Act, school
7 district size, and overall building condition as certified by the Department of Education,
8 in the calculation of unmet needs;
9 (b) The adequacy of long-range planning for plant maintenance, procedures for
10 improving long-range planning, and the appropriate level of monitoring by local and state
11 officials;
12 (c) Measurable, objective criteria for categorizing schools for local planning
13 purposes and for the distribution of state capital funds;
14 (d) A waiver system to accommodate special facility needs;
15 (e) The level of technical assistance and training that is necessary to ensure that
16 local school district personnel are knowledgeable of the facility planning process, capital
17 construction funding mechanisms, and long-range planning and examine the most
18 effective methods for proving technical assistance and training; and
19 (f) A detailed review of all capital funding sources, and a study of local effort, to
20 include an examination of the individual and cumulative effect of multiple funding
21 sources on the equitable distribution of state capital construction funds and the effects of
22 permitting individual school districts to levy additional taxes for construction purposes
23 based on special or unique circumstances in that school district.
24 Notwithstanding KRS 157.622, the School Facilities Construction Commission , in
25 cooperation with the Urgent Need School Trust Fund Advisory Committee, shall
26 incorporate the findings and recommendations of this evaluation in determining the 2006
27 Offers of Assistance to local school districts. The School Facilities Construction

1 Commission is authorized to make the 2006 Offers of Assistance prior to completion of
2 this evaluation if sufficient data and other information is available.

3 A preliminary report shall be made to the Interim Joint Committee on
4 Appropriations and Revenue no later than September 15, 2006, and a final report,
5 including recommendations for regulatory or statutory change, shall be made no later than
6 September 30, 2006.

7 **(10) Use of Local District Capital Outlay Funds:** Notwithstanding KRS
8 157.420(4) and (6), a local district may submit a request to the Commissioner of
9 Education to use capital outlay funds for maintenance expenditures or for the purchase of
10 property insurance in fiscal year 2006-2007 and fiscal year 2007-2008 without forfeiture
11 of the district's participation in the School Facilities Construction Commission Program.

12 **30. TEACHERS' RETIREMENT SYSTEM**

	2006-07	2007-08
General Fund	157,326,100	183,323,100
Restricted Funds	9,409,300	10,361,500
TOTAL	166,735,400	193,684,600

17 **(1) State Retirement Obligations:** Notwithstanding KRS 161.550, General Fund
18 moneys are appropriated to comply with the obligations of the state under the Teachers'
19 Retirement System statutes as provided in KRS 161.220 to 161.716.

20 **(2) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year
21 an amount not greater than four percent of the receipts of the state accumulation fund
22 shall be set aside into the expense fund or expended for the administration of the
23 retirement system. No General Fund moneys are provided in fiscal year 2006-2007 or
24 fiscal year 2007-2008 for the cost of administration.

25 **(3) Amortization of Sick Leave:** Included in the above General Fund
26 appropriation is $4,293,800 in fiscal year 2006-2007 and $9,211,000 in fiscal year 2007-
27 2008 to provide the cost of amortizing the requirements of KRS 161.155 (sick leave) for

1 members retiring during the 2006-2008 fiscal biennium.

2 **(4) Cost-of-Living Increase for Retirees:** Included in the above General Fund
3 appropriation is $4,312,800 in fiscal year 2006-2007 and $7,865,100 in fiscal year 2007-
4 2008 to provide, when combined with the annual one and one-half percent retirement
5 allowance increase as provided for under KRS 161.620, a total increase in retirement
6 allowances of eligible system members and beneficiaries of two and three-tenths percent
7 in fiscal year 2006-2007 and an additional two and one-tenths in fiscal year 2007-2008.

8 **(5) Supplemental Health Insurance Funding:** Notwithstanding KRS
9 161.675(4)(a) included in the above General Fund appropriation is $50,000 in each fiscal
10 year to enable the retirement system to provide a subsidy from July 1, 2006, through
11 December 31, 2007, for those retired state members over age 65 that insure their spouses
12 under age 65 through the state health insurance plan. The amount of the subsidy for those
13 over age 65 shall not exceed the amount of the subsidy for members under age 65 that
14 choose couple, family, or parent plus coverage. The spousal subsidy is not subject to KRS
15 161.714.

16 **(6) State Medical Insurance Fund Stabilization Contribution:**
17 Notwithstanding KRS 161.420 and 161.550, a portion of the state employer contribution
18 in a sufficient amount shall be allocated to the Teachers' Retirement System Medical
19 Insurance Fund instead of the State Accumulation Fund. Also included in the above
20 General Fund appropriation is $14,133,200 in fiscal year 2007-2008 to amortize the cost
21 of the State Medical Insurance Fund Stabilization Contribution with the remainder to be
22 amortized under the schedule set forth in KRS 161.553.

23 **(7) Dependent Subsidy for Retirees under age 65:** Notwithstanding KRS
24 161.675(4)(a), from July 1, 2006, through December 31, 2007, for all retirees under the
25 age of 65 who participate in the Kentucky Group Health Insurance Program through the
26 Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System shall
27 pay the same dependent subsidy that Executive Branch agencies pay for their active

1 employees who have similar coverage. The dependent subsidy is not subject to KRS
2 161.714.

3 **(8) Ad Hoc State Contribution:** Included in the above General Fund
4 appropriation is $12,974,100 in fiscal year 2006-2007 and $29,444,100 in fiscal year
5 2007-2008 for an ad hoc contribution to the State Accumulation Fund.

6 **(9) Highly Skilled Educators' Retirement Benefits:** Salary supplements
7 received by persons selected as highly skilled educators on or after July 1, 2000, shall not
8 be included in the total salary compensation for any retirement benefits to which the
9 employee may be entitled.

10 **31. JUDGMENTS**

	2005-06	2006-07	2007-08
General Fund	-0-	-0-	-0-

13 **(1) Payment of Judgments and Carry Forward of General Fund**
14 **Appropriation Balance:** The above appropriation is for the payment of judgments as
15 may be rendered against the Commonwealth by courts and orders of the State Personnel
16 Board and, where applicable, shall be subject to the provisions of KRS Chapter 45, and
17 for the payment of medical malpractice judgments against the University of Kentucky and
18 the University of Louisville in accordance with KRS 164.892 and 164.941.
19 Notwithstanding KRS 45.229, any remaining appropriation in the Judgments account at
20 the end of fiscal year 2005-2006 or fiscal year 2006-2007 shall not lapse but shall be
21 carried forward.

22 **32. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	2006-07	2007-08
General Fund	3,917,500	3,917,500

25 **(1) Funding Sources for Appropriations Not Otherwise Classified:** Funds
26 required to pay the costs of items included within the Appropriations Not Otherwise
27 Classified are appropriated, and any required expenditure over the above amounts is to be

1 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
2 available balance in either the Judgments budget unit appropriation or the Budget Reserve
3 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in
4 this Act.

5 The above appropriation is for the payment of Attorney General Expense, Board of
6 Claims Award, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded,
7 Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes, Frankfort Cemetery,
8 Police Officers and Firefighters Survivor Benefits, Medical Malpractice Liability
9 Insurance Reimbursement, and Blanket Employee Bonds.

10 **(2) Repayment of Awards or Judgments:** Funds are appropriated from the
11 General Fund for the repayment of awards or judgments made by the Board of Claims
12 against departments, boards, commissions, and other agencies maintained by
13 appropriations out of the General Fund. However, awards under $5,000 shall be paid
14 from funds available for the operations of the agency.

15 **(3) Guardian Ad Litem Fees:** Included in the above appropriation is funding for
16 fees to be paid to each guardian ad litem appointed by the court pursuant to KRS 311.732.
17 The fee shall be fixed by the court and shall not exceed $500.

18 **(4) Reissuance of Uncashed Checks:** Checks written by the State Treasurer and
19 not cashed within the statutory period may be presented to the State Treasurer for
20 reissuance in accordance with KRS 41.370.

21 **(5) Police Officer and Firefighter Survivor Benefits:** Funds are appropriated
22 for payment of benefits for state and local police officers and firefighters in accordance
23 with KRS 61.315 and 95A.070.

24 **TOTAL - GENERAL GOVERNMENT**

	2005-06	2006-07	2007-08
25			
26 General Fund (Tobacco)	-0-	17,469,800	20,065,100
27 General Fund	101,000	550,266,300	618,517,500

Restricted Funds	1,275,000	131,392,600	132,843,000
Federal Funds	126,100	225,524,800	221,595,900
Road Fund	-0-	600,000	600,000
TOTAL	1,502,100	925,253,500	993,621,500

B. COMMERCE CABINET

Budget Units

1. SECRETARY

	2006-07	2007-08
General Fund	3,089,100	3,114,000
Restricted Funds	1,046,200	1,062,900
TOTAL	4,135,300	4,176,900

(1) Outdoor Drama Grants: Included in the above General Fund appropriation is $371,000 in each fiscal year for the purpose of supporting the following grants: Someday Outdoor Drama, $20,000 in each fiscal year; Stephen Foster, $81,000 in each fiscal year; Pioneer School of Drama, $28,500 in each fiscal year; Music Theater of Louisville, $9,000 in each fiscal year; Pine Knob Theater, $29,500 in each fiscal year; Kincaid Regional Theater, $27,500 in each fiscal year; Twilight Cabaret, $9,000 in each fiscal year; Horse Cave Theater, $26,000 in each fiscal year; Jenny Wiley, $39,500 in each fiscal year; Indian Fort Drama of Berea, $25,000 in each fiscal year; Fort Harrod Drama Productions, $41,000 in each fiscal year, Greenbo Lake State Resort Park, $10,000 in each fiscal year; and Russell County Ruscotown Players Production, $25,000 in each fiscal year.

2. ARTISANS CENTER

	2005-06	2006-07	2007-08
General Fund	-0-	156,200	156,200
Restricted Funds	125,800	2,169,000	2,193,400
TOTAL	125,800	2,325,200	2,349,600

1 **3. ENERGY POLICY**

	2005-06	2006-07	2007-08
General Fund	-0-	2,341,500	2,341,500
Restricted Funds	89,600	5,400,000	5,400,000
Federal Funds	-0-	2,382,800	2,382,800
TOTAL	89,600	10,124,300	10,124,300

7 **(1) Energy Research and Development:** Included in the above Restricted Funds
8 appropriation is $3,500,000 in fiscal year 2006-2007 and $3,500,000 in fiscal year 2007-
9 2008 which shall be used for research projects relating to clean coal, new combustion
10 technology, thin-seam coal extraction research, synthetic natural gas produced from coal
11 through gasification processes, and the development of alternative transportation fuels
12 produced by processes that convert coal or biomass resources or extract oil from oil shale
13 and shall be targeted solely to Kentucky's Local Government Economic Development
14 Fund-eligible counties. The Office of Energy Policy shall coordinate its efforts with those
15 of Kentucky's universities and related Kentucky Community and Technical College
16 System programs in order to maximize Kentucky's opportunities for federal funding and
17 receive research grants and awards from federal and other sources of funding for the
18 development of clean coal technology, coal-to-liquid-fuel conversion, alternate
19 transportation fuels, and biomass energy resources.

20 **4. TOURISM**

	2006-07	2007-08
General Fund	7,130,500	7,176,500
Restricted Funds	8,700,000	9,200,000
TOTAL	15,830,500	16,376,500

25 **(1) Tourism Marketing and Development:** Included in the above Restricted
26 Funds appropriation is $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year
27 2007-2008 for Tourism Marketing and Development on behalf of the coal-producing

1 counties. Fees for professional artists and entertainers performing on the Kentucky Music
2 Trail may be paid from the Tourism Marketing Program.
3 **(2) Bluegrass State Games:** Included in the above General Fund appropriation is
4 $50,000 in each fiscal year for the Bluegrass State Games.
5 **5. PARKS**

	2006-07	2007-08
General Fund	27,978,400	31,145,400
Restricted Funds	55,217,700	56,335,600
TOTAL	83,196,100	87,481,000

10 **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS
11 148.810, the General Assembly authorizes the use of the Park Capital Maintenance and
12 Renovation Fund for any ongoing cost of the Department of Parks.
13 ~~[**(2) Debt Service:** Included in the above General Fund appropriation is~~
14 ~~$3,167,000 in fiscal year 2007-2008 for new debt service to support new bonds as set~~
15 ~~forth in Part II, Capital Projects Budget, of this Act.]~~ *(Veto #4)*
16 **(3) Nicholas Hildreth School:** Included in the above Restricted Funds
17 appropriation is $60,000 in fiscal year 2006-2007 to move the Nicholas Hildreth School
18 to Blue Licks Battlefield State Park.
19 ~~[**(4) Buckhorn Lake State Park:** Included in the above Restricted Funds appropriation~~
20 ~~is $125,000 in fiscal year 2006-2007 to construct boat slips at Buckhorn Lake State~~
21 ~~Park.]~~ *(Veto #7)*
22 **6. HORSE PARK COMMISSION**

	2006-07	2007-08
General Fund	1,708,200	5,034,200
Restricted Funds	6,239,300	6,246,500
TOTAL	7,947,500	11,280,700

27 **(1) Debt Service:** Included in the above General Fund appropriation is

1 $3,399,000 in fiscal year 2007-2008 for new debt service to support new bonds as set
2 forth in Part II, Capital Projects Budget, of this Act.

3 **7. STATE FAIR BOARD**

	2006-07	2007-08
General Fund	396,800	553,800
Restricted Funds	37,058,600	37,821,900
TOTAL	37,455,400	38,375,700

8 **(1) Debt Service:** Included in the above Restricted Funds appropriation is
9 $4,322,100 in fiscal year 2006-2007 and $4,424,400 in fiscal year 2007-2008 for
10 previously issued bonds.

11 ~~[(2) **Debt Service:** Included in the above General Fund appropriation is $157,000~~
12 ~~in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II,~~
13 ~~Capital Projects Budget, of this Act.]~~ *(Veto #4)*

14 **8. FISH AND WILDLIFE RESOURCES**

	2006-07	2007-08
Restricted Funds	28,778,500	29,810,000
Federal Funds	10,063,900	10,098,100
TOTAL	38,842,400	39,908,100

19 **9. HISTORICAL SOCIETY**

	2005-06	2006-07	2007-08
General Fund	125,000	8,762,800	8,045,500
Restricted Funds	-0-	760,900	819,600
Federal Funds	-0-	1,004,200	516,800
TOTAL	125,000	10,527,900	9,381,900

25 **(1) City of Hodgenville:** Included in the above General Fund appropriation is
26 $750,000 in fiscal year 2006-2007 to provide a grant for the City of Hodgenville to match
27 Federal Funds.

1 **(2) Abraham Lincoln Bicentennial Commission:** Included in the above General
2 Fund appropriation is $2,000,000 in each year of the biennium for the Abraham Lincoln
3 Bicentennial Commission.
4 **(3) Perryville Battlefield:** Included in the above General Fund appropriation is
5 $75,000 in fiscal year 2005-2006 for the 2006 reenactment of the battle at Perryville.
6 **(4) Lincoln Wedding Reenactment:** Included in the above General Fund
7 appropriation is $50,000 in fiscal year 2005-2006 for the Abraham Lincoln Bicentennial
8 Commission to support the Lincoln Wedding Reenactment.
9 **(5) Debt Service:** Included in the above General Fund appropriation is $32,000 in
10 fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II,
11 Capital Projects Budget, of this Act.
12 **10. ARTS COUNCIL**

		2006-07	2007-08
13			
14	General Fund	4,203,200	4,182,500
15	Restricted Funds	441,900	452,700
16	Federal Funds	744,900	740,000
17	TOTAL	5,390,000	5,375,200

18 **(1) Open Meetings:** Any entity involved in producing or financing arts on a local
19 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
20 $25,000 or less as a result of appropriations or grants from state or local governmental
21 units, shall be exempt from the requirements of KRS 61.800 to 61.850.
22 **(2) Open Records:** Any entity involved in producing or financing arts on a local
23 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
24 $25,000 or less as a result of appropriations or grants from state or local governmental
25 units shall be exempt from the requirements of KRS 61.870 to 61.884.
26 **11. HERITAGE COUNCIL**

		2006-07	2007-08
27			

General Fund	940,000	900,000
Restricted Funds	469,300	487,100
Federal Funds	669,000	669,000
TOTAL	2,078,300	2,056,100

(1) **African-American Heritage Council:** Included in the above General Fund appropriation is $40,000 in fiscal year 2006-2007 for the African-American Heritage Council.

12. KENTUCKY CENTER FOR THE ARTS

	2006-07	**2007-08**
General Fund	1,114,400	1,264,400

(1) **Governor's School for the Arts:** Included in the above General Fund appropriation is $150,000 in fiscal year 2007-2008 for stabilization of the Governor's School for the Arts.

TOTAL - COMMERCE CABINET

	2005-06	**2006-07**	**2007-08**
General Fund	125,000	57,821,100	63,914,000
Restricted Funds	215,400	146,281,400	149,829,700
Federal Funds	-0-	14,864,800	14,406,700
TOTAL	340,400	218,967,300	228,150,400

C. ECONOMIC DEVELOPMENT CABINET

Budget Units

1. SECRETARY

	2006-07	**2007-08**
General Fund	16,619,000	21,550,200
Restricted Funds	1,340,000	1,340,000
TOTAL	17,959,000	22,890,200

(1) **New Economy High-Tech Construction and High-Tech Investment Pools:**

1 Included in the above General Fund appropriation is $1,026,000 in fiscal year 2007-2008
2 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The
3 Commissioner of the Department for Commercialization and Innovation shall determine
4 the amounts to be apportioned between the High-Tech Investment and High-Tech
5 Construction Pools.

6 **(2) Funding for Commercialization and Innovation:** Notwithstanding
7 Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech
8 Construction Pool and the High-Tech Investment Pool shall be used to support the
9 Department for Commercialization and Innovation within the Cabinet for Economic
10 Development. Upon the recommendation of the Commissioner, these funds are
11 authorized and appropriated to fund High-Tech Construction Pool and High-Tech
12 Investment Pool projects. Loan repayments received by the High-Tech Construction and
13 High-Tech Investment Pools are appropriated in addition to amounts specified in Part II,
14 Capital Projects Budget, of this Act.

15 **(3) Louisville Waterfront Development Corporation:** Included in the above
16 General Fund appropriation is $420,800 in fiscal year 2006-2007 and $420,800 in fiscal
17 year 2007-2008 for the Louisville Waterfront Development Corporation.

18 **2. NEW BUSINESS DEVELOPMENT**

	2006-07	2007-08
19		
20 General Fund	1,365,200	1,377,500
21 Restricted Funds	747,000	747,000
22 TOTAL	2,112,200	2,124,500

23 **3. FINANCIAL INCENTIVES**

	2006-07	2007-08
24		
25 General Fund	3,200,000	4,015,000
26 Restricted Funds	1,789,600	1,810,600
27 TOTAL	4,989,600	5,825,600

1 (1) **Debt Service:** Included in the above General Fund appropriation is $815,000
2 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II,
3 Capital Projects Budget, of this Act.
4 (2) **Carry Forward of General Fund Appropriation Balance for Bluegrass**
5 **State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation
6 balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the
7 Bluegrass State Skills Corporation shall not lapse and shall carry forward. The
8 Corporation is authorized to extend an additional $1,500,000 in training grant offers
9 during the 2006-2008 biennium. If such offers are made and disbursements are required
10 to support those offers, funds shall be appropriated from the General Fund Surplus
11 Account (KRS 48.700) in an amount not to exceed $1,500,000.
12 **4. EXISTING BUSINESS DEVELOPMENT**

	2006-07	2007-08
13		
14 General Fund	3,457,500	3,503,400
15 Restricted Funds	210,000	210,000
16 Federal Funds	155,400	155,400
17 TOTAL	3,822,900	3,868,800

18 (1) **Small and Minority Business Entrepreneurship:** The Kentucky Economic
19 Development Finance Authority shall make available $300,000 in fiscal year 2007-2008
20 for micro-business loans in the Small and Minority Business entrepreneurship program in
21 the Department of Existing Business Development.
22 **TOTAL - ECONOMIC DEVELOPMENT CABINET**

	2006-07	2007-08
23		
24 General Fund	24,641,700	30,446,100
25 Restricted Funds	4,086,600	4,107,600
26 Federal Funds	155,400	155,400
27 TOTAL	28,883,700	34,709,100

1 **D. DEPARTMENT OF EDUCATION**

2 **Budget Units**

3 **1. EXECUTIVE POLICY AND MANAGEMENT**

	2006-07	2007-08
General Fund	672,000	679,800

6 **(1) Employment of Personnel:** Notwithstanding KRS 18A.115, the Department
7 of Education may fill, through memoranda of agreement, not more than 50 percent of its
8 existing authorized positions below the division director level with individuals employed
9 as school administrators and educators in Kentucky.

10 **(2) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
11 18A.200, the Kentucky Board of Education shall continue to have sole authority to
12 determine the employees of the Department of Education who are exempt from the
13 classified service and to set their compensation comparable to the competitive market.

14 **2. OPERATIONS AND SUPPORT SERVICES**

	2006-07	2007-08
General Fund	36,925,500	56,074,400
Restricted Funds	7,210,100	7,210,100
Federal Funds	8,527,800	8,527,800
TOTAL	52,663,400	71,812,300

20 **(1) Teachers' Retirement System Employer Match:** Included in the above
21 General Fund appropriation is $2,705,600 in fiscal year 2006-2007 and $2,840,900 in
22 fiscal year 2007-2008 to enable the Department of Education to provide the employer
23 match for the teacher retirement contribution for qualified employees as provided by KRS
24 161.550.

25 ~~[(2) **Debt Service:** Included in the above General Fund appropriation is~~
26 ~~$8,898,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth~~
27 ~~in Part II, Capital Projects Budget, of this Act. Included in the $8,898,000 is $620,000 in~~

1 ~~fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education~~
2 ~~telecommunications network that supports a set of seamless P-16 management,~~
3 ~~instructional, and research applications. The network shall consist of 100 MBPS to at~~
4 ~~least 40 percent of Kentucky's local school districts and at least ten MBPS to the~~
5 ~~remaining local school districts. Included in the $8,898,000 is $696,000 in fiscal year~~
6 ~~2007-2008 to provide debt service for a functionally robust and modern system to ensure~~
7 ~~the efficient collection and management of student information, including a unique~~
8 ~~student identifier, at the school, district, and state levels. Included in the $8,898,000 is~~
9 ~~$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line~~
10 ~~testing program that provides a quicker return of test results, student accountability, and~~
11 ~~assessment integration into teaching and learning situations on a real-time basis. Included~~
12 ~~in the $8,898,000 is $229,000 in fiscal year 2007-2008 to provide debt service for a~~
13 ~~knowledge management portal that will provide K-12 public educators with intuitive~~
14 ~~access to indexed, aligned, and well-organized Web-based instructional resources such as~~
15 ~~units of study that connect curriculum, instruction, and assessment with other data~~
16 ~~generated by schools and the Kentucky Department of Education. Included in the~~
17 ~~$8,898,000 is $6,069,000 in fiscal year 2007-2008 to provide debt service for the~~
18 ~~purchase of modern workstations, stationary or mobile, for public K-12 schools to~~
19 ~~support advanced instructional activities, including on-line learning and Internet-2~~
20 ~~instructional activities. The Kentucky Board of Education shall approve a plan for~~
21 ~~distribution of the workstations. Included in the $8,898,000 is $144,000 in fiscal year~~
22 ~~2007-2008 to provide debt service for the Rockcastle County Vocational and Technical~~
23 ~~Center. Included in the $8,898,000 is $96,000 in fiscal year 2007-2008 to provide debt~~
24 ~~service for the Letcher County Central Vocational Center.~~] *(Veto #4)*

25 **(3) School Technology in Coal Counties:** Included in the above Restricted
26 Funds appropriation is $5,000,000 in each fiscal year from the Local Government
27 Economic Development Multi-County Fund for the purpose of enhancing education

1 technology in local school districts within coal-producing counties. The Commissioner of
2 the Department of Education is authorized to use up to $1,000,000 of the above
3 $5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying
4 local school districts in coal-producing counties to fund technology projects; to be
5 eligible for these offers of assistance, local school districts may be required to provide a
6 match of not more than two to one from any of their other funding courses. The
7 Commissioner of the Department of Education shall use $2,500,000 of the above
8 $5,000,000 appropriation to continue the Coal County Computing program~~[under the~~
9 ~~direction of the Kentucky Economic Development Finance Authority]~~. *(Veto #8)* The
10 Commissioner of the Department of Education shall distribute the remainder of the above
11 $5,000,000 appropriation to coal-producing counties in a manner consistent with
12 distributions to local school districts from the Kentucky Education Technology System;
13 these funds shall be in addition to any regular distribution to coal-producing counties
14 from the Kentucky Education Technology System.

15 **(4) Education Technology Program:** Included in the above General Fund
16 appropriation is $19,500,000 in each fiscal year for the Education Technology Program.

17 **3. LEARNING AND RESULTS SERVICES**

	2006-07	2007-08
18		
19 General Fund (Tobacco)	1,388,400	1,508,400
20 General Fund	791,940,900	839,939,300
21 Restricted Funds	2,621,200	2,621,200
22 Federal Funds	679,119,100	678,843,600
23 TOTAL	1,475,069,600	1,522,912,500

24 **(1) Funding for Employer Health and Life Insurance:** If the costs for health
25 insurance or life insurance coverage for employees of local school districts exceed the
26 levels of appropriated funds, any unexpended Support Education Excellence in Kentucky
27 appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject

1 to approval of the Governor upon the written recommendation of the Secretary of the
2 Finance and Administration Cabinet pursuant to the written request of the Commissioner
3 of Education. The per-month per-employee administrative assessment shall be remitted to
4 the Personnel Cabinet by the Department of Education from the General Fund
5 appropriation for local school district health and life insurance.

6 **(2) Kentucky School for the Blind and Kentucky School for the Deaf:**
7 Included in the above General Fund appropriation is $6,441,400 in fiscal year 2006-2007
8 and $6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and
9 $9,003,200 in fiscal year 2006-2007 and $9,304,200 in fiscal year 2007-2008 for the
10 Kentucky School for the Deaf.

11 **(3) Kentucky Education Technology System:** (a) Area Vocational Education
12 Centers shall be fully eligible to participate in the Kentucky Education Technology
13 System. Notwithstanding KRS 157.660, the School Facilities Construction Commission,
14 in consultation with the Kentucky Board of Education and the Department of Education,
15 shall develop administrative regulations which identify a methodology by which the
16 average daily attendance for Area Vocational Education Centers may be equated to the
17 average daily attendance of other local school districts in order that they may receive their
18 respective distributions of these funds.

19 (b) The School for the Deaf and the School for the Blind shall be fully eligible,
20 along with local school districts, to participate in the Kentucky Education Technology
21 System in a manner that takes into account the special needs of the students of these two
22 schools.

23 **(4) Family Resource and Youth Services Centers:** Funds appropriated to
24 establish and support Family Resource and Youth Services Centers shall be transferred in
25 fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family
26 Services consistent with the intent of KRS 156.497. The Cabinet for Health and Family
27 Services is authorized to use, for administrative purposes, no more than three percent of

1 the total funds transferred from the Department of Education for the Family Resource and
2 Youth Services Centers. If a certified person is employed as a director or coordinator of a
3 Family Resource or Youth Services Center, that person shall retain his or her status as a
4 certified employee of the school district.

5 If 70 percent or more of the funding level provided by the state is utilized to support
6 the salary of the director of a center, that center shall provide a report to the Cabinet for
7 Health and Family Services identifying the salary of the director. The Cabinet for Health
8 and Family Services shall transmit any reports received from Family Resource and Youth
9 Services Centers pursuant to this provision to the Legislative Research Commission.

10 **(5) Health Insurance:** Included in the above General Fund appropriation is
11 $465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance
12 and the contribution to the flexible spending account for employees waiving coverage.
13 Included in the above General Fund appropriation is $503,855,000 in fiscal year 2007-
14 2008 for employer contributions for health insurance and the contribution to the flexible
15 spending account for employees waiving coverage.

16 **(6) Learning and Results Services Programs:** Notwithstanding KRS 156.265,
17 included in the above General Fund appropriation are the following allocations for the
18 2006-2008 fiscal biennium:

19 (a) $31,859,500 in each fiscal year for the Extended School Services Program;

20 (b) $51,850,700 in each fiscal year for the Family Resource and Youth Services
21 Centers Program;

22 (c) $75,127,000 in each fiscal year for the Preschool Program;

23 (d) $15,034,700 in each fiscal year for the Professional Development Program;

24 (e) $10,378,300 in each fiscal year for the Safe Schools Program;

25 (f) $1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;

26 (g) $21,700,100 in each fiscal year for the Textbooks Program;

27 (h) $1,200,000 in fiscal year 2006-2007 and $1,400,000 in fiscal year 2007-2008

1 for the Collaborative Center for Literacy Development;

2 (i) $8,369,200 in each fiscal year for the Commonwealth Accountability Testing

3 System (CATS);

4 (j) $616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;

5 (k) $2,100,000 in each fiscal year for the Community Education Program;

6 (l) $720,900 in each fiscal year for the Dropout Prevention Program;

7 (m) $20,558,100 in fiscal year 2006-2007 and $23,558,100 in fiscal year 2007-

8 2008 for the Early Reading Incentive Grant/Read to Achieve Program;

9 (n) $7,121,500 in each fiscal year for the Gifted and Talented Program;

10 (o) $4,276,700 in each fiscal year for the School Food Services match;

11 (p) $10,962,100 in each fiscal year for the State Agency Children Program;

12 (q) $1,600,000 in each fiscal year for the Teacher Academies Program;

13 (r) $1,886,700 in each fiscal year for the Teacher Recruitment and Retention

14 Program;

15 (s) $800,000 in each fiscal year for the Virtual Learning Program;

16 (t) $10,945,400 in fiscal year 2006-2007 and $11,175,400 in fiscal year 2007-

17 2008 for the Locally Operated Vocational Schools;

18 (u) $610,300 in each fiscal year for the Writing Program;

19 (v) $500,000 in each fiscal year for the Every1 Reads Program;

20 (w) $2,257,000 in fiscal year 2006-2007 and $2,378,700 in fiscal year 2007-2008

21 for Local School District Life Insurance;

22 (x) $484,400 in each fiscal year for the Elementary Arts and Humanities Program;

23 (y) $3,000,000 in fiscal year 2006-2007 and $6,900,000 in fiscal year 2007-2008

24 for the Mathematics Achievement Fund;

25 (z) $387,500 in each fiscal year for the Middle School Academic Center;

26 (aa) $381,500 in each fiscal year for the Leadership and Mentor Fund;

27 (ab) $3,925,300 in each fiscal year for the Professional Growth Fund;

1 (ac) $500,000 in each fiscal year for the Save the Children/Rural Literacy
2 Program;
3 (ad) The allocations referenced in subsection (5) of this budget unit for Local
4 School District Health Insurance;
5 (ae) $100,000 in each fiscal year for a specialized tutoring program for students
6 with learning disabilities from Appalachian counties, as identified by the Appalachian
7 Regional Commission. This program shall be located at a public institution of high
8 education selected by the Commissioner of Education;
9 (af) $430,000 in fiscal year 2007-2008 for the Partnership for Student Success
10 Program;
11 (ag) $5,624,000 in fiscal year 2006-2007 and $5,649,800 in fiscal year 2007-2008
12 for the Highly Skilled Educator Program; and
13 (ah) $1,504,100 in fiscal year 2006-2007 and $1,507,900 in fiscal year 2007-2008
14 for the Commonwealth School Improvement Fund.
15 **(7) Program Flexibility:** Notwithstanding KRS 157.226(2) and (3), 157.3175(3)
16 and (4), and 160.345(8) with regard to the state allocation, five programs (Professional
17 Development, Extended School Services, Preschool, Textbooks, and Safe Schools) shall
18 continue to permit the state and local school districts additional flexibility in the
19 distribution of program funds while still addressing the governing statutes and serving the
20 need and the intended student population.
21 **(8) Local District Grant Fund Carry Forward:** Notwithstanding KRS 45.229,
22 up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the
23 Read to Achieve Program, appropriated to the Department of Education and disbursed to
24 a local district that is unexpended during fiscal year 2006-2007 may be carried forward to
25 fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to
26 Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-
27 2008.

1 **(9) Publishing Requirements:** Notwithstanding KRS 158.6453(7), 160.463, and
2 424.220, public availability of the school district's complete annual financial statement
3 and the school report card shall be made by publishing the documents in the newspaper of
4 the largest general circulation in the county, electronically on the Internet, or by printed
5 copy at a prearranged site at the main branch of the public library within the school
6 district. If publication on the Internet or by printed copy at the public library is chosen, the
7 superintendent shall be directed to publish notification in the newspaper of the largest
8 circulation in the county as to the location where the document can be viewed by the
9 public. The notification shall include the address of the library or the electronic address of
10 the Web site on the Internet where the documents can be viewed.

11 **(10) Surplus Property:** Notwithstanding KRS 45A.045, 45.777, and 56.463, any
12 funds received by the Commonwealth from the disposal of any surplus property at the
13 Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited
14 in a restricted account and shall not be expended without appropriation authority granted
15 by the General Assembly.

16 **(11) Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the
17 supplemental funding distribution shall include Category II and III programs in districts
18 established after June 21, 2001, with state assistance if approved by the Commissioner of
19 Education.

20 **(12) Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center
21 for School Safety shall develop and implement allotment policies for all moneys received
22 for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

23 **(13) Coordination With Head Start:** Each local district shall work with Head
24 Start and other existing preschool programs to avoid duplication of services and
25 programs, to avoid supplanting federal funds, to maximize Head Start funds in order to
26 serve as many four year old children as possible, and shall maintain certification from the
27 Head Start director that the Head Start Program is fully utilized. If a local district fails to

1 comply with the requirements of this section, the Commissioner of the Department of
2 Education shall withhold preschool funding for an amount equal to the number of Head
3 Start eligible children served in the district who would have been eligible to be served by
4 Head Start under the full utilization certification required under this section. The
5 Commissioner of the Department of Education shall resolve any disputes and make a
6 determination of the district's compliance with the full utilization requirement.

7 **(14) Partnership for Student Success:** Included in the above General Fund
8 appropriation is $430,000 in fiscal year 2007-2008 for the Partnership for Student
9 Success Program. These funds shall be expended to develop pilot programs to
10 demonstrate effective strategies to increase community and parental involvement in K-12
11 education by providing additional tools for educators to improve instruction and promote
12 student health and wellness.

13 **(15) Funds Transfer:** The Commissioner of the Department of Education may
14 transfer any available funds between the Professional Growth Fund and the Professional
15 Development Leadership Mentor Fund as needed to satisfy the demand and need to
16 support respective teacher programs.

17 **(16) School Calendar Evaluation:** The Kentucky Department of Education is
18 directed to conduct an evaluation of school calendars. The primary purpose of this
19 evaluation is to determine the impact of alternative school calendars, including the use of
20 extended time beyond the six-hour instructional day, shortened days or weeks, and year-
21 round calendars. The evaluation shall investigate the positive and negative effects on
22 students, including academic achievement, extracurricular activities, parental support, and
23 community acceptance. The evaluation shall review the impact on school district
24 operations and finances related to transportation, utilities, staffing, facilities, food service,
25 and other costs associated with operating efficiencies. A preliminary report shall be made
26 to the Interim Joint Committee on Education by November 15, 2006, and a final report,
27 including recommendations for regulatory or statutory changes, shall be made to the

1 Interim Joint Committee on Education by January 15, 2007.

2 **(17) Advisory Council for Gifted and Talented Education:** Notwithstanding
3 KRS 158.648(1), a member of the Advisory Council for Gifted and Talented Education
4 may be reappointed but may not serve more than three consecutive terms. A member of
5 the Kentucky Association for Gifted Education shall be a voting member of the Advisory
6 Council for Gifted and Talented Education.

7 **(18) Highly Skilled Educators:** Notwithstanding KRS 158.6455(3), 158.782, and
8 160.350(3), the Kentucky Department of Education shall have the authority to expend
9 moneys appropriated for the Highly Skilled Education Assistance Program on
10 intervention services that may be required by the Federal No Child Left Behind Act of
11 2001 (Pub. L. 107-110).

12 **(19) Commonwealth School Improvement Fund:** Notwithstanding KRS
13 158.805, the Commissioner of Education shall be authorized to use the Commonwealth
14 School Improvement Fund to provide support services to schools needing assistance
15 under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

16 **(20) Community Education:** Included in the above General Fund appropriation is
17 $300,000 in each fiscal year to support the establishment of 15 additional community
18 education programs.

19 **4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)**
20 **PROGRAM**

	2006-07	2007-08
21		
22 General Fund	2,680,910,200	2,930,340,800

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

25 **(2) Base SEEK Allotments:** The above appropriation includes $2,089,483,300 in
26 fiscal year 2006-2007 and $2,312,486,700 in fiscal year 2007-2008 for the base SEEK
27 Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be

1 allotted to school districts in accordance with KRS 157.310 to 157.440, except that the
2 total of the funds allotted shall not exceed the appropriations for this purpose except as
3 provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation
4 for the base SEEK Program is $211,953,500 in fiscal year 2006-2007 and $214,752,800
5 in fiscal year 2007-2008 for pupil transportation.

6 **(3) Tier I Component:** Included in the above appropriation is $157,620,900 in
7 fiscal year 2006-2007 and $161,638,900 in fiscal year 2007-2008 for the Tier I
8 component as established by KRS 157.440.

9 **(4) Vocational Transportation:** Included in the above appropriation is
10 $2,416,900 in fiscal year 2006-2007 and $2,416,900 in fiscal year 2007-2008 for
11 vocational transportation.

12 **(5) Secondary Vocational Education:** Included in the above appropriation is
13 $23,053,800 in fiscal year 2006-2007 and $23,561,000 in fiscal year 2007-2008 to
14 provide secondary vocational education in state-operated vocational schools.

15 **(6) Teachers' Retirement System Employer Match:** Included in the above
16 appropriation is $319,184,300 in fiscal year 2006-2007 and $346,100,400 in fiscal year
17 2007-2008 to enable local school districts to provide the employer match for qualified
18 employees as provided for by KRS 161.550.

19 **(7) Salary Supplements for Nationally Certified Teachers:** Notwithstanding
20 KRS 157.395, included in the above appropriation is $2,104,000 in fiscal year 2006-2007
21 and $2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements
22 for teachers attaining certification by the National Board for Professional Teaching
23 Standards.

24 **(8) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above
25 appropriation to the base SEEK Program is intended to provide a base guarantee of
26 $3,508 per student in average daily attendance in fiscal year 2006-2007 and $3,822 per
27 student in average daily attendance in fiscal year 2007-2008 as well as to meet the other

1 requirements of KRS 157.360.

2 Nothing in this Act shall be construed as prohibiting the contracting out of pupil
3 transportation services.

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

18 **(9) Local School District Certified and Classified Employee Pay Policy:**
19 Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall
20 provide all certified staff a salary or compensation increase of not less than two percent
21 and, during fiscal year 2007-2008, local school districts shall provide all certified staff a
22 salary or compensation increase of not less than $3,000. The salary increases in fiscal year
23 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal
24 rank and step increase attained by certified personnel employed by local school districts.
25 During fiscal year 2006-2007, local school districts shall provide all classified staff a
26 salary increase of two percent and, during fiscal year 2007-2008, local school districts
27 shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008,

1 no classified staff member shall receive a salary increase in excess of $2,500. Classified
2 staff employed by a local board of education that work less than full-time shall receive a
3 pro rata share of the salary increase based on terms of their employment. The above
4 increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in
5 addition to a normal step increase or any increase that might result from assuming new
6 duties or obtaining additional qualifications.

7 **(10) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before
8 March 1 of each year, the chief state school officer shall determine the exact amount of
9 the public common school fund to which each district is entitled and the remainder of the
10 amount due each district for the year shall be distributed in equal installments beginning
11 the first month after completion of final calculation and for each successive month
12 thereafter.

13 **(11) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its
14 adjustment factors that are not needed for the base or a particular adjustment factor may
15 be allocated to other adjustment factors, if funds for that adjustment factor are not
16 sufficient.

17 **(12) Facilities Support Program of Kentucky/Equalized Nickel Levies:**
18 Included in the above appropriation is $67,749,200 in fiscal year 2006-2007 and
19 $63,970,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant
20 to KRS 157.440 and 157.620. Included in the above appropriation is $12,177,600 in
21 fiscal year 2006-2007 and $11,134,200 in fiscal year 2007-2008 to provide facilities
22 equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local
23 school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for
24 debt service and new facilities as of January 1, 2006; (b) Levied the five cents under the
25 provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal
26 year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in
27 addition to (a) and (b) of this section by January 1, 2006.

1 **(13) Retroactive Equalized Facility Funding:** Included in the above
2 appropriation is $2,302,500 in fiscal year 2006-2007 and $2,076,400 in fiscal year 2007-
3 2008 to provide equalized facility funding to districts meeting the following eligibility
4 requirements: A local board of education that levied a tax rate subject to recall in fiscal
5 year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant
6 to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or
7 major renovations of existing facilities shall be eligible for equalization funds from the
8 state at 150 percent of the statewide average per pupil assessment. The equalization funds
9 shall be used as provided in KRS 157.440(1)(b).

10 **(14) Equalized Facility Funding:** Included in the above General Fund
11 appropriation is $4,617,700 in fiscal year 2006-2007 and $4,451,600 in fiscal year 2007-
12 2008 to provide equalized facility funding to districts meeting the following eligibility
13 requirements: (a) The board of education has levied at least a ten cent equivalent tax rate
14 for building purposes or has debt service of at least a ten cent equivalent tax rate as of
15 February 24, 2005; (b) The district has not received equalized growth facility funding as a
16 result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education
17 Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by
18 the Commissioner of Education. Eligible districts shall receive equalization funds from
19 the state at 150 percent of the statewide average per pupil assessment, and these funds
20 shall be used as provided in KRS 157.440(1)(b).

21 **(15) School Employee Flexible Spending Account Funds Transfer:** Any funds
22 remaining in flexible spending accounts of employees of local school districts for
23 calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General
24 Fund.

25 **(16) Instructional Days:** Included in the above General Fund appropriation is
26 $32,600,000 to extend the school term in fiscal year 2007-2008 by an additional two
27 instructional days. Notwithstanding KRS 158.070, the school term for fiscal year 2007-

1 2008 shall include the equivalent of 177 instructional days and shall include no less than
2 two additional six-hour instructional days in addition to the six-hour instructional days
3 included in the 2005-2006 school calendar as approved by the Department of Education.
4 Districts shall not be required to exceed 177 six-hour instructional days.

5 **(17) Facility Matching Grant:** Included in the above General Fund appropriation
6 is $200,000 in fiscal year 2006-2007 for a matching grant to the Hardin County
7 Educational Foundation, Inc. for the completion of the John Hardin Performing Arts
8 Center.

9 **(18) Transportation Study:** The Legislative Research Commission is hereby
10 directed to study the current funding formula and the equitable disbursement of pupil
11 transportation funds. The study of pupil transportation funding shall include:

12 (a) An analysis of the current formula used to determine the level of reimbursed
13 funding for school districts, including its equity and adequacy, and recommendations for
14 improvement; and

15 (b) A comparison of the efficiencies used by school districts in the operation of their
16 transportation systems, including recommendations for efficiency requirements or
17 incentives.

18 The Legislative Research Commission shall contract with nongovernmental
19 consultants to conduct the study. The consultants shall have the full cooperation of the
20 Executive Branch and the Legislative Branch.

21 The consultants shall present a final report of their findings to the Interim Joint
22 Committee on Education and to the Interim Joint Committee on Appropriations and
23 Revenue no later than July 1, 2007.

24 Provisions of this section to the contrary notwithstanding, the Legislative Research
25 Commission shall have the authority to alternatively assign the issues identified herein to
26 an interim joint committee or subcommittee thereof, and to designate a study completion
27 date.

1 **TOTAL - DEPARTMENT OF EDUCATION**

	2006-07	2007-08
General Fund (Tobacco)	1,388,400	1,508,400
General Fund	3,510,448,600	3,827,034,300
Restricted Funds	9,831,300	9,831,300
Federal Funds	687,646,900	687,371,400
TOTAL	4,209,315,200	4,525,745,400

E. EDUCATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2006-07	2007-08
General Fund	2,425,200	2,425,200
Restricted Funds	6,393,400	6,502,400
Federal Funds	190,000	190,000
TOTAL	9,008,600	9,117,600

(1) East Kentucky Science Center: Included in the above General Fund appropriation is $225,200 in fiscal year 2006-2007 and $225,200 in fiscal year 2007-2008 for a grant to the East Kentucky Science Center.

2. DEAF AND HARD OF HEARING

	2005-06	2006-07	2007-08
General Fund	-0-	920,400	933,000
Restricted Funds	5,000	590,000	590,000
TOTAL	5,000	1,510,400	1,523,000

(1) Specialized Telecommunications Equipment: Included in the above Restricted Funds appropriation is an additional $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 and General Fund moneys of $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 to be used for operating the

1 Telecommunication Access Program.

2 **3. KENTUCKY EDUCATIONAL TELEVISION**

	2006-07	2007-08
General Fund	14,694,500	16,816,100
Restricted Funds	1,066,300	1,048,000
Federal Funds	700,000	700,000
TOTAL	16,460,800	18,564,100

8 **(1) Debt Service:** Included in the above General Fund appropriation is
9 $1,907,000 in fiscal year 2007-2008 to provide debt service for new bonds as set forth in
10 Part II, Capital Projects Budget, of this Act.

11 **4. ENVIRONMENTAL EDUCATION COUNCIL**

	2006-07	2007-08
Restricted Funds	192,800	194,400

14 **5. LIBRARIES AND ARCHIVES**

15 **a. Libraries and Archives**

	2006-07	2007-08
General Fund	7,273,600	7,382,900
Restricted Funds	1,444,400	1,460,900
Federal Funds	1,964,500	1,986,100
TOTAL	10,682,500	10,829,900

21 **b. Direct Local Aid**

	2006-07	2007-08
General Fund	7,031,400	7,306,400
Restricted Funds	9,000	9,000
Federal Funds	424,000	424,000
TOTAL	7,464,400	7,739,400

27 **(1) Per Capita Grants:** Included in the above General Fund appropriation is

1 $4,000,000 in each fiscal year to award per capita grants in accordance with KRS
2 171.201. Notwithstanding KRS 171.201, the allotment of General Fund dollars
3 distributed to each local library district shall not be less than received in fiscal year 2005-
4 2006.

5 **TOTAL - DEPARTMENT FOR LIBRARIES AND ARCHIVES**

	2006-07	2007-08
General Fund	14,305,000	14,689,300
Restricted Funds	1,453,400	1,469,900
Federal Funds	2,388,500	2,410,100
TOTAL	18,146,900	18,569,300

6. OFFICE FOR THE BLIND

	2006-07	2007-08
General Fund	1,335,300	1,343,200
Restricted Funds	1,955,300	1,955,300
Federal Funds	9,349,400	9,477,200
TOTAL	12,640,000	12,775,700

7. EMPLOYMENT AND TRAINING

	2006-07	2007-08
Restricted Funds	3,000,000	3,000,000
Federal Funds	672,218,400	672,371,200
TOTAL	675,218,400	675,371,200

22 **(1) Unemployment Insurance Penalty and Interest Account:** Notwithstanding
23 KRS 341.835, $3,000,000 from the Unemployment Insurance Penalty and Interest
24 Account in the Unemployment Compensation Administration Fund may be used during
25 each fiscal year by the Office of Employment and Training to operate employment,
26 training, and unemployment insurance programs.

27 **(2) Reed Act Distribution:** In addition to supplementing the Unemployment

1 Insurance Trust Fund, Federal Funds made available to Kentucky as a result of the Reed
2 Act distribution under Section 903(d) of the Social Security Act, as amended, in the
3 amount of $2,000,000 in fiscal year 2006-2007 and $2,000,000 in fiscal year 2007-2008,
4 are appropriated to the Office of Employment and Training for the administration of the
5 unemployment compensation law and the public employment offices for costs allowable
6 under the Unemployment Insurance and Wagner-Peyser programs.

7 **8. CAREER AND TECHNICAL EDUCATION**

	2006-07	2007-08
General Fund	30,090,200	29,894,500
Restricted Funds	20,165,400	20,220,400
Federal Funds	15,188,500	15,188,500
TOTAL	65,444,100	65,303,400

13 **(1) Participation in the Education Technology Program by Area Vocational**
14 **Education Centers:** Area Vocational Education Centers shall be fully eligible to
15 participate in the Kentucky Education Technology System. Notwithstanding KRS
16 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission,
17 in consultation with the Kentucky Board of Education and the Department of Education,
18 shall develop administrative regulations which identify a methodology by which the
19 average daily attendance for Area Vocational Education Centers may be equated to the
20 average daily attendance of other local school districts in order that they may receive their
21 respective distributions of these funds. The School Facilities Construction Commission
22 shall include Area Vocational Education Centers in any offers of assistance to local
23 school districts for technology assistance during the 2006-2008 fiscal biennium.

24 **(2) Area Technology Centers:** Included in the above General Fund appropriation
25 is $1,002,300 in fiscal year 2006-2007 and $584,500 in fiscal year 2007-2008 for
26 program operations at Pulaski, Warren, and Butler County Area Technology Centers.
27 Included in the above Restricted Funds appropriation is $600,000 in each fiscal year from

1 the Department of Education for support of the ongoing operational costs for Pulaski,
2 Warren, and Butler County Area Technology Centers and state-operated technical
3 programs at Hancock and Kenton County schools. Notwithstanding KRS 45.229,
4 unexpended General Fund appropriations to the Career and Technical Education
5 Accessibility Fund for fiscal year 2005-2006, not to exceed $142,000, shall not lapse and
6 shall carry forward to fiscal year 2006-2007 to be used for the purchase of welding,
7 carpentry, and automotive equipment for new vocational programs at the Pulaski,
8 Warren, and Butler County area technology centers. Included in the above General Fund
9 appropriation is $85,000 in fiscal year 2006-2007 and $50,200 in fiscal year 2007-2008
10 for operating and equipment at the Mayfield-Graves County Area Technology Center.

11 **(3) Transfer of State-Operated Secondary Vocational Education and**
12 **Technology Centers:** (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045,
13 151B.050, 151B.055, 151B.070, or any other statute to the contrary, effective at the
14 beginning of fiscal year 2006-2007, a local board of education may submit a request to
15 the Executive Director of the Office of Career and Technical Education to assume
16 authority for the management and control of a state-operated secondary vocational
17 education and technology center. Upon agreement between the Executive Director of the
18 Office of Career and Technical Education and the local board of education for the transfer
19 of a state-operated secondary vocational education and technology center, all personnel,
20 equipment and supplies shall be transferred to the local board of education and shall only
21 be utilized for the operation of the locally operated vocational center. The transfer of
22 management and control of the secondary area vocational education and technology
23 center shall be considered a permanent transfer to the local district.

24 (b) A certified employee who is affected by a transfer to the local board of
25 education under this provision shall be granted a one year limited contract by the local
26 board of education and shall be employed on the local district salary schedule. A
27 classified employee shall be guaranteed employment equal to his or her present status for

1 at least one complete school term. A transferred employee shall be provided the benefits
2 of comparable employees in the district and shall be subject to all rules and policies of the
3 local board of education, including but not limited to disciplinary and personnel actions
4 that are the same as those that may be exercised by the district for any other employee in
5 the district during a contract period.

6 (c) A transferred employee who has accrued annual leave and compensatory time
7 shall be paid a lump sum for the accrued time at the effective date of the transfer by the
8 Office of Career and Technical Education. The employee shall be granted credit for
9 accrued sick leave up to the maximum allowed for transfers for teachers between school
10 districts. Sick leave credit shall be awarded to a classified employee based on the local
11 board policy. Any excess sick leave that a classified or certified employee has earned that
12 the district will not accept in the transfer may be requested to be held in escrow by the
13 appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B, and
14 the sick leave balance shall be restored to the employee if the employee returns to a state
15 government position.

16 (d) An employee who is to be transferred to a local board of education under
17 provisions of this section but who chooses not to accept a one year limited contract with
18 the board shall be separated from the state system and the employee's position shall be
19 abolished. Notwithstanding any other statute, the employee may apply for any state
20 position for which the employee is qualified but shall not be granted priority over other
21 applicants for a position because the employee's position was abolished due to a transfer
22 of the vocational education and technology center. An employee who refuses a contract
23 with the local board shall be provided a lump-sum payment for accrued annual leave and
24 compensatory time, and the employee's sick leave balance shall be placed in escrow by
25 the appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B.
26 The sick leave balance shall be restored to the employee if the employee returns to a state
27 government position.

1 (e) A certified employee, other than a principal, who has earned continuing status
2 in the state certified personnel system under KRS Chapter 151B may be granted tenure
3 under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a
4 teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall
5 apply.
6 (f) An employee of the Office of Career and Technical Education who is
7 transferred to the local school district and who occupies a position covered by the
8 Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System.
9 (g) General Fund moneys previously appropriated to the Office of Career and
10 Technical Education for support of the transferred state-operated vocational technical
11 school shall be appropriated to the Kentucky Department of Education for support of the
12 local board of education center operations effective at the beginning of fiscal year 2006-
13 2007. In addition, the local board of education shall receive 100 percent of the Support
14 Education Excellence in Kentucky (SEEK) Program funds from the Kentucky
15 Department of Education that are generated from students enrolled in the center.
16 **9. VOCATIONAL REHABILITATION**

	2006-07	2007-08
17		
18 General Fund	13,089,700	13,134,400
19 Restricted Funds	2,673,500	2,675,600
20 Federal Funds	46,642,000	46,491,200
21 TOTAL	62,405,200	62,301,200

22 **10. EDUCATION PROFESSIONAL STANDARDS BOARD**

	2006-07	2007-08
23		
24 General Fund	10,328,800	10,328,800
25 Restricted Funds	1,416,800	1,449,500
26 Federal Funds	4,379,200	4,379,200
27 TOTAL	16,124,800	16,157,500

1 **(1) National Board of Teaching Standards Certification:** Notwithstanding
2 KRS 161.134, up to $800,000 in fiscal year 2006-2007 and $800,000 in fiscal year 2007-
3 2008 is provided for National Board of Teaching Standards Certification from the
4 General Fund.

5 **(2) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
6 18A.200, the Education Professional Standards Board shall have the sole authority to
7 determine the employees of the Education Professional Standards Board staff who are
8 exempt from the classified service and to set their compensation comparable to the
9 competitive market.

10 **(3) Kentucky Teacher Internship Program:** Notwithstanding KRS 45.229, any
11 unexpended General Fund appropriation from fiscal year 2005-2006 and fiscal year 2006-
12 2007 shall not lapse and shall carry forward to be used to support operations of the
13 Kentucky Teacher Internship Program.

14 **TOTAL - EDUCATION CABINET**

	2005-06	2006-07	2007-08
15			
16 General Fund	-0-	87,189,100	89,564,500
17 Restricted Funds	5,000	38,906,900	39,105,500
18 Federal Funds	-0-	751,056,000	751,207,400
19 TOTAL	5,000	877,152,000	879,877,400

20 **F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

21 **Budget Units**

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

	2006-07	2007-08
23		
24 General Fund	8,752,100	8,541,400
25 Restricted Funds	6,708,200	7,132,900
26 Federal Funds	1,531,900	1,612,700
27 TOTAL	16,992,200	17,287,000

1 **(1) Salary Range Increase for Engineering and Mine Inspector Positions:**
2 Notwithstanding any other provision of law, the Secretary of the Environmental and
3 Public Protection Cabinet may increase the salary range for authorized engineering and
4 mine inspector positions within the Cabinet's air, waste, water, and mining programs as
5 necessary to allow for employment and retention of staff sufficient to timely provide the
6 permitting and compliance determinations under those programs. The salary range and
7 caps may be exceeded only upon a finding by the Secretary that the increases are
8 necessary and the presentation of the new salary range and the justification for that new
9 range to the Interim Joint Committee on Appropriations and Revenue.

10 **2. ENVIRONMENTAL PROTECTION**

	2005-06	2006-07	2007-08
General Fund	21,000	25,611,800	26,118,000
Restricted Funds	-0-	40,294,200	35,159,600
Federal Funds	-0-	19,047,400	19,237,600
Road Fund	-0-	300,000	300,000
TOTAL	21,000	85,253,400	80,815,200

17 **(1) Water Discharge Permitting Program:** Notwithstanding KRS 224.20-730,
18 $233,926 in Restricted Funds shall be transferred in fiscal year 2006-2007 from the
19 Division of Air Quality to the Division of Water to be used for activities relating to the
20 Clean Water Act, Water Quality Standards and Discharge Permitting.

21 **(2) Municipal Solid Waste Landfill Inspectors:** Notwithstanding KRS 224.43-
22 320, no funds are provided in the above appropriations for the assignment of full-time
23 inspectors to each municipal solid waste landfill operating in the Commonwealth.

24 **(3) Kentucky Pride Program:** Included in the above Restricted Funds
25 appropriation is $18,339,300 in fiscal year 2006-2007 and $13,705,400 in fiscal year
26 2007-2008 for the Kentucky Pride Program.

27 **(4) Solid Waste Enforcement Activity:** In accordance with KRS 224.43-505, the

1 Environmental and Public Protection Cabinet shall suspend until July 1, 2008,
2 enforcement activity regarding landfill closure, maintenance, monitoring, and remediation
3 obligations against formerly permitted municipal solid waste disposal and water facilities
4 owned by a city or county that ceases accepting waste prior to July 1, 1992, except as
5 necessary to abate an environmental emergency.

6 **(5) 404 Permitting Program:** Included in the above Road Fund appropriation is
7 $300,000 in each year of the biennium for the U.S. Clean Water Act section for the 404
8 Permitting Program in the Environmental and Public Protection Cabinet's Division of
9 Water to facilitate highway construction projects.

10 **3. NATURAL RESOURCES**

	2006-07	2007-08
11		
12 General Fund (Tobacco)	9,000,000	9,000,000
13 General Fund	14,895,300	14,895,700
14 Restricted Funds	5,704,300	5,886,500
15 Federal Funds	9,134,100	9,129,400
16 TOTAL	38,733,700	38,911,600

17 **(1) Emergency Forest Fire Suppression:** Not less than $240,000 of the above
18 General Fund appropriation for each fiscal year shall be set aside for emergency forest
19 fire suppression. There is appropriated from the General Fund the necessary funds,
20 subject to the conditions and procedures provided in this Act, which are required as a
21 result of emergency fire suppression activities in excess of $240,000. Fire suppression
22 costs in excess of $240,000 annually shall be deemed necessary government expenses and
23 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
24 Reserve Trust Fund Account (KRS 48.705).

25 **(2) Environmental Stewardship Program:** Included in the above General Fund
26 (Tobacco) appropriation is $9,000,000 in fiscal year 2006-2007 and $9,000,000 in fiscal
27 year 2007-2008 for the Environmental Stewardship Program.

1 **(3) Maxey Flats Deep Well Monitoring Project:** Notwithstanding KRS
2 149.280(2) and 149.670, in fiscal year 2006-2007 the Division of Forestry shall transfer
3 $500,000 to the Department of Environmental Protection, Division of Maxey Flats for the
4 Deep Well Monitoring System capital project.

5 **4. MINE RECLAMATION AND ENFORCEMENT**

	2006-07	2007-08
General Fund	10,651,900	10,828,200
Restricted Funds	3,927,900	3,606,000
Federal Funds	18,314,400	18,871,500
TOTAL	32,894,200	33,305,700

11 **(1) Return of Permit and Acreage Fees:** Included in the above General Fund
12 appropriation is $675,000 in each fiscal year for the return of permit and acreage fees
13 under KRS 350.139. Any required expenditure for this purpose in excess of this amount
14 in either fiscal year is appropriated to the department.

15 **(2) Surface Coal Mining Permits:** The permit block provisions of KRS
16 350.085(6) shall apply both to surface coal mining and reclamation operations owned or
17 controlled by the applicant, and those operations owning or controlling the applicant. The
18 Environmental and Public Protection Cabinet shall continue in effect the current state
19 administrative regulations regarding ownership and control provided that a due process
20 hearing shall be afforded at the time the Cabinet makes a preliminary determination to
21 impose a permit block.

22 The Cabinet shall conditionally issue a permit, permit renewal, or authorization to
23 conduct surface coal mining and reclamation operations, if the Cabinet finds that a direct
24 administrative or judicial appeal is presently being pursued, in good faith, to contest the
25 validity of the determination of ownership and control linkage. The Cabinet shall
26 conditionally issue permits where the applicant submits proof, including a settlement
27 agreement, that the violation is being abated to the satisfaction of the issuing state or

1 federal agency. If the initial judicial appeal affirms the ownership or control linkage, the
2 applicant shall have 30 days to submit proof that the violation has been or is in the
3 process of being corrected. Nothing in this section shall preclude the applicant from
4 seeking further judicial relief. The reporting requirements of KRS 350.060(3) shall not
5 extend to persons at the level above a publicly traded corporation who own or control the
6 applicant.

7 The Cabinet shall continue in force the current administrative regulations regarding
8 ownership and control, in a manner consistent with this section, until the Ownership and
9 Control Settlement Rule is finalized, at which time the state program administrative
10 regulations shall be revised to maintain consistency with the federal requirements and
11 shall be submitted as a state program amendment for approval by the federal Office of
12 Surface Mining Reclamation and Enforcement.

13 **5. ABANDONED MINE LAND RECLAMATION PROJECTS**

	2006-07	2007-08
14		
15 Federal Funds	22,000,000	22,000,000

16 **(1) Fund Receipt and Expenditures Estimates:** The above appropriation
17 represents estimates of the funds to be received and expended for this program. If
18 additional funds become available, the funds are appropriated subject to the conditions
19 and procedures provided in this Act.

20 **6. ENVIRONMENTAL QUALITY COMMISSION**

	2006-07	2007-08
21		
22 Restricted Funds	266,600	263,800

23 **7. KENTUCKY NATURE PRESERVES COMMISSION**

	2006-07	2007-08
24		
25 General Fund	1,166,500	1,166,500
26 Restricted Funds	378,900	402,800
27 Federal Funds	55,000	55,000

TOTAL	1,600,400	1,624,300

8. PUBLIC PROTECTION COMMISSIONER

	2006-07	**2007-08**
Restricted Funds	1,188,700	1,193,400

9. BOXING AND WRESTLING AUTHORITY

	2006-07	**2007-08**
Restricted Funds	100,000	100,000

10. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND

	2006-07	**2007-08**
General Fund	-0-	3,479,000
Restricted Funds	29,164,500	29,277,700
TOTAL	29,164,500	32,756,700

(1) Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is $3,479,000 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the above Restricted Funds appropriation in fiscal year 2006-2007 is $25,000,000 for underground storage tank fund payments from new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Financial Responsibility Account: Any Restricted Funds receipts generated by the Petroleum Storage Tank Assurance Fund in fiscal year 2006-2007 in excess of the amounts appropriated above shall be allocated to the Financial Responsibility Account to help ensure that the agency meets its reserve balance requirements in fiscal year 2007-2008.

11. ALCOHOLIC BEVERAGE CONTROL

	2006-07	**2007-08**
General Fund	1,441,400	1,058,600
Restricted Funds	3,577,800	4,131,600
TOTAL	5,019,200	5,190,200

1 **(1) Sale and Distribution of Tobacco Products Enforcement:** Included in the
2 above General Fund appropriation is $250,000 in fiscal year 2006-2007 and $250,000 in
3 fiscal year 2007-2008 to carry out the provisions of KRS 438.337.

4 **12. CHARITABLE GAMING**

	2006-07	2007-08
Restricted Funds	3,299,600	3,343,200

7 **13. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD**

	2006-07	2007-08
General Fund	848,000	848,000
Restricted Funds	2,119,200	1,997,400
Federal Funds	540,100	540,100
TOTAL	3,507,300	3,385,500

13 **(1) Sexual Assault Examinations:** Notwithstanding KRS 216B.400(8),
14 examinations for reported victims of sexual assault shall be paid by the Crime Victims'
15 Compensation Board in a manner consistent with KRS Chapter 346, at a rate determined
16 by the Board. The Board shall reimburse the hospital or sexual assault examination
17 facility as provided in administrative regulations promulgated by the Board.

18 **14. FINANCIAL INSTITUTIONS**

	2006-07	2007-08
Restricted Funds	9,223,800	9,342,200

21 **15. HORSE RACING AUTHORITY**

	2006-07	2007-08
General Fund	1,709,700	509,700
Restricted Funds	27,934,800	27,778,100
TOTAL	29,644,500	28,287,800

26 ~~[(1) **Prohibition of Racing Dates Fee and Assessments**: The Horse Racing~~
27 ~~Authority is prohibited from imposing a fee or assessment on thoroughbred and~~

1 ~~standardbred race tracks, based on the number of racing dates allotted to each track.~~]*(Veto*
2 *#9)*

3 **(2) Management and Financial Audit**: A management and financial audit shall
4 be conducted by the Auditor of Public Accounts and shall be completed by December 31,
5 2006. A report shall be provided to the Interim Joint Committee on Licensing and
6 Occupations and the racing associations licensed pursuant to KRS Chapter 230.

7 **16. HOUSING, BUILDINGS AND CONSTRUCTION**

	2006-07	2007-08
General Fund	2,524,200	2,524,200
Restricted Funds	15,867,900	16,158,900
TOTAL	18,392,100	18,683,100

12 **17. INSURANCE**

	2006-07	2007-08
General Fund (Tobacco)	13,692,700	14,496,000
General Fund	6,500,000	13,500,000
Restricted Funds	22,110,700	22,318,000
TOTAL	42,303,400	50,314,000

18 **(1) Additional Personnel:** Included in the above Restricted Funds appropriation
19 is $66,900 in fiscal year 2006-2007 and $67,800 in fiscal year 2007-2008 to fill one
20 position in the Captive Insurance Program.

21 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
22 appropriation is $13,692,700 in fiscal year 2006-2007 and $14,496,000 in fiscal year
23 2007-2008 for the Kentucky Access Program.

24 **(3) Kentucky Access:** Notwithstanding KRS 304.17B-021, during the 2006-2008
25 biennium, the Secretary of the Environmental and Public Protection Cabinet may seek
26 authorization from the State Budget Director to reallocate excess unbudgeted operating
27 funds generated by the Office of Insurance to Kentucky Access. Any such funding

1 reallocations that are approved by the State Budget Director shall be reported to the
2 Interim Joint Committee on Appropriations and Revenue consistent with the provisions
3 of this Act.

4 **(4) Small Business Health Insurance:** Included in the above General Fund
5 appropriation is $6,500,000 in fiscal year 2006-2007 and $13,500,000 in fiscal year 2007-
6 2008 to fund the Small Business Health Insurance Subsidy Program.

7 **18. MINE SAFETY REVIEW COMMISSION**

	2006-07	2007-08
General Fund	200,700	202,400

10 **19. MINE SAFETY AND LICENSING**

	2006-07	2007-08
General Fund	9,522,600	9,522,600
Restricted Funds	1,437,200	1,635,900
Federal Funds	581,100	581,100
TOTAL	11,540,900	11,739,600

16 **(1) Coal Workers' Pneumoconiosis Fund:** Included in the above Restricted
17 Funds appropriation is $952,000 in fiscal year 2006-2007 and $952,000 in fiscal year
18 2007-2008 to support compliance, education, and training programs from the Coal
19 Workers' Pneumoconiosis Fund.

20 **(2) Necessary Mine Inspection Funding:** To adequately fund mine inspection
21 salaries beyond the personnel appropriation during the biennium, up to $750,000 in each
22 fiscal year shall be deemed a necessary government expense and transferred from the
23 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account
24 (KRS 48.705). These funds shall be transferred only upon certification of need by the
25 Secretary of the Environmental and Public Protection Cabinet to the Secretary of the
26 Finance and Administration Cabinet.

27 **20. PUBLIC SERVICE COMMISSION**

	2006-07	2007-08
General Fund	12,624,800	13,006,000
Restricted Funds	850,000	850,000
Federal Funds	216,000	218,300
TOTAL	13,690,800	14,074,300

(1) Debt Service: Included in the above General Fund appropriation is $589,000 in fiscal year 2006-2007 and $589,000 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Lapse of General Fund Appropriation Balance: Notwithstanding KRS 278.150(3), $5,273,000 in fiscal year 2005-2006 shall lapse to the credit of the General Fund. Notwithstanding KRS 278.150(3), $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 shall lapse to the credit of the General Fund.

(3) Water Districts and Water Associations: A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of $500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

(4) Kentucky Broadband Task Force Report: The Kentucky Broadband Task Force shall examine the deployment of broadband, as defined in KRS 278.5461, in the

1 Commonwealth and provide to the Legislative Research Commission and to the
2 Governor a final report to be submitted no later than November 15, 2006.
3 **(5) Telecommunication Access Program:** Notwithstanding KRS 278.5499, the
4 funding mechanism for the telecommunication device for the deaf distribution program
5 shall allocate not more than two cents per access line per month.
6 **21. TAX APPEALS**

	2006-07	2007-08
General Fund	471,400	465,400

9 **22. LABOR**

	2006-07	2007-08
General Fund	2,453,400	2,456,800
Restricted Funds	116,986,200	117,654,300
Federal Funds	3,343,800	3,329,800
TOTAL	122,783,400	123,440,900

15 **23. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

	2006-07	2007-08
Restricted Funds	500,600	510,900

18 **24. WORKERS' COMPENSATION BOARD**

	2006-07	2007-08
Restricted Funds	937,900	949,500

21 **25. WORKERS' COMPENSATION FUNDING COMMISSION**

	2006-07	2007-08
Restricted Funds	137,298,200	135,181,600

24 **(1) Commission Funding:** Notwithstanding KRS 342.122(1)(c), no General
25 Fund appropriation is provided to the Kentucky Workers' Compensation Funding
26 Commission in fiscal year 2006-2007 and fiscal year 2007-2008.
27 **(2) Mine Safety Funding:** Notwithstanding KRS 342.122(1)(a), $952,000 in

1 each year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support
2 mine safety compliance, education, and training in the Office of Mine Safety and
3 Licensing in the Department of Public Protection.

4 **TOTAL - ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	22,692,700	23,496,000
General Fund	21,000	99,373,800	109,122,500
Restricted Funds	-0-	429,877,200	424,874,300
Federal Funds	-0-	74,763,800	75,575,500
Road Fund	-0-	300,000	300,000
TOTAL	21,000	627,007,500	633,368,300

G. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2006-07	2007-08
General Fund	10,281,500	10,442,600
Restricted Funds	34,891,600	34,756,000
Road Fund	400,000	400,000
TOTAL	45,573,100	45,598,600

20 (1) **Affordable Housing Trust Fund:** Included in the above Restricted Funds
21 appropriation is $4,300,000 in fiscal year 2006-2007 and $4,300,000 in fiscal year 2007-
22 2008 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall
23 provide from the Kentucky Housing Corporation Housing Assistance Fund to the
24 Affordable Housing Trust Fund $500,000 in fiscal year 2006-2007 and $500,000 in fiscal
25 year 2007-2008.

26 (2) **Trooper Island, Inc.:** The Kentucky Housing Corporation shall provide from
27 the Kentucky Housing Corporation Housing Assistance Fund to Trooper Island, Inc.,

1 $250,000 in fiscal year 2006-2007 and $250,000 in fiscal year 2007-2008.

2 **(3) Gubernatorial Transition**: Funds that are necessary to meet the
3 Commonwealth's obligations for gubernatorial transition, up to but not to exceed
4 $220,000 in fiscal year 2007-2008, shall be deemed a necessary government expense, and
5 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
6 Reserve Trust Fund Account (KRS 48.705).

7 **2. CONTROLLER**

	2006-07	2007-08
8		
9 General Fund	10,954,300	10,954,300
10 Restricted Funds	2,052,700	2,052,900
11 Federal Funds	1,000,000	1,000,000
12 TOTAL	14,007,000	14,007,200

13 **(1) Social Security Contingent Liability Fund:** Any expenditures that may be
14 required by KRS 61.470 are hereby deemed necessary government expenses and shall be
15 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
16 available balance in either the Judgments budget unit appropriation or the Budget Reserve
17 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in
18 this Act.

19 **3. DEBT SERVICE**

	2006-07	2007-08
20		
21 General Fund (Tobacco)	17,842,700	17,847,400
22 General Fund	328,147,100	327,397,800
23 TOTAL	345,989,800	345,245,200

24 **(1) New Debt Service:** Included in the above General Fund appropriation is
25 $3,492,000 in fiscal year 2006-2007 and $11,137,000 in fiscal year 2007-2008 to support
26 new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation
27 units within the Finance and Administration Cabinet.

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

8 **4. FACILITIES AND SUPPORT SERVICES**

	2006-07	2007-08
9		
10 General Fund	7,518,200	7,526,800
11 Restricted Funds	29,908,400	30,360,400
12 TOTAL	37,426,600	37,887,200

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

18 **(2) Emergency Repair, Maintenance, and Replacement Fund:** If funds in the
19 Emergency Repair, Maintenance, and Replacement Fund are not sufficient, then
20 expenditures of the fund are to be paid first from the General Fund Surplus Account
21 (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS
22 48.705), subject to the conditions and procedures provided in this Act.

23 **5. COUNTY COSTS**

	2006-07	2007-08
24		
25 General Fund	19,181,500	20,481,500
26 Restricted Funds	1,950,000	1,950,000
27 TOTAL	21,131,500	22,431,500

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

6 **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

	2006-07	2007-08
7		
8 Restricted Funds	61,168,500	62,962,400
9 Federal Funds	863,100	775,000
10 TOTAL	62,031,600	63,737,400

11 ~~[(1) **Reporting Requirements**: The Commonwealth Office of Technology shall~~
12 ~~report semiannually to the Interim Joint Committee on Appropriations and Revenue the~~
13 ~~number of sole-source contracts, amounts awarded for sole-source contracts, and the~~
14 ~~purposes of the sole-source contracts; and the number of contract employees, the amount~~
15 ~~expended for contract employees, the projects contract employees worked on, and a~~
16 ~~justification why state merit employees were not used.]~~ *(Veto #10)*

17 **7. REVENUE**

	2006-07	2007-08
18		
19 General Fund (Tobacco)	175,000	175,000
20 General Fund	71,880,000	73,234,300
21 Restricted Funds	4,381,500	4,378,600
22 Road Fund	2,000,000	2,000,000
23 TOTAL	78,436,500	79,787,900

24 **(1) Insurance Surcharge Rate:** Pursuant to KRS 136.392, the insurance
25 surcharge rate shall be calculated at a rate to provide sufficient funds in the 2006-2008
26 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law
27 Enforcement Foundation Program Fund. The calculation of sufficient funds for the

1 above-named programs shall include any Restricted Funds carried forward from fiscal
2 years 2005-2006 and 2006-2007 provided by the General Assembly in this Act.
3 **(2) Road Fund Compliance and Motor Vehicle Property Tax Programs:** The
4 above Road Fund appropriation in each fiscal year represents the cost of the Road Fund
5 Compliance and Motor Vehicle Property Tax Programs within the Department of
6 Revenue and is to be used exclusively for that purpose.
7 **(3) Operations of Revenue:** Notwithstanding KRS 132.672 and 365.390(2),
8 funds may be expended in support of the operations of the Department of Revenue.
9 **(4) Debt Collection Fee Distribution:** Notwithstanding KRS 45.238(3),
10 45.240(3) and 45.241(7)(b), the Secretary of the Finance and Administration Cabinet may
11 determine, on an equitable basis, that all or a portion of any debt or improper payment
12 recovered by the Department of Revenue pursuant to the provisions of KRS 45.237,
13 45.238 and 45.241 may be returned to the agency certifying the debt or improper payment
14 or to the Court of Justice for allocation as otherwise provided by law.
15 The Department of Revenue may promulgate an administrative regulation pursuant
16 to KRS Chapter 13A to establish criteria to administer the provisions of this section.
17 **8. PROPERTY VALUATION ADMINISTRATORS**

	2006-07	2007-08
18		
19 General Fund	32,769,300	33,399,300
20 Restricted Funds	4,319,400	4,319,400
21 TOTAL	37,088,700	37,718,700

22 **(1) Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597,
23 the property valuation administrators are authorized to take necessary actions to manage
24 expenditures within the appropriated amounts contained in this Act.
25 **TOTAL - FINANCE AND ADMINISTRATION CABINET**

	2006-07	2007-08
26		
27 General Fund (Tobacco)	18,017,700	18,022,400

General Fund	480,731,900	483,436,600
Restricted Funds	138,672,100	140,779,700
Federal Funds	1,863,100	1,775,000
Road Fund	2,400,000	2,400,000
TOTAL	641,684,800	646,413,700

H. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2005-06	2006-07	2007-08
General Fund	-0-	35,015,700	34,600,000
Restricted Funds	450,000	11,405,400	11,417,500
Federal Funds	-0-	43,040,700	42,408,400
TOTAL	450,000	89,461,800	88,425,900

(1) Maximizing Federal Funds: Pursuant to compliance with the State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet for Health and Family Services shall maximize Federal Funds for programs within the Cabinet.

(2) Human Services Transportation Delivery: Notwithstanding KRS 281.014, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee.

(3) Debt Service: Included in the above General Fund appropriation is $220,000 in fiscal year 2007-2008 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) Federally Funded Positions: Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Human Support Services, Commission for Children with Special Health Care Needs, Department for Disability Determination Services, Department for

1 Community Based Services, Department for Medicaid Services, Department for Mental
2 Health/Mental Retardation Services, and the Department for Public Health shall be
3 authorized to establish and fill such positions as are 100 percent federally funded for
4 salary and fringe benefits.

5 **2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS**

	2006-07	2007-08
General Fund (Tobacco)	312,100	352,000
General Fund	5,835,400	5,917,000
Restricted Funds	6,696,100	6,773,400
Federal Funds	4,379,000	4,379,000
TOTAL	17,222,600	17,421,400

12 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
13 appropriation is $310,100 in fiscal year 2006-2007 and $350,000 in fiscal year 2007-2008
14 for Universal Newborn Hearing Screening and $2,000 in each fiscal year for Vision
15 Screening.

16 **3. MEDICAID SERVICES**

17 **a. Medicaid Administration**

	2005-06	2006-07	2007-08
General Fund	17,198,900	37,882,400	36,441,700
Restricted Funds	-0-	14,075,000	13,080,000
Federal Funds	24,271,000	56,945,500	46,579,400
TOTAL	41,469,900	108,902,900	96,101,100

23 **(1) Transfer of Excess Administrative Funds for Medicaid Benefits:** If any
24 portion of the above General Fund appropriation in either fiscal year is deemed to be in
25 excess of the necessary expenses for administration of the Department, the amount may
26 be used for Medicaid Benefits, in accordance with statutes governing the functions and
27 activities of the Department for Medicaid Services. In no instance shall these excess

1 funds be used without prior written approval of the State Budget Director to:
2 (a) Establish a new program;
3 (b) Expand the services of an existing program; or
4 (c) Increase rates or payment levels in an existing program.
5 Any transfer authorized under this section shall be approved by the Secretary of the
6 Finance and Administration Cabinet upon recommendation of the State Budget Director.
7 **(2) Medicaid Service Category Expenditure Information:** No Medicaid
8 managed care contract shall be valid, and no payment to a Medicaid managed care vendor
9 by the Finance and Administration Cabinet or the Cabinet for Health and Family Services
10 shall be made, unless the Medicaid managed care contract contains a provision that the
11 contractor shall collect Medicaid expenditure data by the categories of services paid for
12 by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories
13 of Medicaid services, including mandated and optional Medicaid services, special
14 expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital,
15 shall be compiled by the Department for Medicaid Services for all Medicaid providers
16 and forwarded to the Interim Joint Committee on Appropriations and Revenue on a
17 quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services
18 shall be provided to the Interim Joint Committee on Appropriations and Revenue upon
19 request.
20 **(3) Medicaid Eligibility Determination Contract Funding:** Included in the
21 above General Fund and Restricted Funds appropriations are the total state matching
22 funds required to fully fund the Medicaid Eligibility Determination contract in each year
23 of the fiscal biennium between the Department for Medicaid Services and Department for
24 Community Based Services.
25 **b. Medicaid Benefits**

	2005-06	2006-07	2007-08
26			
27 General Fund	68,101,100	1,001,577,900	1,041,097,000

Restricted Funds	5,021,900	383,400,500	388,805,100
Federal Funds	215,142,900	3,100,931,200	3,212,280,900
TOTAL	288,265,900	4,485,909,600	4,642,183,000

(1) Supports for Community Living Slots: Included in the above appropriation is $1,856,300 in General Fund moneys and $4,331,200 in Federal Funds in fiscal year 2006-2007 to support 100 additional Supports for Community Living slots and $6,393,800 in General Fund moneys and $14,918,700 in Federal Funds in fiscal year 2007-2008 to support 100 additional Supports for Community Living slots for a total of 200 additional slots.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose.

(2) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2006-2007 shall not lapse, but shall be carried forward into the next fiscal year.

(3) Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law.

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

(5) Provider Tax Information: Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that it has paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for

1 Medicaid Services during the same period the provider tax was paid. Providers who fail
2 to meet this requirement shall be excluded from the Disproportionate Share Hospital and
3 Medicaid Programs. The Cabinet for Health and Family Services shall include this
4 provision in facilities' annual licensure inspection.

5 **(6) Quality and Charity Care Trust Fund:** No hospital shall be reimbursed
6 from both the Quality and Charity Care Trust Fund and the Disproportionate Share
7 Hospital Program for the same service to the same patient. Any hospital that willfully
8 violates this provision shall be subject to a penalty equal to three times the amount of the
9 improper charge to the funds, which shall be credited to the General Fund. The Secretary
10 of the Cabinet for Health and Family Services shall have the authority to secure the
11 patient information as needed from the participating facilities in order to determine
12 compliance and enforce this provision. Each facility billing and receiving reimbursements
13 from the Quality and Charity Care Trust Fund shall be required to identify each patient by
14 Social Security number and indicate whether the patient is classified as indigent or
15 medically needy. Notwithstanding any other provision of this Act or law, in any fiscal
16 year for which all the parties to the Quality and Charity Care Trust Agreement so agree,
17 the General Fund appropriation to fulfill the Commonwealth's contractual obligation
18 relating to the Quality and Charity Care Trust Agreement or any portion thereof, together
19 with any other funds paid to the Quality and Charity Care Trust contractual obligation of
20 the parties, or any portion thereof, shall be transferred to the Department for Medicaid
21 Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal
22 year for which all the parties to the Quality and Charity Care Trust Agreement do not
23 agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid
24 Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant
25 to its contractual provisions.

26 **(7) Kentucky Children's Health Insurance Program (KCHIP):** The Secretary
27 of the Cabinet for Health and Family Services may transfer funds from Medicaid Benefits

1 to the KCHIP General Fund or Restricted Funds appropriations to be used to match the
2 Federal Funds allocation. These transfers may be made to cover both additional regular
3 allocations and redistribution from the federal government. The Secretary shall
4 recommend any proposed transfer to the State Budget Director for review and
5 concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to
6 the transfer, the Secretary shall make the appropriate interim appropriation increase
7 requests pursuant to KRS 48.630.

8 **(8) Intergovernmental Transfers (IGT's):** Any funds received through an IGT
9 agreement between the Department for Medicaid Services and other governmental
10 entities, in accordance with a federally approved State Plan amendment, shall be used to
11 provide for the health and welfare of the citizens of the Commonwealth through the
12 provision of Medicaid Benefits. Revenues from IGT's are contingent upon agreement by
13 the parties and, when negotiated, the Secretary of the Cabinet for Health and Family
14 Services shall make the appropriate interim appropriations increase requests pursuant to
15 KRS 48.630.

16 **(9) Medicaid Budget Analysis Reports:** The Department for Medicaid Services
17 shall submit a quarterly budget analysis report to the Interim Joint Committee on
18 Appropriations and Revenue. The report shall provide monthly detail of actual
19 expenditures, eligibles, and average monthly cost per eligible by eligibility category along
20 with current trailing 12-month averages for each of these figures. The report shall also
21 provide actual figures for all categories of noneligible-specific expenditures such as
22 Supplemental Medical Insurance premiums, Kentucky Patient Access to Care,
23 nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share
24 Hospital payments by type of hospital. The report shall compare the actual expenditure
25 experience with those underlying the enacted or revised enacted budget and explain any
26 significant variances which may occur.

27 **(10) Medicaid Benefits Budget Deficit:** In the event Medicaid Benefits

1 expenditures are projected to exceed available funds, the Secretary of the Cabinet for
2 Health and Family Services shall be empowered to recommend that reimbursement rates,
3 optional services, eligibles, or programs be reduced or maintained at levels existing at the
4 time of the projected deficit in order to avoid a budget deficit. The projected deficit shall
5 be confirmed by the Office of State Budget Director. No service, eligible, or program
6 reductions shall be implemented by the Cabinet for Health and Family Services without
7 written notice of such action to the Interim Joint Committee on Appropriations and
8 Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and
9 Family Services shall be reported, upon request, at the next meeting of the Interim Joint
10 Committee on Appropriations and Revenue.

11 **(11) Medicaid Benefits Budget Surplus:** In the event Medicaid Benefits
12 expenditures are less than available funds, the Secretary of the Cabinet for Health and
13 Family Services may recommend the utilization of available funds to increase
14 reimbursement rates, support program administration, or expand the Medicaid Program or
15 the number of eligibles. No reimbursement rate, service, eligible, or program shall be
16 increased without written approval of the State Budget Director and a report to the
17 Interim Joint Committee on Appropriations and Revenue.

18 **(12) Transfer of Medicaid Benefits Funds for Medicaid Modernization:** Any
19 portion of the General Fund appropriation in either fiscal year that is deemed to be
20 necessary for the administration of the Medicaid Modernization initiative may be
21 transferred from Medicaid Benefits in accordance with statutes governing the functions
22 and activities of the Department for Medicaid Services. The Secretary shall recommend
23 any proposed transfer to the State Budget Director for approval prior to transfer. Such
24 action shall be reported by the Cabinet for Health and Family Services to the Interim Joint
25 Committee on Appropriations and Revenue.

26 **(13) Critical Access Hospitals:** Notwithstanding 2004 Ky. Acts ch. 56, sec. 2,
27 through June 30, 2008, no acute care hospital shall convert to a critical access hospital

1 unless the hospital has either received funding for a feasibility study from the Kentucky
2 State Office of Rural Health or filed a written request by January 1, 2006, with the
3 Kentucky State Office of Rural Health requesting funding for conducting a feasibility
4 study.

5 **(14) Medicaid Copayments:** Notwithstanding KRS 205.6312, the Department for
6 Medicaid Services may impose copayments for services rendered to Medicaid recipients
7 not to exceed the amounts permitted by federal authority.

8 **(15) Medicaid State Match for Preventive Services By Local and District**
9 **Health Departments:** Included in the above appropriation in each year of the fiscal
10 biennium are the total state matching funds required to fully support preventive health
11 services provided to Medicaid recipients through local and district health departments.
12 Such services shall continue, at a minimum, at the current level of effort.

13 **(16) Quarterly Cost Containment Reporting:** The Cabinet for Health and Family
14 Services shall submit a quarterly report to the Interim Joint Committee on Appropriations
15 and Revenue on cost-containment initiatives implemented to reduce costs in the Medicaid
16 Program, including the actual experience compared to projected savings for each
17 initiative. In addition, this report shall include any anticipated initiatives to be
18 implemented to reduce Medicaid costs, including a projection for savings from each
19 initiative and implementation date. If applicable, the report shall also include a list of
20 anticipated Medicaid Program expansions, including projected costs and implementation
21 dates.

22 **(17) Adult Day Care Service Rate Increase:** Included in the above appropriation
23 is $700,000 in Restricted Funds and $1,595,100 in Federal Funds in fiscal year 2006-
24 2007 and $700,000 in Restricted Funds and $1,601,100 in Federal Funds in fiscal year
25 2007-2008 to increase reimbursement rates for Adult Day Care services.

26 **(18) School-based Health Service Expansion:** Included in the above
27 appropriation is $250,000 in Restricted Funds and $569,700 in Federal Funds in fiscal

1 year 2006-2007 and $250,000 in Restricted Funds and $571,800 in Federal Funds in
2 fiscal year 2007-2008 to expand school-based health services.
3 **(19) Ambulance Fee Increase:** The Department for Medicaid Services shall
4 continue ambulance reimbursement during each fiscal year at the rate level established by
5 the 2005 General Assembly for fiscal year 2005-2006.
6 **(20) Model II Waiver Expansion:** Included in the above appropriation is
7 $1,000,000 in General Fund support and $2,278,700 in Federal Funds in fiscal year 2006-
8 2007 and $1,000,000 in General Fund support and $2,287,300 in Federal Funds in fiscal
9 year 2007-2008 to expand Model II waiver services to approximately 40 additional
10 ventilator-dependent patients.
11 **(21) Breast and Cervical Cancer Treatment Expansion:** Included in the above
12 appropriation is $150,000 in Restricted Funds and $341,800 in Federal Funds in fiscal
13 year 2006-2007 and $150,000 in Restricted Funds and $343,100 in Federal Funds in
14 fiscal year 2007-2008 to expand the Breast and Cervical Cancer Treatment Services
15 Program.
16 **(22) General Fund Carry Forward:** Notwithstanding KRS 45.229, included in
17 the above General Fund appropriation is $3,264,000 in fiscal year 2005-2006 which shall
18 be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year
19 2006-2007 and $2,387,300 in fiscal year 2006-2007 which shall be carried forward and
20 utilized to support Medicaid Benefits expenditures in fiscal year 2007-2008.
21 **(23) Hospital Provider Tax and Enhanced Payments:** Notwithstanding KRS
22 142.303 or the 2004-2006 State/Executive Branch Budget (2005 Ky. Acts ch. 173)
23 establishing a lower amount of tax, hospital provider tax collections in fiscal year 2005-
24 2006 shall not be less than $180,000,000. Notwithstanding KRS 205.640 and any other
25 provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid
26 Services shall use these funds to maintain and continue the hospital inpatient payment
27 enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional

1 funding allocated by the Department to enhance reimbursement to hospitals paid under
2 managed care arrangements. If the aggregate tax collected from all hospitals in fiscal year
3 2005-2006 pursuant to KRS 142.303 is less than $180,000,000, each hospital shall pay an
4 additional provider tax in an amount equal to its pro rata share of the difference, based on
5 its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital
6 provider tax paid in fiscal year 2005-2006 pursuant to KRS 142.303 is greater than
7 $180,000,000, the amount in excess of $180,000,000 shall be deposited into the "Hospital
8 Payment Improvement Trust Fund," which is hereby created in the State Treasury as a
9 trust and agency account, and shall be matched with Federal Funds for the sole use of
10 increasing reimbursement to Kentucky hospitals, including those paid under managed
11 care arrangements. To the extent that funds remain in the trust fund established by 2005
12 Ky. Acts ch. 173, Part I, H.3.b.(7), those funds shall be transferred to the fund created in
13 this subsection, and shall be used for the purposes stated above. Any outstanding
14 payments due pursuant to the provisions of 2005 Ky. Acts ch. 173, Part I, H.3.b.(7) shall
15 be retroactive to the beginning of fiscal year 2005-2006 and shall be paid no later than
16 July 30, 2006.
17 Notwithstanding KRS 142.303, hospital provider tax collections for fiscal year
18 2006-2007 and fiscal year 2007-2008 shall be not less than $180,000,000, but shall not
19 exceed the amount of the aggregate provider taxes paid by hospitals in fiscal year 2005-
20 2006. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised
21 Statutes to the contrary, the Department for Medicaid Services shall use these funds to
22 maintain and continue the hospital inpatient payment enhancements to Kentucky
23 hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the
24 Department to enhance reimbursement to hospitals paid under managed care
25 arrangements. Notwithstanding KRS 142.301 to 142. 363, taxes due in fiscal year 2006-
26 2007 and in fiscal year 2007-2008 shall be paid in 12 equal monthly installments, except
27 as otherwise provided below, with each payment due no later than 20 days after the last

1 day of each calendar month. At least 30 days prior to the beginning of the fiscal year, the
2 Department of Revenue shall send written notice to each hospital of the hospital's
3 estimated total tax liability for the year, which shall be the amount the hospital paid in
4 taxes in fiscal year 2005-2006. The estimate for fiscal year 2006-2007 shall be based on
5 actual payments for the first ten months of fiscal year 2005-2006, and an estimated
6 amount for the last two months of fiscal year 2005-2006. Any adjustment in the total
7 payment amount due to differences between the estimated and actual payments for the
8 last two months of fiscal year 2005-2006 shall be made in the final payment due for fiscal
9 year 2006-2007. In the case of a new hospital that did not operate in state fiscal year
10 2005-2006, the hospital shall be taxed pursuant to KRS 142.303. Any hospital provider
11 tax collections in excess of $180,000,000 in fiscal year 2006-2007 or in fiscal year 2007-
12 2008 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is
13 hereby created in the State Treasury as a trust and agency account, and shall be matched
14 with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals,
15 including those paid under managed care arrangements. Any payments due pursuant to
16 this section shall be made by July 30 of each fiscal year.

17 **(24) Acquired Brain Injury Waiver Program:** Included in the above
18 appropriation is $1,000,000 in General Fund moneys and $2,278,700 in Federal Funds in
19 fiscal year 2006-2007 and $1,000,000 in General Fund moneys and $2,287,300 in Federal
20 Funds in fiscal year 2007-2008 to support 65 additional individuals through the Acquired
21 Brain Injury Waiver Program.

22 **(25) Medicaid Pharmacy:** Notwithstanding KRS 205.6312(4), a pharmacy
23 provider participating in the Medical Assistance Program shall not be required to serve an
24 eligible recipient if the recipient does not make the required copayment at the time of
25 service, except for an initial encounter when a recipient presents a condition which could
26 result in harm to the recipient if left untreated, in which case the pharmacist shall
27 dispense a 72 hour emergency supply of the required medicine. The recipient may then

1 return to the pharmacy with the necessary copayment to obtain the remainder of the
2 prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of
3 both the emergency supply and the remainder of the prescription.

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

14 **4. MENTAL HEALTH AND MENTAL RETARDATION SERVICES**

	2006-07	2007-08
General Fund (Tobacco)	800,000	800,000
General Fund	185,755,200	194,117,600
Restricted Funds	207,572,000	210,790,500
Federal Funds	44,300,200	43,682,000
TOTAL	438,427,400	449,390,100

21 **(1) Disproportionate Share Hospital Funds:** Mental health disproportionate
22 share funds are budgeted at the maximum amounts permitted by the Federal Balanced
23 Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection
24 Act of 2000 and the Medicare Modernization Act of 2003, in the amount of $34,567,300
25 in each fiscal year.

26 **(2) Kentucky Commission on Services and Supports for Individuals with**
27 **Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses:** The

1 Department for Mental Health and Mental Retardation Services shall provide at least
2 $12,500 each fiscal year to be distributed to support the continued operation of the 14
3 regional planning councils and Commission activities relating to the mandates of KRS
4 210.500, 210.502, 210.504, 210.506, and 210.509, through June 30, 2008. The regional
5 planning councils shall make recommendations for, and the Commission shall develop, a
6 two-year work plan for specifying goals and strategies relating to services and supports
7 for individuals with mental illness, alcohol and other drug disorders, and dual diagnoses,
8 and efforts to reduce the stigma associated with mental illness and other substance abuse
9 disorders. The Commission shall report workgroup activities and findings to the
10 Governor and the Interim Joint Committee on Health and Welfare by December 1 of each
11 year.

12 **(3) Debt Service:** Included in the above General Fund appropriation in fiscal year
13 2007-2008 is $101,000 for debt service to support new bonds as set forth in Part II,
14 Capital Projects Budget, of this Act.

15 **(4) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
16 appropriation is $800,000 in each fiscal year for substance abuse prevention and
17 treatment for pregnant women with a history of substance abuse problems.

18 **(5) Replacement of Eastern State Hospital:** The Secretary of the Cabinet for
19 Health and Family Services, in compliance with KRS 210.370 to 210.485 and KRS
20 Chapter 45A, shall be authorized to provide for the replacement and continuing operation
21 of Eastern State Hospital. The Cabinet for Health and Family Services shall solicit
22 proposals for such replacement by no later than January 1, 2007.

23 **(6) Prior Notice Process for Changes to the Operations of Central State**
24 **Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally**
25 **Disabled (ICF MR/DD):** Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and
26 210.045(2), the 60 day notice requirement contained in KRS 210.045 is suspended until
27 July 1, 2008, for changes to Central State Hospital ICF MR/DD as referenced in

1 subsection (7) of this section. However, the remaining provisions of KRS 210.045 shall
2 continue to be in effect.

3 **(7) Hazelwood Intermediate Care Facility for the Mentally**
4 **Retarded/Developmentally Disabled (ICF MR/DD):** The Cabinet for Health and
5 Family Services may procure, through the process established by KRS Chapter 45A, a
6 contractual arrangement for a nonstate agency to construct residential units to
7 accommodate the transfer of licensed ICF MR/DD beds at Central State Hospital to the
8 Hazelwood campus. The Cabinet may use these units to house residents currently located
9 at Central State ICF MR/DD. Requests for Proposals shall be issued no later than January
10 1, 2007, for the construction of the residential units to accommodate the transfer of
11 licensed ICF MR/DD beds at Central State to the Hazelwood campus, and the
12 construction of an outpatient psychiatric physical health clinic and an outpatient
13 psychiatric dental clinic on the campus of Hazelwood ICF MR/DD.

14 **(8) Crisis Stabilization Mental Health Services through Regional Mental**
15 **Health/Mental Retardation (MH/MR) Boards:** Included in the above General Fund
16 appropriation is $3,027,400 in fiscal year 2006-2007 and $3,077,500 in fiscal year 2007-
17 2008 to support crisis stabilization mental health services provided through regional
18 MH/MR boards, including $127,400 in fiscal year 2006-2007 and $177,500 in fiscal year
19 2007-2008 for mental inquest warrant patients served by Hardin Memorial Hospital.

20 **(9) Wellsprings David Block Crisis Stabilization Unit:** Included in the above
21 General Fund appropriation is $500,000 in each fiscal year to establish the Wellsprings
22 David Block Crisis Stabilization Unit in Louisville, Kentucky to provide mental health
23 crisis stabilization services.

24 **(10) Aging Caregivers One-Stop Shop:** Included in the above General Fund
25 appropriation is $200,000 in each fiscal year to establish an Aging Caregivers One-Stop
26 Shop to provide aging caregivers with information, consultation, and assistance with
27 choices and planning for long-term supports for individuals with mental retardation and

1 developmental disability.

2 **5. PUBLIC HEALTH**

	2006-07	2007-08
General Fund (Tobacco)	14,000,900	14,721,100
General Fund	70,899,700	73,823,000
Restricted Funds	71,482,700	71,599,000
Federal Funds	169,426,000	169,878,400
TOTAL	325,809,300	330,021,500

9 **(1) Health Kentucky:** Included in the above General Fund appropriation is
10 $150,000 in fiscal year 2006-2007 for Health Kentucky, Inc.

11 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
12 appropriation is $7,149,800 in fiscal year 2006-2007 and $7,599,900 in fiscal year 2007-
13 2008 for the Health Access Nurturing Development Services Program; $1,000,000 in
14 fiscal year 2006-2007 and $1,140,100 in fiscal year 2007-2008 for Healthy Start
15 initiatives; $1,750,000 in each fiscal year for Universal Children's Immunizations;
16 $400,000 in each fiscal year for the Folic Acid Program; $775,000 in each fiscal year for
17 Early Childhood Mental Health; $210,500 in each fiscal year for Early Childhood Oral
18 Health; $2, 215,600 in fiscal year 2006-2007 and $2,345,600 in fiscal year 2007-2008 for
19 the Smoking Cessation Program; and $500,000 in each fiscal year for the Kentucky Early
20 Intervention Services First Steps Program.

21 **(3) Governor's Council on Wellness and Physical Activity:** Included in the
22 above General Fund appropriation is $1,000,000 in fiscal year 2006-2007 and $1,500,000
23 in fiscal year 2007-2008 for the Governor's Council on Wellness and Physical Activity to
24 develop and implement a statewide fitness program available to all Kentuckians that
25 promotes fitness and wellness for persons of all ages and fitness levels.

26 **(4) Local and District Health Department Payments:** The Department for
27 Public Health shall not impose a cap or other restriction on the number or amount of

1 services that a Local or District Health Department may provide. The Department for
2 Public Health shall submit all requests for payment for services provided to the
3 Department for Medicaid Services that are submitted by a Local or District Health
4 Department.

5 **(5) Medicaid State Match for Preventive Services Through Local and**
6 **District Health Departments:** Included in the Medicaid Benefits appropriation is the
7 total General Fund state matching dollars required in each fiscal year to fully support
8 preventive health services provided to Medicaid recipients through Local and District
9 Health Departments.

10 **(6) Health Insurance for Local and District Health Departments:** Included in
11 the above General Fund appropriation is $6,174,000 each fiscal year to assist the Local
12 and District Health Departments with the required increased employer contribution for
13 employee health insurance. These funds shall be distributed to the Local and District
14 Health Departments at least quarterly.

15 **(7) Diabetes Services:** Included in the above General Fund appropriation is
16 $2,300,000 in fiscal 2006-2007 and $3,050,000 in fiscal year 2007-2008 for continuation
17 of base services through Local or District Health Departments.

18 **(8) Diabetes Research Board:** Included in the above General Fund appropriation
19 is $200,000 in each fiscal year, which shall be allocated to the Diabetes Research Board.

20 **(9) Diabetes Centers of Excellence:** Included in the above General Fund
21 appropriation is $750,000 each fiscal year to establish three regional Diabetes Centers of
22 Excellence. Services within the Centers will be based on the number of Medicaid
23 recipients diagnosed with diabetes within the area. These centers shall be designed to
24 provide education, intervention therapy, and case management services and shall
25 demonstrate the effectiveness of this intervention with outcomes and reduced Medicaid
26 expenditures for this disease.

27 **(10) Local and District Health Department Infrastructure Pool:** Included in the

1 above General Fund appropriation is $466,000 in fiscal year 2007-2008 to provide debt
2 service to support $10,000,000 in bonds for a Local and District Health Department
3 Infrastructure Pool to be administered by the Department for Public Health to address a
4 portion of the construction and renovation needs of the local public health agencies as set
5 forth in Part II, Capital Projects Budget, of this Act. The Department for Public Health
6 shall establish an application process to participate in this pool, and that process shall
7 require in-kind or matching funds from the local agency of not less than 25 percent of the
8 grant requested. No individual grant from this pool shall exceed $500,000. If the amount
9 of bond funds available from the pool is not sufficient to cover all applications, the
10 department shall determine the distribution of pool assets.

11 **(11) Kentucky Prescription Drug Patient Assistance Program:** Included in the
12 above General Fund appropriation is $125,000 in fiscal year 2006-2007 and $200,000 in
13 fiscal year 2007-2008 to establish the Kentucky Prescription Drug Patient Assistance
14 Program to create a statewide network to link low-income Kentuckians with prescription
15 drug patient assistance programs offered by pharmaceutical companies and to provide
16 assistance in obtaining and completing the required documents. The Department may
17 contract with the University of Kentucky, local health departments, or other organizations
18 to develop a network and provide this assistance.

19 (a) As used in this subsection, "prescription drug patient assistance programs"
20 means the programs offered by pharmaceutical companies under which the companies
21 provide drugs to low-income individuals at no charge or at a substantially reduced cost.
22 The term does not include the provision of a drug as part of a clinical trial.

23 (b) The Kentucky Prescription Drug Patient Assistance Program is established
24 within the Cabinet for Health and Family Services, Department for Public Health. The
25 purposes of the program are to:

26 1. Create an Internet-based statewide network to link low-income Kentuckians
27 with prescription drug patient assistance programs offered by pharmaceutical companies;

1 2. Provide assistance in obtaining and completing the required documents;
2 3. Establish guidelines related to the security and privacy of protected health
3 information provided through the Internet-based statewide network; and
4 4. Explore the feasibility of the standardization of the application process for
5 prescription drug patient assistance programs.
6 (c) If funds are available, the program created in paragraph (b) of this subsection
7 shall:
8 1. Provide information on the eligibility guidelines and drug coverage provided
9 though any drug assistance program offered by the cabinet;
10 2. Provide information on the process for applying to pharmaceutical companies
11 for free or discounted prescription drugs;
12 3. Provide information to individuals, physicians, pharmacists, and pharmacies
13 regarding eligibility for prescription drug patient assistance programs;
14 4. Increase awareness of the various prescription drug patient assistance
15 programs offered by pharmaceutical companies;
16 5. Establish an Internet-based statewide network to provide information on
17 prescription drug patient assistance programs;
18 6. Link individuals to local community resources to assist with completing
19 required documents; and
20 7. Use the e-health network Web site to provide a link to information on
21 prescription drug assistance programs, eligibility guidelines, and applications. The e-
22 health network link shall have the capability of supporting the completion and
23 transmission of the applications online to health care providers for any required
24 signatures.
25 (d) The cabinet may consult or contract with the University of Kentucky College
26 of Pharmacy, University of Kentucky College of Agriculture Cooperative Extension,
27 local health departments, libraries, the Kentucky Cancer Caucus, or other organizations to

1 develop a network of agencies to assist individuals in accessing prescriptions through the
2 prescription drug patient assistance programs.
3 (e) The cabinet may seek funding for the Internet-based statewide network
4 created under paragraph (b) of this subsection from pharmaceutical companies or any
5 other private entity. Any funding provided by a private entity shall be on a voluntary
6 basis.
7 (f) The cabinet may promulgate an administrative regulation to establish
8 guidelines related to the security and privacy of protected health information provided
9 through the Internet-based statewide network created under paragraph (b) of this
10 subsection.
11 **(12) Area Health Education Centers:** Included in the above General Fund
12 appropriation is $1,500,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-
13 2008 to support the Area Health Education Centers. The Cabinet for Health and Family
14 Services shall contract with the University of Louisville and the University of Kentucky
15 to provide the required support and the amount of that contract shall be in addition to any
16 other appropriations received by the universities and shall not become part of the
17 universities' base budgets for purposes of the Council on Postsecondary Education
18 funding formula.
19 **(13) Central Kentucky Blood Center:** Included in the above General Fund
20 appropriation is $500,000 in fiscal year 2006-2007 to provide assistance toward the
21 construction of new facilities and purchase of equipment related to blood collection and
22 distribution.
23 **(14) Kentucky AIDS Drug Assistance Program:** Included in the above General
24 Fund appropriation is $250,000 in each fiscal year for the Kentucky AIDS Drug
25 Assistance Program (KADAP).
26 **(15) Poison Control Center:** Additional support of $150,000 is provided in the
27 above General Fund appropriation in each fiscal year for the Poison Control Center.

1 **(16) Lead Poisoning and Screening Program:** Included in the above General
2 Fund appropriation is $50,000 in each fiscal year for the Lead Poisoning and Screening
3 Program. With these funds, the Department for Public Health shall review all federal
4 Medicaid or Medicare compliance issues with respect to lead poisoning and screening
5 and report its findings to the General Assembly. The report shall include a proposed plan
6 of action to correct any deficiencies or areas where programs and services are offered or
7 supported by the Cabinet and are not in compliance with federal requirements related to
8 lead poisoning and screening.

9 **(17) Osteoporosis Prevention and Education Program:** Included in the above
10 General Fund appropriation is $90,000 in each fiscal year to establish, promote, and
11 maintain a statewide multigenerational osteoporosis prevention and education program.

12 **6. HEALTH POLICY**

	2006-07	2007-08
13		
14 General Fund	636,000	625,600
15 Restricted Funds	605,700	622,400
16 TOTAL	1,241,700	1,248,000

17 ~~[(1) Voluntary Relinquishment of a Certificate of Need or Licensure:~~
18 ~~Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility,~~
19 ~~revocation of a certificate of need, or the revocation of licensure, the beds, equipment,~~
20 ~~and services provided by the closed facility shall be reserved for applications for any~~
21 ~~certificate of need to reestablish the same services, in whole or part, in the same county as~~
22 ~~the closed health facility.]~~ *(Veto #11)*

23 **7. HUMAN SUPPORT SERVICES**

	2005-06	2006-07	2007-08
24			
25 General Fund (Tobacco)	-0-	100,000	100,000
26 General Fund	-0-	41,528,400	45,648,400
27 Restricted Funds	100,000	656,600	656,600

Federal Funds	-0-	24,396,700	24,401,900
TOTAL	100,000	66,681,700	70,806,900

(1) Local Match Requirements: Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2005-2006. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match assurance.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $100,000 in each fiscal year for the Children's Advocacy Centers.

(3) Children's Advocacy Centers: Included in the above General Fund appropriation is funding to provide each Regional Children's Advocacy Center an increase in its base operating grant of $32,000 for each fiscal year. Also included in the above General Fund appropriation is funding to provide each Regional Children's Center an additional $34,600 appropriation each fiscal year provided that the Center has on staff, or can document the intent to employ or contract for, a qualified forensic interviewer at least half-time.

(4) Regional Rape Crisis Centers: Included in the above General Fund appropriation is funding to provide an increase of $66,600 in base state funding for each region, for each year of the biennium, to cover increased levels of client service needs and increased cost of center operations.

(5) Domestic Violence Statewide Programs: Included in the above General Fund appropriation is funding to provide a grant of $45,000 for each region for each fiscal year, to cover increased levels of client service needs and increased cost of center operations of Domestic Violence Programs. These funds are in addition to funding received through the Department for Community Based Services.

1 **(6) Family Resource and Youth Service Centers:** Included in the above
2 General Fund appropriation is $1,522,600 in fiscal year 2006-2007 and $3,045,200 in
3 fiscal year 2007-2008 to provide an allocation rate increase to $204 per eligible child in
4 fiscal year 2006-2007, and return to the original allocation rate of $210 per eligible child
5 in fiscal year 2007-2008. Also included in the above General Fund appropriation is
6 $1,060,800 to expand the program to serve 25 additional schools in fiscal year 2006-2007
7 and $2,373,000 to expand the program to serve 29 additional schools in fiscal year 2007-
8 2008.

9 **(7) Kentucky Family Caregiver Program:** Included in the above General Fund
10 appropriation is $1,250,000 in fiscal year 2006-2007 and $2,000,000 in fiscal year 2007-
11 2008 for the expansion of the Kentucky Family Caregiver Program to provide assistance
12 grants or vouchers to grandparents who are the primary caregivers of their grandchildren.
13 To be eligible for this program, a grandparent may not have annual income that exceeds
14 150 percent of the federal poverty level and may not be receiving payments from the
15 Kinship Care Program. The maximum total of grants or vouchers per child shall be $750
16 in any one fiscal year for each grandchild. Grants or vouchers from this program shall be
17 utilized by the grandparent to provide child clothing, respite assistance, educational
18 supplies or assistance, required legal services, medical and dental services, and other
19 expenses for the grandchild that the cabinet authorizes. The Cabinet for Health and
20 Family Services shall promulgate administrative regulations, in accordance with KRS
21 Chapter 13A, to implement this program no later than January 1, 2007.

22 **(8) Expansion of Aging Services:** Included in the above General Fund
23 appropriation is $3,500,000 in fiscal year 2006-2007 and $4,000,000 in fiscal year 2007-
24 2008 to expand Aging Services. With these additional funds and the base appropriation,
25 the General Fund amount shall be expended in the following manner: $28,224,300 in
26 fiscal year 2006-2007 and $28,724,400 in fiscal year 2007-2008 to address waiting lists in
27 programs such as Homecare Services, the Personal Care Attendant Program, Adult Day

1 Care, and Home-Delivered Meals. The additional funding provided in this subsection
2 shall only be utilized for the provision of additional direct services in these programs.
3 **(9) Dementia Training:** Included in the above General Fund appropriation is
4 $50,000 in fiscal year 2006-2007 and $50,000 in fiscal year 2007-2008 to create a
5 voluntary pilot program for dementia training for long-term care facilities.
6 **(10) Ready, Set, Success Program:** The Department for Human Support Services
7 shall establish a "Ready, Set, Success" pilot program to encourage the development of
8 local community partnerships and the development of programs and services for children
9 who are under age six, and to ensure that children across the Commonwealth are born
10 healthy, are nurtured, and remain healthy, safe, and prepared to succeed in school and life.
11 a. The Department shall promulgate administrative regulations to define the "Ready,
12 Set, Success" Program and service criteria.
13 b. The Department, in cooperation with the Kentucky Department of Education and
14 the Education Cabinet, may host an annual statewide "Ready, Set, Success" summit to
15 share findings and best practices from the pilot program. The Department shall advise the
16 Department of Education and the Education Cabinet on the time and location of the
17 summit.
18 **8. OMBUDSMAN**

		2006-07	2007-08
19			
20	General Fund	3,568,400	3,534,400
21	Restricted Funds	50,000	50,000
22	Federal Funds	2,203,600	2,183,000
23	TOTAL	5,822,000	5,767,400

24 **9. DISABILITY DETERMINATION SERVICES**

		2006-07	2007-08
25			
26	Restricted Funds	65,800	65,800
27	Federal Funds	48,584,000	50,174,900

TOTAL		48,649,800	50,240,700

10. COMMUNITY BASED SERVICES

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	6,970,400	7,420,400
General Fund	-0-	316,033,500	341,729,700
Restricted Funds	-0-	133,505,800	136,301,300
Federal Funds	4,900,300	511,118,200	523,230,400
TOTAL	4,900,300	967,627,900	1,008,681,800

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $6,970,400 in fiscal year 2006-2007 and $7,420,400 in fiscal year 2007-2008 for the Early Childhood Development Program.

(2) Out-of-Home Care: Included in the above General Fund appropriation is $7,383,000 in fiscal year 2006-2007 and $22,962,600 in fiscal year 2007-2008 which is necessary to support and sustain the increased number of court-committed children in the care of the Cabinet.

(3) Criminal Background Investigation Fee Establishment: The Secretary of the Cabinet for Health and Family Services may promulgate administrative regulations necessary to prescribe criminal background investigation fee amounts which are reflected in the Restricted Funds appropriation above.

(4) Department for Community Based Services Modernization: Savings generated through efficiencies achieved from the modernization and streamlining of the Department for Community Based Services shall be redirected to other areas within the Department for Community Based Services to enhance adult protection services and family based services, to accommodate increased numbers of children in care, and to offset reductions in available federal funding.

(5) Protection and Permanency Staff Technology Improvements: Included in the above appropriation is $1,008,300 in General Fund support and $291,700 in Federal

1 Funds in each fiscal year to provide technology improvements for each Adult Protection
2 and Child Protection Services staff, including but not limited to new laptop or desktop
3 computers. In addition, included in the above appropriation is $244,900 in General Fund
4 support and $31,500 in Federal Funds in fiscal year 2006-2007 to provide digital cameras
5 for each Adult Protection and Child Protection Services staff and a printer for each
6 investigative team in each local office to assist in documenting abuse investigations.

7 **(6) Foster Parent and Adoption Assistance Rate Increases:** Included in the
8 above appropriation to increase Foster Parent and Adoption Assistance daily
9 reimbursement rates beginning on July 1, 2007, is $4,844,500 in General Fund moneys
10 and $3,989,300 in Federal Funds for $3 per day in fiscal year 2007-2008.

11 **(7) Private Child Care Provider Rate Increases:** Included in the above
12 appropriation to increase Private Child Care Provider reimbursement rates beginning on
13 July 1, 2007, is $2,883,700 in General Fund moneys and $544,800 in Federal Funds for
14 an additional $3 per day in fiscal year 2007-2008.

15 **(8) Performance Incentives for Hard-to-Place Youth:** Included in the above
16 appropriation is $961,200 in General Fund moneys and $181,600 in Federal Funds in
17 fiscal year 2007-2008 to create a pool to serve hard-to-place youth by providing
18 performance incentives to private child care providers beginning on July 1, 2007.

19 **(9) Foster Youth Transitional Assistance:** Included in the above General Fund
20 appropriation is $1,000,000 in each fiscal year to provide assistance grants or vouchers to
21 current or former foster youth ages 18 through 23. The maximum total of grants or
22 vouchers per youth shall be $7,500 in any one fiscal year for working youth. Youth may
23 be eligible for an additional grant totaling $2,500 per year while attending a community
24 college or four year college or university. Grants or vouchers from this program shall be
25 utilized by the youth for transitional assistance into independence, including but not
26 limited to housing, clothing, transportation, tuition, medical and dental services, and other
27 expenses for the youth for the transition that the cabinet authorizes. The Cabinet for

1 Health and Family Services shall promulgate administrative regulations, in accordance
2 with KRS Chapter 13A, to implement this program no later than October 1, 2006.
3 ~~[Notwithstanding KRS 45.229, any General Fund moneys for this purpose unexpended in~~
4 ~~fiscal year 2006-2007 shall not lapse but shall carry forward into fiscal year 2007-2008~~
5 ~~for the same purpose.]~~ *(Veto #12)*
6 **(10) Home of the Innocents:** Included in the above General Fund appropriation is
7 $385,000 in fiscal year 2007-2008 for debt service to support new bonds for a matching
8 grant to Home of the Innocents for Phase II of the Childrens' Village as set forth in Part II,
9 Capital Projects Budget, of this Act. Up to $8,250,000 in funds generated by Home of the
10 Innocents from other public and private sources shall be matched by the Commonwealth.
11 ~~[**(11) Brooklawn Child and Family Services:** Included in the above General Fund~~
12 ~~appropriation is $96,000 in fiscal year 2007-2008 for debt service to support new bonds~~
13 ~~for the Brooklawn Child and Family Services project as set forth in Part II, Capital~~
14 ~~Projects Budget, of this Act.]~~ *(Veto #4)*
15 **TOTAL - CABINET FOR HEALTH AND FAMILY SERVICES**

		2005-06	2006-07	2007-08
16				
17	General Fund (Tobacco)	-0-	22,183,400	23,393,500
18	General Fund	85,300,000	1,698,732,600	1,777,534,400
19	Restricted Funds	5,571,900	829,515,600	840,161,600
20	Federal Funds	244,314,200	4,005,325,100	4,119,198,300
21	TOTAL	335,186,100	6,555,756,700	6,760,287,800

22 **I. JUSTICE AND PUBLIC SAFETY CABINET**
23 **Budget Units**
24 **1. JUSTICE ADMINISTRATION**

		2006-07	2007-08
25			
26	General Fund (Tobacco)	1,816,800	1,923,400
27	General Fund	13,796,700	13,946,400

Restricted Funds	3,340,100	3,840,100
Federal Funds	9,666,100	9,142,700
TOTAL	28,619,700	28,852,600

(1) Office of Drug Control Policy: Included in the above Restricted Funds appropriation is $1,300,000 in fiscal year 2006-2007 and $1,800,000 in fiscal year 2007-2008 for regional Drug Courts in Kentucky's coal-producing counties.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $1,816,800 in fiscal year 2006-2007 and $1,923,400 in fiscal year 2007-2008 for the Office of Drug Control Policy.

(3) Civil Legal Services for Indigents: Included in the above General Fund appropriation is $1,500,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 to provide free legal services for indigents.

(4) Operation Unite: Included in the above Restricted Funds appropriation is $1,250,000 in each year of the biennium for Operation Unite.

(5) Multijurisdictional Drug Task Forces: Included in the above General Fund appropriation is $1,000,000 in each fiscal year to be administered by the Office of Drug Control Policy for the purpose of maintaining existing multijurisdictional drug task forces and allowing for expansion to under served and unserved areas to assist local and state law enforcement agencies in a proactive effort to combat drugs and crime.

2. CRIMINAL JUSTICE TRAINING

	2005-06	**2006-07**	**2007-08**
Restricted Funds	602,000	46,367,300	46,744,800
Federal Funds	-0-	1,873,500	1,886,300
TOTAL	602,000	48,240,800	48,631,100

(1) Kentucky Law Enforcement Foundation Program Fund: Included in the above Restricted Funds appropriation is $44,732,300 in fiscal year 2006-2007 and $45,105,000 in fiscal year 2007-2008 for the Kentucky Law Enforcement Foundation

1 Program Fund.

2 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
3 the above Restricted Funds appropriation is $3,100 in fiscal year 2006-2007 and $3,100
4 in fiscal year 2007-2008 for each participant for training incentive payments.

5 **(3) Training Incentive Stipends - Justice and Public Safety Cabinet**
6 **Personnel:** Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2)
7 and (4), included in the above Restricted Funds appropriation is sufficient funding for a
8 $3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State
9 Police arson investigators, Kentucky State Police hazardous devices investigators,
10 Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement
11 officers.

12 **3. JUVENILE JUSTICE**

		2006-07	2007-08
14	General Fund	84,005,900	85,724,900
15	Restricted Funds	12,200,000	12,200,000
16	Federal Funds	14,720,000	14,420,000
17	TOTAL	110,925,900	112,344,900

18 **(1) Mary Kendall Homes:** Included in the above General Fund appropriation is
19 $350,000 in fiscal year 2006-2007 and $350,000 in fiscal year 2007-2008 for the support
20 of the Mary Kendall Homes.

21 **(2) Madison County Juvenile Detention Facility:** The Madison County juvenile
22 detention facility may remain open to hold juveniles from Madison County, and the
23 county shall receive the detention subsidy provided for in KRS 635.060(3).

24 **4. STATE POLICE**

		2005-06	2006-07	2007-08
26	General Fund	1,301,200	69,645,800	80,305,900
27	Restricted Funds	-0-	16,713,900	13,543,600

Federal Funds	-0-	13,444,700	13,444,700
Road Fund	-0-	50,000,000	50,000,000
TOTAL	1,301,200	149,804,400	157,294,200

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

(2) State Police Authorized Strength: The Kentucky State Police sworn officer authorized strength is 1,070.

(3) State Police Personnel Training Incentive: Included in the above Restricted Funds appropriation is sufficient funding for a $3,100 annual training incentive stipend for state troopers, arson investigators, hazardous devices investigators, and legislative security specialists.

(4) Restricted Funds Uses: Notwithstanding KRS 42.320(2)(h), 189A.050(3)(a), and 237.110(15), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police.

(5) Dispatcher Training Incentive: Included in the above General Fund appropriation is sufficient funding for a $3,100 annual training incentive stipend for dispatchers.

(6) Statewide Mobile Data Infrastructure: Included in the above General Fund appropriation is $1,000,000 in each fiscal year for the upkeep and maintenance of the statewide mobile data infrastructure. The Justice and Public Safety Cabinet shall allow any local or state first responding agency to use the system provided it complies with all applicable state standards for the system's uses. The Justice and Public Safety Cabinet shall not charge any first responding agency for using the system, maintenance, or any

1 other fee related to connections, infrastructure upkeep, or maintenance

2 **5. CORRECTIONS**

3 **a. Corrections Management**

	2006-07	2007-08
General Fund	7,253,600	7,119,700
Restricted Funds	15,693,100	15,843,700
TOTAL	22,946,700	22,963,400

8 **(1) Debt Service:** Included in the above General Fund appropriation is $82,000 in
9 fiscal year 2007-2008 to provide debt service to support new bonds as set forth in Part II,
10 Capital Projects Budget, of this Act.

11 **(2) Appropriations Adjustments:** The General Assembly has determined that
12 the Department of Corrections shall be permitted to adjust appropriations between the
13 Community Services and Local Facilities budget unit and the Adult Correctional
14 Institutions budget unit in fiscal year 2006-2007 and fiscal year 2007-2008. Only
15 adjustments necessary to manage the diverse mix of inmate classifications, custody
16 levels, probation and parole caseloads, and population increases and/or decreases shall be
17 permitted. Any appropriations transferred or otherwise directed between these
18 appropriation units shall be documented and justified in writing. No adjustments may be
19 made except upon the prior written concurrence of the State Budget Director. The State
20 Budget Director shall report the adjustments and the necessity of the adjustments to the
21 Interim Joint Committee on Appropriations and Revenue.

22 **(3) Jailer Mental Health Screening Training:** The Kentucky Commission on
23 Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse
24 Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan,
25 include in its duties recommendations for improvements in identifying, treating, housing,
26 and transporting prisoners in jails and juveniles in detention centers with mental illness.
27 Items to be reviewed shall include but not be limited to recommendations for statutory

1 and regulatory changes, training and treatment funding, cost sharing, housing and
2 transportation costs, appropriate treatment sites, and training requirements for local jailers
3 and other officers of the court who may come in contact with persons incarcerated or in
4 detention but deemed mentally ill.

5 The training shall continue to be delivered by Regional Mental Health/Mental
6 Retardation Board staff to new jailers and new jail staff, except administrative support, on
7 screening and responding to the needs of inmates with mental illness within six months of
8 employment. Treatment services may also be provided for within this funding allocation.

9 **b. Adult Correctional Institutions**

	2006-07	2007-08
10		
11 General Fund	232,200,900	239,190,200
12 Restricted Funds	5,435,200	5,435,200
13 Federal Funds	1,706,600	1,706,600
14 TOTAL	239,342,700	246,332,000

15 **(1) Education Programs at Department of Corrections Facilities:** The
16 Kentucky Community and Technical College System (KCTCS) shall provide adult basic
17 education classes for the Department of Corrections which are aimed toward acquiring a
18 general educational diploma (GED) and various technical trades aimed toward providing
19 students with certifications and/or diplomas upon completion of qualifying examinations.

20 **c. Community Services and Local Facilities**

	2006-07	2007-08
21		
22 General Fund	114,496,600	130,140,300
23 Restricted Funds	4,369,000	1,869,000
24 Federal Funds	75,000	75,000
25 TOTAL	118,940,600	132,084,300

26 **(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem
27 payments exceed the amounts provided to support the budgeted average daily population

1 of state felons in county jails for fiscal year 2006-2007 and fiscal year 2007-2008, the
2 payments shall be deemed necessary government expenses and may be paid from the
3 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account
4 (KRS 48.705), subject to notification as to necessity and amount by the State Budget
5 Director who shall report any certified expenditure to the Interim Joint Committee on
6 Appropriations and Revenue.

7 **(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the
8 amount of $4,000,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008
9 shall be expended from the Kentucky Local Correctional Facilities Construction
10 Authority for local correctional facility and operational support consistent with
11 contractual covenants in accordance with bond indentures of the Authority.

12 **(3) Local Jail Per Diem Increase:** Included in the above General Fund
13 appropriation is $1,000,000 in each fiscal year to provide an increase of the per diem rate
14 paid to counties for housing state inmates.

15 **(4) Intensive Secured Substance Abuse Recovery Program:** Funds provided
16 for local jail per diem payments and for halfway house payments may also be used for the
17 establishment and operation of an intensive secured substance abuse recovery program
18 for substance abusers who have been charged with a felony offense. In the event that
19 actual local jail per diem payments or the halfway house payments exceed the amounts
20 provided to support the budgeted average daily population of state felons in county jails
21 or in halfway houses for fiscal year 2006-2007 and fiscal year 2007-2008, the payments
22 shall be deemed necessary government expenses and may be paid from the General Fund
23 Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
24 48.705), subject to notification as to necessity and amount by the State Budget Director
25 who shall report any certified expenditure to the Interim Joint Committee on
26 Appropriations and Revenue.

27 **d. Local Jail Support**

	2006-07	2007-08
General Fund	16,236,100	16,236,100

(1) Inmate Medical Care Expenses: Included in the above General Fund appropriation is $931,100 in fiscal year 2006-2007 and $931,100 in fiscal year 2007-2008 for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and $295,900 in fiscal year 2006-2007 and $295,900 in fiscal year 2007-2008, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim which exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold. In no event shall this apply to expenses of an elective, as opposed to emergency, basis and expenses shall be paid according to the Kentucky Medical Assistance Schedule.

(2) Local Jail Support: Included in the above General Fund appropriation is $960,000 in each year of the biennium to provide a monthly payment of an annual amount of $20,000 to each county with a life safety jail or a closed jail. The payment shall be in addition to the monthly payment required by KRS 441.206(2).

TOTAL - CORRECTIONS

	2006-07	2007-08
General Fund	370,187,200	392,686,300
Restricted Funds	25,497,300	23,147,900
Federal Funds	1,781,600	1,781,600
TOTAL	397,466,100	417,615,800

6. VEHICLE ENFORCEMENT

	2006-07	2007-08
Restricted Funds	1,666,300	1,043,500
Federal Funds	5,162,400	5,162,200

Road Fund	13,974,900	13,881,500
TOTAL	20,803,600	20,087,200

(1) **Vehicle Enforcement Officers' Training Incentive:** Included in the above Restricted Funds appropriation is sufficient funding to provide a $3,100 annual training incentive stipend for vehicle enforcement officers.

7. PUBLIC ADVOCACY

	2006-07	2007-08
General Fund	29,770,700	31,886,400
Restricted Funds	6,815,500	4,455,800
Federal Funds	1,618,300	1,663,100
TOTAL	38,204,500	38,005,300

(1) **Compensatory Leave Conversion to Sick Leave:** If the Department of Public Advocacy determines that internal budgetary pressures warrant further austerity measures, the Public Advocate may institute a policy to suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead to convert those hours to sick leave.

TOTAL - JUSTICE AND PUBLIC SAFETY CABINET

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	1,816,800	1,923,400
General Fund	1,301,200	567,406,300	604,549,900
Restricted Funds	602,000	112,600,400	104,975,700
Federal Funds	-0-	48,266,600	47,500,600
Road Fund	-0-	63,974,900	63,881,500
TOTAL	1,903,200	794,065,000	822,831,100

J. PERSONNEL CABINET

1. GENERAL OPERATIONS

	2006-07	2007-08

General Fund	1,805,600	932,200
Restricted Funds	19,569,900	20,785,200
TOTAL	21,375,500	21,717,400

(1) **Flexible Benefit Account:** Notwithstanding KRS 18A.225(2)(g), any funds from the calendar year 2005 and calendar year 2006 public employee health insurance program accruing to the Flexible Benefit Account, not otherwise appropriated in fiscal year 2006-2007 and in fiscal year 2007-2008, and in excess of the amount reflected in Part V, Funds Transfer, of this Act shall be credited to the General Fund Surplus Account.

(2) **Public Employees Self-Insured Health Insurance Premiums:** Beginning with the employer premium due for coverage effective July 1, 2006, under the Public Employees Self-Insured Health Insurance Program, the employer rate shall be reduced by 12 percent for the balance of Plan Year 2006. For Plan Year 2007, the increase in employer and employee premiums for coverage under the Public Employees Self-Insured Health Insurance Program shall not exceed 10.4 percent for the Essential Plan and 9 percent for the Enhanced and Premier Plan over the Plan Year 2006 rates as adjusted by this Act.

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2006-07	**2007-08**
Restricted Funds	6,009,200	6,172,400

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2006-07	**2007-08**
Restricted Funds	24,798,500	26,204,400

4. STATE SALARY AND COMPENSATION FUND

	2006-07	**2007-08**
General Fund	8,000,000	24,000,000

(1) **Employee Compensation:** The above General Fund appropriation provides a

1 pool of funds to be allocated in accordance with the procedures contained in Part IV,
2 State Salary/Compensation and Employment Policy, of this Act. Included in the above
3 $8,000,000 General Fund appropriation in fiscal year 2006-2007 is $3,842,500 which
4 shall not be allocated, transferred, or expended and shall continue into fiscal year 2007-
5 2008 and shall only be expended in that fiscal year for this same purpose.

6 **5. STATE GROUP HEALTH INSURANCE FUND**

	2006-07	2007-08
7		
8 General Fund	2,476,000	2,476,000

9 **(1) Group Health Insurance:** The above General Fund appropriation is provided
10 to support a dependent subsidy for full-time employees of quasi-governmental employers,
11 excluding state agencies, participating in the State Group Health Insurance program. To
12 participate in this fund, each quasi-governmental employer must certify to the Secretary
13 of the Personnel Cabinet that no funds received from the pool are being utilized to fund
14 any benefits for persons other than full-time employees.

15 **TOTAL - PERSONNEL CABINET**

	2006-07	2007-08
16		
17 General Fund	12,281,600	27,408,200
18 Restricted Funds	50,377,600	53,162,000
19 TOTAL	62,659,200	80,570,200

20 **K. POSTSECONDARY EDUCATION**

21 **Budget Units**

22 **1. COUNCIL ON POSTSECONDARY EDUCATION**

	2006-07	2007-08
23		
24 General Fund (Tobacco)	4,431,200	4,691,200
25 General Fund	56,931,200	95,120,700
26 Restricted Funds	6,610,700	6,527,900
27 Federal Funds	19,099,400	19,099,400

1 TOTAL 87,072,500 125,439,200

2 ~~[(1) **Debt Service:** Included in the above General Fund appropriation is~~
3 ~~$27,442,000 in fiscal year 2007-2008 for debt service to support new bonds for capital~~
4 ~~projects at the colleges and universities as set forth in Part II, Capital Projects Budget, of~~
5 ~~this Act.~~

6 ~~(2) **Debt Service:** Included in the above General Fund appropriation is $551,000~~
7 ~~in fiscal year 2007-2008 for debt service to support new bonds for Research Support -~~
8 ~~Lab Renovation, Fit-up and Equipment at the University of Kentucky and the University~~
9 ~~of Louisville.~~

10 ~~(3) **Debt Service:** Included in the above General Fund appropriation is $917,000~~
11 ~~in fiscal year 2007-2008 for debt service to support new bonds for Information~~
12 ~~Technology and Equipment Acquisitions.]~~ *(Veto #4)*

13 **(4) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
14 KRS 45.229, the General Fund appropriation in fiscal year 2005-2006 and fiscal year
15 2006-2007 to the Adult Education and Literacy Funding Program shall not lapse and shall
16 carry forward.

17 Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2005-
18 2006 and fiscal year 2006-2007 to the Science and Technology Funding Program shall
19 not lapse and shall carry forward.

20 **(5) Strategic Investment and Incentive Trust Funds Interest Income:**
21 Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921,
22 164.7923, 164.7925, and 164.7927, interest earnings in the amount of $393,900 in fiscal
23 year 2006-2007 and $393,900 in fiscal year 2007-2008 shall be transferred from Strategic
24 Investment and Incentive Trust Fund accounts included under these statutes to Agency
25 Revenue accounts within the Council on Postsecondary Education budget unit in the
26 following amounts and for the following specified purposes: $105,500 in each year of the
27 biennium for the Minority Student College Preparation Program; $188,400 in each year

1 of the biennium for the Southern Regional Board Doctoral Scholars Program; and
2 $100,000 in each year of the biennium for the P-16 Council/Early Math Testing
3 Programs.

4 **(6) Interest Earnings Transfer from the Strategic Investment and Incentive**
5 **Trust Fund Accounts:** Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917,
6 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the
7 Strategic Investment and Incentive Trust Fund accounts in excess of appropriated
8 amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

9 ~~[**(7) Kentucky Science and Technology Corporation:** Notwithstanding KRS~~
10 ~~164.6017(2), the Kentucky Science and Technology Corporation shall administer the~~
11 ~~Rural Innovation, the Research and Development, and the Commercialization~~
12 ~~Funds.]~~*(Veto #13)*

13 **(8) Ovarian Cancer:** Notwithstanding KRS 164.476, General Fund (Tobacco)
14 dollars in the amount of $775,000 in each fiscal year shall be allotted from the Lung
15 Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the
16 University of Kentucky.

17 **(9) Regional Stewardship Funding Program:** Included in the above General
18 Fund appropriation is $1,200,000 in fiscal year 2006-2007 and $3,600,000 in fiscal year
19 2007-2008 for the Regional Stewardship Funding Program. The funds will be allocated
20 among the six public comprehensive universities~~[in equal amounts of $800,000 per~~
21 ~~institution]~~. *(Veto #14)* Funds will be used for Regional Stewardship priorities related to
22 collaboration with public elementary and secondary schools and regional economic
23 development initiatives. Allocated funds will be distributed upon submission and
24 approval of a strategic plan which determines stewardship priorities. Each institution shall
25 submit a strategic plan for stewardship activities in priority areas. to the Council on
26 Postsecondary Education by close of business January 1, 2007. Within 30 days of receipt
27 of the proposals, the Council on Postsecondary Education shall advise the institutions of

1 any non-compliance or non-conformity and shall work with the institution to help them
2 qualify for the grant.[~~Once distributed, these funds will become recurring to the~~
3 ~~institutions.~~] *(Veto #14)* Each institution shall submit an annual report to the Council on
4 Postsecondary Education and to Interim Joint Appropriations and Revenue Committee by
5 September 1 of each year. The report should include descriptions of stewardship
6 initiatives implemented, use of funds for each initiative, and outcomes of the initiatives.

7 **(10) Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in
8 order to lower the cost of borrowing, any university that has heretofore issued or caused
9 to be issued debt obligations through a not-for-profit corporation or a municipality or
10 county government for which the rental or use payments of the university substantially
11 meet the debt service requirements of those debt obligations is authorized to refinance
12 those debt obligations if the principal amount of the debt obligations is not increased and
13 the rental payments of the university are not increased. Any funds used by a university to
14 make debt obligations issued by university pursuant to this authorization shall be subject
15 to interception of state appropriated funds pursuant to KRS 164A.608.

16 **(11) Postsecondary Education Employment Status:** Notwithstanding KRS
17 164.225, 164.360, and 164.830, the appointment of a relative to the governing board of a
18 public postsecondary education institution, as defined in KRS 164.001, shall not affect
19 the employment status of any related person employed at least 36 months prior to the
20 appointment of the relative.

21 **2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

		2006-07	2007-08
23	General Fund (Tobacco)	800,000	900,000
24	General Fund	164,624,300	174,304,900
25	Restricted Funds	39,044,500	36,219,300
26	Federal Funds	1,726,000	1,726,000
27	TOTAL	206,194,800	213,150,200

1 **(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in
2 the above General Fund appropriation is $58,427,800 in fiscal year 2006-2007 and
3 $60,462,000 in fiscal year 2007-2008 for the College Access Program.
4 **(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4),
5 included in the above General Fund appropriation is $30,270,100 in fiscal year 2006-
6 2007 and $32,476,200 in fiscal year 2007-2008 for the Kentucky Tuition Grant Program.
7 ~~[All grants shall be awarded pursuant to KRS 164.785, and the applicant must be~~
8 ~~accepted by or enrolled as a full-time student at a Kentucky independent college or~~
9 ~~university which is accredited by the Southern Association of Colleges and~~
10 ~~Schools.]~~*(Veto #15)*
11 **(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4),
12 included in the above General Fund appropriation is $1,777,100 in fiscal year 2006-2007
13 and $1,777,100 in fiscal year 2007-2008 for the Teacher Scholarship Program.
14 **(4) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
15 appropriation is $800,000 in fiscal year 2006-2007 and $900,000 in fiscal year 2007-2008
16 for Early Childhood Scholarships.
17 **(5) Kentucky National Guard Tuition Assistance Program:** Included in the
18 above Restricted Funds appropriation is $4,500,000 in fiscal year 2006-2007 and
19 $5,220,000 in fiscal year 2007-2008 for the Kentucky National Guard Tuition Assistance
20 Program.
21 **(6) Kentucky Education Excellence Scholarships (KEES):** Notwithstanding
22 KRS 154A.130(4), included in the above General Fund appropriation is $73,125,000 in
23 fiscal year 2006-2007 and $77,565,300 in fiscal year 2007-2008 for the Kentucky
24 Educational Excellence Scholarships (KEES). Included in the above Restricted Funds
25 appropriation for KEES is $14,909,100 in fiscal year 2006-2007 and $11,345,800 in
26 fiscal year 2007-2008.
27 **(7) Pharmacy Scholarship Program:** Included in the above General Fund

appropriation is $1,000,000 in fiscal year 2007-2008 for the Pharmacy Scholarship Program as set forth in Part XXIV, Pharmacy Scholarship Program, of this Act.

[~~**(8) Transactions Involving Property and Assets:** Notwithstanding any statute to the contrary, the Kentucky Higher Education Assistance Authority and the Higher Education Student Loan Corporation either jointly or separately, shall obtain authorization from the General Assembly prior to entering into any agreement, transaction, or series of agreements which would result in the transfer of ownership or ultimate managerial decision-making authority regarding the control and investment performance of its property and assets. Nothing contained herein shall prohibit the Kentucky Higher Education Assistance Authority and the Higher Education Student Loan Corporation, either jointly or separately, from, in the usual and regular course of business, pledging or assigning their revenues and assets to: improve financial positions, secure obligations, satisfy pledge or trust agreements, or comply with an order of a court of competent jurisdiction.~~] *(Veto #16)*

3. EASTERN KENTUCKY UNIVERSITY

	2006-07	**2007-08**
General Fund	77,924,000	80,230,200
Restricted Funds	139,565,300	144,065,300
Federal Funds	57,172,800	57,172,800
TOTAL	274,662,100	281,468,300

(1) Debt Service: Included in the above General Fund appropriation is $3,030,200 in fiscal year 2006-2007 and $468,800 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Community Operations Board: Included in the above General Fund appropriation is $200,000 in fiscal year 2006-2007 and $200,000 in fiscal year 2007-2008 to provide funds to the Community Operations Board for personnel and programmatic operations of the conferencing, meeting, and community areas, and the performing arts

1 center located in Business/Technology Center, Phase II.

2 The Business/Technology Building, Phase II shall be governed by the Community
3 Operations Board. The Community Operations Board shall consist of 13 members to be
4 appointed as follows: Six by the President of Eastern Kentucky University, four by the
5 Madison County judge/executive, two by the mayor of the City of Richmond, and one by
6 the mayor of the City of Berea. Three of the members appointed by the President of
7 Eastern Kentucky University will serve two year terms and three will serve a one year
8 term. Two of the members appointed by the Madison County judge/executive will serve
9 two year terms and two will serve a one year term. One member appointed by the mayor
10 of the City of Richmond will serve a two year term and one will serve a one year term.
11 The member appointed by the mayor of the City of Berea will serve a two year term.
12 Members of the board will serve without compensation and will not be reimbursed for
13 expenses incurred in performance of their duties. At the first meeting of the fiscal year,
14 the board shall elect a chairman and a vice chairman. The board will establish policies
15 and procedures for board operations and for facility use.~~[The board will make all~~
16 ~~decisions regarding use of the Business/Technology Building, Phase II including the~~
17 ~~conferencing and community areas and the performing arts center and will make all~~
18 ~~decisions regarding personnel and programmatic operations of the conferencing and~~
19 ~~community areas and the performing arts center.]~~ *(Veto #17)* The board is attached to
20 Eastern Kentucky University for administrative purposes, and the university shall provide
21 all facility maintenance and operations costs.

22 **4. KENTUCKY STATE UNIVERSITY**

		2006-07	2007-08
24	General Fund	27,500,700	28,349,000
25	Restricted Funds	23,375,700	23,375,700
26	Federal Funds	14,296,000	14,296,000
27	TOTAL	65,172,400	66,020,700

1 **(1) Debt Service:** Included in the above General Fund appropriation is $892,200
2 in fiscal year 2006-2007 and $907,300 in fiscal year 2007-2008 for debt service for
3 previously issued bonds.
4 **(2) Blazer Library:** Included in the above General Fund appropriation is
5 $500,000 in fiscal year 2006-2007 and $500,000 in fiscal year 2007-2008 to purchase
6 books and periodicals for Blazer Library.
7 **5. MOREHEAD STATE UNIVERSITY**

	2006-07	2007-08
8		
9 General Fund	45,462,600	48,697,600
10 Restricted Funds	62,467,400	62,754,000
11 Federal Funds	51,201,000	50,897,700
12 TOTAL	159,131,000	162,349,300

13 **(1) Debt Service:** Included in the above General Fund appropriation is
14 $1,409,500 in fiscal year 2006-2007 and $495,500 in fiscal year 2007-2008 for debt
15 service for previously issued bonds.
16 **6. MURRAY STATE UNIVERSITY**

	2006-07	2007-08
17		
18 General Fund	55,278,600	56,068,700
19 Restricted Funds	74,587,600	79,864,500
20 Federal Funds	14,886,900	14,886,900
21 TOTAL	144,753,100	150,820,100

22 **(1) Debt Service:** Included in the above General Fund appropriation is
23 $1,909,100 in fiscal year 2006-2007 for debt service for previously issued bonds.
24 **7. NORTHERN KENTUCKY UNIVERSITY**

	2006-07	2007-08
25		
26 General Fund	53,876,000	55,330,000
27 Restricted Funds	112,204,400	118,886,200

Federal Funds	14,331,400	14,331,400
TOTAL	180,411,800	188,547,600

(1) Debt Service: Included in the above General Fund appropriation is $5,013,300 in fiscal year 2006-2007 and $230,500 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Center for Mathematics: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 for the Center for Mathematics.

8. UNIVERSITY OF KENTUCKY

	2006-07	**2007-08**
General Fund	318,567,900	335,016,500
Restricted Funds	1,238,551,300	1,298,377,600
Federal Funds	171,613,900	177,404,300
TOTAL	1,728,733,100	1,810,798,400

(1) Debt Service: Included in the above General Fund appropriation is $5,867,700 in fiscal year 2006-2007 and $1,546,600 in fiscal year 2007-2008 for debt service for previously issued bonds for the University of Kentucky and $754,900 in fiscal year 2006-2007 and $398,900 in fiscal year 2007-2008 for debt service for previously issued bonds for Lexington Community College.

(2) Adolescent Medicine and Young Parent Programs and Rape Crisis Center: Included in the above General Fund appropriation is $150,000 in fiscal year 2006-2007 and $150,000 in fiscal year 2007-2008 for the Adolescent Medicine and Young Parent Programs and the Rape Crisis Center.

(3) Cooperative Extension Agents: The University of Kentucky is[~~encouraged~~]*(Veto #18)* to provide funding in fiscal year 2006-2007 and fiscal year 2007-2008 to the Cooperative Extension Service to support the County Extension Enhancement Initiative. This initiative provides salary adjustments for County Extension Agents. These

1 adjustments are in addition to any other salary adjustments which may be made.

2 **(4) Lexington Arboretum:** The University of Kentucky is encouraged to provide
3 funding in fiscal year 2007-2008 for the arboretum.

4 **(5) Bath County Cooperative Extension:** The University of Kentucky is
5 encouraged to provide funding in fiscal year 2007-2008 for the Bath County Cooperative
6 Extension Education and Marketing Center.

7 **(6) Greenup County Cooperative Extension:** The University of Kentucky is
8 encouraged to provide funding in fiscal year 2007-2008 for the Arts and Music program
9 offered through the Greenup County Extension Service.

10 **(7) Center for Research on Violence Against Women:** Included in the above
11 General Fund appropriation is $150,000 in fiscal year 2006-2007 and $150,000 in fiscal
12 year 2007-2008 for the Center for Research on Violence Against Women.

13 **(8) Kentucky Geological Survey:** Included in the above General Fund
14 appropriation is $250,000 in fiscal year 2007-2008 from the General Fund portion of the
15 Natural Gas Severance Tax after the statutory distribution required by KRS 42.450(2),
16 and included in the above Restricted Funds appropriation is $250,000 in fiscal year 2007-
17 2008 from the Local Government Economic Development Fund, Multi-County Fund, for
18 the Kentucky Geological Survey.

19 **(9) West Liberty Technical Center:** The University of Kentucky is encouraged
20 to provide funding in fiscal year 2007-2008 for maintenance and operations of the West
21 Liberty Technical Center.

22 **9. UNIVERSITY OF LOUISVILLE**

	2006-07	2007-08
23		
24 General Fund	187,484,800	191,346,100
25 Restricted Funds	445,336,100	502,019,800
26 Federal Funds	136,481,300	156,953,600
27 TOTAL	769,302,200	850,319,500

1 **(1) Debt Service:** Included in the above General Fund appropriation is
2 $10,951,200 in fiscal year 2006-2007 and $3,791,500 in fiscal year 2007-2008 for debt
3 service for previously issued bonds.
4 **(2) Quality and Charity Care Trust Agreement:** Included in the above General
5 Fund appropriation is $18,408,100 in fiscal year 2006-2007 and $18,982,300 in fiscal
6 year 2007-2008 to fulfill the Commonwealth's contractual obligation relating to indigent
7 care furnished via the Quality and Charity Care Trust Agreement.
8 Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality
9 and Charity Trust Agreement in fiscal year 2006-2007 shall not lapse.
10 **(3) Saturday Academy Program:** The University of Louisville is encouraged to
11 provide funding for the Saturday Academy Program.
12 **(4) Louisville Signature Partnership Program:** The University of Louisville is
13 encouraged to provide funding for the Louisville Signature Partnership Program.
14 **(5) Equine Industry Program:** Included in the above General Fund
15 appropriation is $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008
16 for the Equine Industry Program.
17 **10. WESTERN KENTUCKY UNIVERSITY**

		2006-07	**2007-08**
18			
19	General Fund	80,224,200	86,396,200
20	Restricted Funds	175,046,300	183,059,600
21	Federal Funds	40,428,600	42,390,300
22	TOTAL	295,699,100	311,846,100

23 **(1) Debt Service:** Included in the above General Fund appropriation is
24 $3,171,000 in fiscal year 2006-2007 and $1,280,600 in fiscal year 2007-2008 for debt
25 service for previously issued bonds.
26 **(2) Kentucky Academy of Math and Science:** Included in the General Fund
27 appropriation is $500,000 in fiscal year 2006-2007 and $2,800,000 in fiscal year 2007-

1 2008 for operating costs of the Kentucky Academy of Math and Science.

2 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

	2006-07	2007-08
General Fund	212,926,800	226,331,100
Restricted Funds	273,623,700	292,823,500
Federal Funds	144,916,100	153,070,400
TOTAL	631,466,600	672,225,000

8 **(1) Firefighters Foundation Program Fund:** Included in the above Restricted
9 Funds appropriation is $28,330,500 in fiscal year 2006-2007 and $29,351,800 in fiscal
10 year 2007-2008 for the Firefighters Foundation Program Fund. Notwithstanding KRS
11 95A.250(1), or the provisions of any other law, supplemental payments for each qualified
12 professional firefighter under the Firefighters Foundation Program Fund shall be $3,100
13 in fiscal year 2006-2007 and $3,100 in fiscal year 2007-2008. Notwithstanding KRS
14 95A.200 to 95A.300, $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year
15 2007-2008 from the Firefighters Foundation Program Fund is authorized to be expended
16 on firefighter training, equipment, and support activities. Notwithstanding KRS 95A.200
17 to 95A.300, an additional $750,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year
18 2007-2008 from the Firefighters Foundation Program Fund is authorized to be spent on a
19 comprehensive physical aptitude test program for firefighters.

20 **(2) Firefighters Training Center Fund:** Notwithstanding KRS 95A.200 to
21 95A.265, $500,000 in Restricted Funds is provided each fiscal year of the 2006-2008
22 fiscal biennium for the Firefighters Training Center Fund.

23 **(3) Health Care Coverage:** Included in the above General Fund appropriation is
24 $1,000,000 in fiscal year 2007-2008 for health care coverage for selected Kentucky
25 Community and Technical College System employees. The University of Kentucky may
26 recover up to $1,000,000 in fiscal year 2007-2008 from the Kentucky Community and
27 Technical College System for additional costs associated with providing health insurance

1 coverage to those KCTCS employees who remain in the UK personnel system. Such
2 recovery is allowed only to the extent that UK can provide documented proof that the cost
3 of providing health insurance coverage for those KCTCS employees exceeds collected
4 premiums minus deductions for discounts and rebates.

5 **(4) Salary Increases:** It is the intent of General Assembly that employees of
6 KCTCS who are in the UK personnel system shall be treated the same with respect to
7 compensation plans and salary increases implemented by KCTCS as all other employees
8 of KCTCS; specifically, KCTCS shall not utilize the practice of providing lower salary
9 increases to KCTCS employees who are in the UK personnel system by offsetting the
10 money paid to UK for the cost of providing health insurance to these employees.

11 KCTCS shall make no distinction in compensation plans or salary increases among
12 its employees based upon the personnel system to which they belong, except that KCTCS
13 may make up the lower salary increases given in the past to those employees of KCTCS
14 in the UK personnel system which were based upon reimbursing UK for the cost of
15 providing health insurance.

16 **(5) Family Life Skills Center:** The Kentucky Community and Technical College
17 System is encouraged to provide funds for the Family Life Skills Center at Hazard
18 Community and Technical College - Lees College Campus.

19 ~~[**(6) Conveyance of Property:** Notwithstanding KRS 164A.575 or KRS Chapter~~
20 ~~45A, the Kentucky Community and Technical College System may convey fee simple~~
21 ~~title to certain of its real property located within the City of Covington, Kentucky, to the~~
22 ~~Gateway Community and Technical College Foundation, a Kentucky not-for-profit~~
23 ~~corporation, for future consideration as determined reasonable by the President of the~~
24 ~~Kentucky Community and Technical College System who is hereby authorized to execute~~
25 ~~all necessary documents and to take all necessary action to complete the foregoing~~
26 ~~conveyance.]~~ *(Veto #19)*

27 **(7) Education Programs at Department of Corrections Facilities:** Included in

1 the above General Fund appropriation is $5,800,000 in fiscal year 2006-2007 and
2 $5,800,000 in fiscal year 2007-2008 for education programs at Department of Corrections
3 Facilities. The Kentucky Community and Technical College System (KCTCS) shall
4 continue to be the provider of educational services to the Department of Corrections
5 (DOC). These services include adult basic education classes aimed toward acquiring a
6 general education diploma (GED) and various technical trades aimed toward providing
7 students with certifications and/or diplomas upon completing qualified examinations. The
8 faculty and related staff shall remain employees of KCTCS. KCTCS shall determine
9 curriculum which will facilitate transferability of credits to all Kentucky public
10 postsecondary institutions. KCTCS faculty and related staff shall abide by all rules and
11 regulations of the DOC to ensure that DOC's accreditation requirements and
12 rehabilitation goals are met.

13 **(8) Maintenance and Operations of New Facilities:** Included in the above
14 General Fund appropriation is $267,800 in fiscal year 2006-2007 for maintenance and
15 operation of new facilities coming on-line.

16 **(9) North American Racing Academy:** Included in the above General Fund
17 appropriation is $300,000 in fiscal year 2006-2007 for personnel to develop the North
18 American Racing Academy.

19 **TOTAL - POSTSECONDARY EDUCATION**

		2006-07	2007-08
20			
21	General Fund (Tobacco)	5,231,200	5,591,200
22	General Fund	1,280,801,100	1,377,191,000
23	Restricted Funds	2,590,413,000	2,747,973,400
24	Federal Funds	666,153,400	702,228,800
25	TOTAL	4,542,598,700	4,832,984,400

26 **L. TRANSPORTATION CABINET**

27 **Budget Units**

1 **1. GENERAL ADMINISTRATION AND SUPPORT**

	2006-07	2007-08
Restricted Funds	26,000	26,000
Road Fund	69,217,100	70,072,400
TOTAL	69,243,100	70,098,400

(1) Biennial Highway Construction Programs: The Secretary of Transportation is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2006-2008 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2006-2007 through fiscal year 2011-2012 as identified by the 2006 General Assembly. This document shall mirror in data type and format the fiscal year 2004-2010 Recommended Six-Year Highway Plan as submitted to the 2004 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2006 Regular Session of the General Assembly.

No executive authority shall expend, or otherwise commit in any manner, available fiscal biennium 2006-2008 Road Fund resources for a project designated as a State Project in the fiscal year 2006-2007 through fiscal year 2011-2012 Highway Preconstruction Program Plan. In the event that federally funded projects contained in the enacted fiscal biennium 2006-2008 Biennial Highway Construction Program are delayed due to unforeseen circumstances, or if additional federal funds are received in excess of the amounts contemplated in this Act, the Transportation Cabinet may advance projects from the Highway Preconstruction Program Plan only to the extent required to assure that the Commonwealth makes full use of all available federal funds.

The Secretary of the Transportation Cabinet is further directed to report quarterly to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint

1 Committee on Transportation all activity, as prescribed by KRS 176.430, relating to all
2 projects with open activity conducted by the Transportation Cabinet during the biennium
3 including the year each project phase was enacted in a Six-Year Highway Plan. Pursuant
4 to KRS 48.800(5), the Transportation Cabinet shall submit the electronic quarterly report
5 in a format prescribed by the Legislative Research Commission.

6 Notwithstanding KRS 176.440(2), any project additions or modifications that the
7 2006 General Assembly may make to the fiscal year 2006-2012 Recommended Six-Year
8 Road Plan shall carry the same force of law as projects that were included in the fiscal
9 year 2006-2012 Recommended Six-Year Road Plan as submitted by the Executive
10 Branch.

11 **(2) Debt Service:** Included in the above Road Fund appropriation is $7,297,800
12 in fiscal year 2006-2007 and $7,292,500 in fiscal year 2007-2008 for debt service on
13 previously authorized bonds for the new Transportation Cabinet office building and
14 parking structure.

15 **(3) Adopt-A-Highway Litter Program:** The Transportation Cabinet and
16 Environmental and Public Protection Cabinet may receive, accept, and solicit grants,
17 contributions of money, property, labor, or other things of value from any governmental
18 agency, individual, nonprofit organization, or private business to be used for the Adopt-a-
19 Highway Litter Program or other statewide litter programs. Any contribution of this
20 nature shall be deemed to be a contribution to a state agency for a public purpose and
21 shall be treated as Restricted Funds under KRS Chapter 45 and reported according to
22 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter
23 11A.

24 **2. AVIATION**

		2006-07	2007-08
26	Restricted Funds	197,000	172,000
27	Federal Funds	15,000	15,000

1	Road Fund	4,000,000	4,000,000
2	TOTAL	4,212,000	4,187,000

3 **(1) Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted
4 Funds appropriation includes operational costs of the program in each fiscal year.

5 **(2) Aviation Projects:** The Transportation Cabinet, Aviation Development
6 Program shall prioritize[~~ and fund~~] *(Veto #20)* the following airport projects from
7 appropriated Road Fund resources[~~ in the designated fiscal year~~] *(Veto #20)* as included
8 in the 2006-2012 Six Year Aviation Plan:

9	(a)	Bardstown-Nelson County Airport	$1,200,000
10	(b)	Cynthiana-Harrison County Airport	$500,000
11	(c)	Fleming-Mason Airport	$2,000,000
12	(d)	Muhlenberg County Airport	$1,000,000
13	(e)	Ohio County Airport	$1,000,000
14	(f)	Big Sandy Regional Airport	$2,500,000
15	(g)	Leitchfield-Grayson County Airport	$1,000,000
16	(h)	Madison Airport	$800,000
17	(i)	Lebanon-Springfield Airport	$1,000,000
18	(j)	Tompkinsville-Monroe County Airport	$1,000,000
19	(k)	Danville-Boyle County Airport	$2,000,000
20	(l)	Muhlenberg County Airport	$2,000,000
21	(m)	Henderson City County Airport	$1,000,000
22	(n)	Russell County Airport	$1,500,000
23	(o)	Powell County Airport	$1,000,000
24	(p)	Ohio County Airport	$1,500,000
25	(q)	Russellville-Logan County Airport	$2,000,000
26	(r)	Falmouth-Pendleton County Airport	$1,000,000

27 [~~**(3) Capital City Airport:** No appropriations for the Aviation budget unit or the~~

1 ~~Military Affairs budget unit shall be utilized for the purpose of studying, planning, or~~
2 ~~construction of additional runways for, or expansion of, the Capital City Airport.]~~*(Veto*
3 *#21)*

4 **(4) Use of Road Fund Resources:** The Cabinet may utilize an amount not to
5 exceed $10,000,000 of its annual Road Fund appropriations for the Department of
6 Aviation, including but not limited to providing the above authorized financial aid to
7 governmental units and local air boards for the development, construction, reconstruction,
8 maintenance, and repair of airport runways, aprons, and taxiways at public airports and
9 public use airports as defined in KRS 183.011(20) and (21).

10 **(5) Aviation Plan Project Report:** The Secretary of the Transportation Cabinet
11 is directed to report quarterly to the Interim Joint Committee on Appropriations and
12 Revenue and the Interim Joint Committee on Transportation all activity relating to all
13 aviation projects with open activity conducted by the Transportation Cabinet during the
14 biennium including the year each project phase was enacted in a Six Year Aviation Plan.
15 The Transportation Cabinet shall submit the electronic quarterly report in a format
16 prescribed by the Legislative Research Commission.

17 **3. DEBT SERVICE**

	2006-07	2007-08
18		
19 Road Fund	162,710,200	181,143,200

20 **(1) Toll Road Lease-Rental Payments:** Included in the above Road Fund
21 appropriation is $205,100 in fiscal year 2006-2007 and $80,000 in fiscal year 2007-2008
22 for toll road lease-rental payments.

23 **(2) Toll Road Termination:** The tolls on the Audubon Parkway and the Natcher
24 Parkway shall be terminated during the first year of the biennium when the lease-rental
25 payments on the toll roads are fully paid.

26 **(3) Resource Recovery Road Lease-Rental Payments:** Included in the above
27 Road Fund appropriation is $90,000 in fiscal year 2006-2007 and $90,000 in fiscal year

1 2007-2008 for Resource Recovery Road lease-rental payments. The Secretary of the
2 Transportation Cabinet shall use Road Fund resources to meet the lease-rental payments
3 to the Kentucky Turnpike Authority for Resource Recovery Road projects in the amount
4 certified by the Transportation Cabinet, pursuant to KRS 143.090. However, if Road
5 Fund resources are not sufficient to meet lease-rental payments, the additional amount
6 required to meet the obligation shall be transferred from the proceeds of the tax levied on
7 the severance or processing of coal by KRS 143.020.

8 **(4) Economic Development Road Lease-Rental Payments:** Included in the
9 above Road Fund appropriation is $146,119,100 in fiscal year 2006-2007 and
10 $148,381,200 in fiscal year 2007-2008 for Economic Development Road lease-rental
11 payments relating to projects financed by Economic Development Road Revenue Bonds
12 previously authorized by the General Assembly and issued by the Kentucky Turnpike
13 Authority.

14 **(5) Economic Development Road Bond Debt Service:** Included in the above
15 Road Fund appropriation is $16,296,000 in fiscal year 2006-2007 and $32,592,000 in
16 fiscal year 2007-2008 for Economic Development Road lease-rental payments to the
17 Turnpike Authority of Kentucky relating to projects financed by $350,000,000 in
18 Economic Development Road Revenue Bonds hereby authorized by the General
19 Assembly to be issued in fiscal year 2006-2007 for payment of the cost of the Economic
20 Development Road Projects.

21 **(6) Excess Lease-Rental Payments:** Any moneys not required to meet lease-
22 rental payments or to meet the administrative costs of the Kentucky Turnpike Authority
23 shall be transferred to the State Construction account.

24 **(7) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505,
25 no portion of the revenues to the state Road Fund provided by the adjustments in KRS
26 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment
27 Acceleration Fund account during the 2006-2008 fiscal biennium.

1 **4. HIGHWAYS**

	2005-06	2006-07	2007-08
Restricted Funds	-0-	361,842,500	72,686,700
Federal Funds	30,085,900	654,147,700	675,013,800
Road Fund	-0-	667,409,400	670,193,200
Highway Bonds	-0-	350,000,000	-0-
TOTAL	30,085,900	2,033,399,600	1,417,893,700

8 **(1) Debt Service:** Included in the above Federal Funds appropriation is
9 $15,162,700 in fiscal year 2006-2007 and $15,126,700 in fiscal year 2007-2008 for debt
10 service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds appropriated for this
11 purpose in 2005 Ky. Acts, ch. 173, Part I, L., 4., (16) (HB 267).

12 **(2) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:**
13 Included in the above Federal Funds appropriation is $34,963,000 in fiscal year 2006-
14 2007 and $34,963,000 in fiscal year 2007-2008 for GARVEE Bonds debt service
15 payments relating to projects financed by $290,000,000 in GARVEE Bonds hereby
16 authorized by the General Assembly to be issued in fiscal year 2006-2007 for payment of
17 the GARVEE Bond road projects.

18 **(3) State Supported Construction Programs:** Included in the above Road Fund
19 appropriation is $306,587,500 in fiscal year 2006-2007 and $300,213,300 in fiscal year
20 2007-2008 for the State Supported Construction Program.

21 **(4) State Resurfacing Program:** Included in the State Supported Construction
22 Program is $80,402,200 in fiscal year 2006-2007 and $87,320,000 in fiscal year 2007-
23 2008 from the Road Fund for the State Resurfacing Program.

24 **(5) Biennial Highway Construction Program:** Included in the State Supported
25 Construction Program is $188,445,300 in fiscal year 2006-2007 and $175,153,200 in
26 fiscal year 2007-2008 from the Road Fund for state construction projects in the fiscal
27 biennium 2006-2008 Biennial Highway Construction Program. Included in the above

1 Road Fund appropriation is $2,500,000 in fiscal year 2006-2007 and $2,500,000 in fiscal
2 year 2007-2008 to support the Kentucky Pride Fund created in KRS 224.43-505.
3 **(6) Kentucky Pride Fund Program Report:** The Environmental and Public
4 Protection Cabinet shall provide to the Interim Joint Committee on Appropriations and
5 Revenue and the Interim Joint Committee on Transportation a program and financial
6 status report of all expenditures related to the Kentucky Pride Fund. The status report
7 shall be provided to the Interim Joint Committee on Transportation no later than October
8 1 of each year.
9 **(7) Highway Construction Contingency Account:** Included in the State
10 Supported Construction Program is $37,740,000 in fiscal year 2006-2007 and
11 $37,740,000 in fiscal year 2007-2008 for the Highway Construction Contingency
12 Account. Included in the above Road Fund appropriation is $2,500,000 in fiscal year
13 2006-2007 and $2,500,000 in fiscal year 2007-2008 to support the Kentucky Pride Fund
14 created in KRS 224.43-505.
15 **(8) 2006-2008 Biennial Highway Construction Plan:** Projects in the enacted
16 2004-2006 Biennial Highway Construction Plan are authorized to continue their current
17 authorization into the 2006-2008 fiscal biennium.
18 **(9) Kentucky Transportation Center:** Notwithstanding KRS 177.320(4),
19 included in the above Road Fund appropriation is $290,000 in fiscal year 2006-2007 and
20 $290,000 in fiscal year 2007-2008 for the Kentucky Transportation Center.
21 **(10) New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3),
22 Restricted Funds are appropriated in the amounts of $1,500,000 in fiscal year 2006-2007
23 and $1,500,000 in fiscal year 2007-2008 from the sale of surplus equipment to purchase
24 new highway equipment.
25 **(11) State Match Provisions:** The Transportation Cabinet is authorized to utilize
26 state construction moneys or Toll Credits to match federal highway moneys.
27 **(12) Excess Debt Service/Lease-Rental Appropriations:** Any Road Fund

1 appropriations that are not needed to pay lease-rental payments to the Kentucky Turnpike
2 Authority or debt service on the Transportation Cabinet office building shall be credited
3 to the State Construction Account.

4 **(13) Federal Aid Highway Funds:** If additional federal highway moneys are made
5 available to Kentucky by the United States Congress, the funds shall be used according to
6 the following priority: (a) Any demonstration-specific or project-specific money shall be
7 used on the project identified; and (b) All other funds shall be used to ensure that projects
8 in the fiscal biennium 2006-2008 Biennial Highway Construction Plan are funded. If
9 additional federal moneys remain after these priorities are met, the Transportation
10 Cabinet may select projects from the Four-Year Preconstruction Program.

11 **(14) Demonstration Projects:** The Transportation Cabinet is authorized to select
12 up to ten design/build demonstration road related projects. Notwithstanding any
13 conflicting provisions of KRS Chapters 45A, 176, and 177, for procurement purposes, the
14 Transportation Cabinet shall utilize a qualifications-based bidding process within the
15 context of the provisions of KRS Chapter 176. The Secretary of the Transportation
16 Cabinet shall determine the nature and scope of each design/build project.

17 **(15) Road Fund Cash Management:** The Secretary of the Transportation Cabinet
18 is authorized to continue the Cash Management Plan to address the policy of the General
19 Assembly to expeditiously initiate and complete projects in the fiscal biennium 2006-
20 2008 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45,
21 specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance
22 projects in the Biennial Highway Construction Plan by employing management
23 techniques that maximize the Cabinet's ability to contract for and effectively administer
24 the project work. Under the approved Cash Management Plan, the Secretary is directed to
25 continuously ensure that the unspent project and Road Fund balances available to the
26 Transportation Cabinet are sufficient to meet expenditures consistent with appropriations
27 provided.

1 **(16) Biennial Highway Construction Program:** In the event that federally funded
2 projects contained in the enacted fiscal biennium 2006-2008 Biennial Highway
3 Construction Program are delayed due to unforeseen circumstances, or if additional
4 Federal Funds are received in excess of the amounts contemplated in this Act, the
5 Transportation Cabinet may advance projects from the Highway Preconstruction Program
6 Plan only to the extent required to ensure that the Commonwealth makes full use of all
7 available Federal Funds.

8 **(17) Programmatic Adjustments:** The Secretary of the Transportation Cabinet is
9 authorized to adjust the specific sums comprising the Highways appropriation programs
10 enumerated above for the purposes of enhancing public safety, maximizing available
11 Federal Funds, supporting economic development, and accelerating state construction
12 projects.

13 **(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds:** Included in the
14 above Restricted Funds appropriation is $290,000,000 in fiscal year 2006-2007 for
15 GARVEE Bond Funds.

16 **(19) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,
17 unexpended Road Fund, Federal Funds, and Restricted Funds appropriations in the
18 Highways budget unit for the Construction program, the Maintenance program, and the
19 Research program in fiscal year 2005-2006 and fiscal year 2006-2007 shall not lapse and
20 shall carry forward.

21 **(20) Road Fund Support for Aviation:** The Cabinet may utilize an amount not to
22 exceed $10,000,000 of its annual Road Fund appropriations for the Department of
23 Aviation, including but not limited to providing financial aid to governmental units and
24 local air boards for the development, construction, reconstruction, maintenance, and
25 repair of airport runways, aprons, and taxiways at public airports and public use airports
26 as defined in KRS 183.011(20) and (21), as identified in Part I, L.2., Aviation, of this Act.

27 **(21) Paving and Rehabilitation:** The Kentucky Transportation Cabinet is

1 encouraged to provide grading and paving rehabilitation efforts on I-64 from Grayson to
2 the West Virginia border at the level equal to that accomplished on I-64 in Bath County,
3 Rowan County, and the remainder of Carter County.

4 **(22) Interlocal Agreement:** Any local government may be permitted to enter into
5 a cooperative agreement with the Transportation Cabinet to maintain traffic control
6 devices on state maintained roads within the local government's jurisdiction and shall be
7 reimbursed by the Transportation Cabinet for the actual cost of such maintenance. The
8 agreement may permit local governments to make temporary repairs to state maintained
9 road surfaces within the local government's jurisdiction and shall be reimbursed by the
10 Transportation Cabinet for the actual cost of the temporary repairs.

11 **(23) Rest Area Closure:** Notwithstanding KRS 177.240, the Transportation
12 Cabinet may close the following five rest area sites:

13 (a) Hart County - One site located on I-65 southbound at milepost 55.1;

14 (b) Hardin County - Two sites located on I-65 northbound and southbound at
15 milepost 81.0;

16 (c) Madison County - Two sites located on I-75 northbound and southbound at
17 milepost 82.3.

18 **(24) Pavement Management:** The Secretary of the Transportation Cabinet may
19 implement a Pavement Management Program to promote pavement preventive
20 maintenance and maintain a higher level of pavement quality between resurfacing cycles.
21 The Transportation Cabinet may expend an amount not to exceed $8,000,000 for this
22 purpose for the 2006-2008 biennium.

23 **(25) Miscellaneous Road Fund Projects:** The Transportation Cabinet may
24 undertake the following miscellaneous road projects, using the suggested Road Fund
25 allocations contained therein:

26 (a) Campbell County Street Reconstruction: Reconstruct Chateau Drive in
27 Dayton, Kentucky, for $100,000 from the Highway Construction Contingency Account in

1 fiscal year 2006-2007;

2 (b) Clark County Resurfacing: Resurface KY 15 from milepost 0 to 4.216 near
3 Crow Ridge Road in Clark County for $280,000 from Road Fund resources in fiscal year
4 2006-2007;

5 (c) Fayette County Traffic Control Device: Add a left turn signal to both sides of
6 the traffic control signal at the intersection of Russell Cave Road and Asbury Lane in
7 Lexington, Fayette County, Kentucky before November 2006, to be paid from Road Fund
8 resources;

9 (d) Fayette County Traffic Control Device: Install a traffic light at Helmsdale and
10 Man-O-War for $20,000 from Road Fund resources in fiscal year 2006-2007;

11 (e) Fayette County Traffic Control Device: Install a traffic light at Todds Road
12 and Autumn Ridge for $20,000 from Road Fund resources in fiscal year 2006-2007;

13 (f) Floyd County Traffic Control Device: Install a traffic control device on KY 80
14 at Duff Elementary School in Floyd County for $20,000 from Road Fund resources in
15 fiscal year 2006-2007;

16 (g) Franklin County Tunnel Maintenance: Implement a tunnel clearance project
17 adjacent to the Kentucky River for $500,000 from the Highway Construction
18 Contingency Account in fiscal year 2006-2007;

19 (h) Hopkins County Sidewalks: Construct sidewalks on US 41, South Main Street
20 in the City of Madisonville for $390,000 from the Highway Construction Contingency
21 Account in fiscal year 2007-2008;

22 (i) Jefferson County, Louisville Kennedy Bridge:~~[The Transportation Cabinet~~
23 ~~shall]~~ *(Veto #22)* complete the painting of the Kennedy Bridge on Interstate 65 in
24 Louisville, Kentucky within the current biennium;

25 (j) Jefferson County Traffic Control Device: Install a traffic control device at the
26 intersection of Rockford Lane and Dover Road in Jefferson County, Shively, Kentucky
27 for $25,000 from Road Fund resources in fiscal year 2006-2007;

1 (k) Jefferson County Sound Barriers:[~~A sound barrier shall be~~] *(Veto #23)*
2 installed on the north side of I-264/Watterson Expressway from the west side of the
3 Newburg Interchange going west 1,500 feet[~~. The cost related to the installation of the~~
4 ~~sound barrier shall be funded for $650,000 from the Highway Construction Contingency~~
5 ~~Account in fiscal year 2006-2007~~] *(Veto #23)*;
6 (l) Jefferson County Bridge Preservation: Restore and reconstruct the historic
7 bridge on Old Taylorsville Road over Chenoweth Run Creek, for $210,000 from the
8 Municipal Bond Pool;
9 (m) Jessamine County Resurfacing: Resurface KY 1541 from milepost 6.936 near
10 Sulphur Well Road to KY 39 at milepost 9.668 near Logana Road in Jessamine County
11 for $136,000 from the Highway Construction Contingency Account in fiscal year 2006-
12 2007;
13 (n) Kenton County Traffic Control Device: Install a traffic control device at the
14 intersection of Oak and Adella in the City of Ludlow for $20,000 from Road Fund
15 resources in fiscal year 2006-2007;
16 (o) Menifee County Resurfacing: Resurface last 0.5 miles of Carrington Green
17 Road at the Bath County line for $10,000 from Road Fund resources in fiscal year 2006-
18 2007;
19 (p) Rowan County Street and Parking Improvements: Improve streets and parking
20 in the City of Morehead for $150,000 from the Highway Construction Contingency
21 Account in fiscal year 2006-2007;
22 (q) Russell County Guardrail Installation: Install approximately 500 feet of
23 guardrail on KY 1058 between mile marker 2 and 3 in Russell County, to be paid from
24 Road Fund resources;
25 (r) Russell County Bridge Replacement: Replace the bridge on Payne Road in
26 Russell County for $100,000 from Road Fund resources in fiscal year 2006-2007;
27 (s) Simpson County Resurfacing: Resurface Cedar Bluff Road in Simpson

1 County beginning at US 31W to the Warren County line for $110,000 from the Highway
2 Construction Contingency Account in fiscal year 2006-2007;
3 (t) Simpson County Widening and Resurfacing: Widen and resurface Rapids-
4 Hickory Flat Road in Simpson County for $143,000 from the Highway Construction
5 Contingency Account in fiscal year 2006-2007;
6 (u) Simpson County Widening and Resurfacing: Widen and resurface Neely Road
7 in Simpson County for $137,000 from the Highway Construction Contingency Account
8 in fiscal year 2006-2007; and
9 (v) Simpson County Highway Access: Create an access point on the south side of
10 KY 100 at 300 feet east of the intersection with US 31W in Simpson County, to be paid
11 from Road Fund resources.
12 **(26) Louisville Bridges Project Plan Report:** The Secretary of the Transportation
13 Cabinet shall submit to the Legislative Research Commission by December 1, 2006, a
14 long-term planning report for the Louisville Bridges Project. The planning report shall
15 include project strategy, timeline, projected and actual financial data, construction
16 schedule, total cost and cost to complete, anticipated revenues, revenue sources, and the
17 overall financial impact on state transportation funds of the Louisville Bridges Project
18 with respect to the federally funded component and the state-funded component, over the
19 life of the project. The Transportation Cabinet shall also submit to the Interim Joint
20 Committee on Appropriations and Revenue and the Interim Joint Committee on
21 Transportation a copy of the Initial Financial Plan at the same time as it files the plan with
22 the Federal Highway Administration, but in no event later than December 31, 2006.
23 **5. JUDGMENTS**
24 **(1) Payment of Judgments:** Road Fund resources required to pay judgments
25 shall be transferred from the State Construction Account at the time when actual
26 payments must be disbursed from the State Treasury.
27 **(2) Carry Forward of Road Fund Appropriation Balance:** Notwithstanding

1 KRS 45.229, any funds not expended by June 30, 2007, shall not lapse and shall carry
2 forward.

3 **6. PUBLIC TRANSPORTATION**

	2006-07	2007-08
General Fund	7,703,400	5,203,400
Restricted Funds	555,700	555,700
Federal Funds	40,204,200	40,233,600
TOTAL	48,463,300	45,992,700

9 **(1) Toll Credits:** The Transportation Cabinet is authorized to maximize to the
10 extent necessary the use of Toll Credits to match Federal Funds for transit systems capital
11 grants.

12 **(2) Nonpublic School Transportation:** Included in the above General Fund
13 appropriation is $2,950,000 in fiscal year 2006-2007 and $2,950,000 in fiscal year 2007-
14 2008 for nonpublic school transportation.

15 **(3) State Match Provisions:** Included in the above General Fund appropriation is
16 $2,500,000 in fiscal year 2006-2007 to provide additional General Fund match resources
17 to support increased grant expenditures related to federal funds for metropolitan public
18 transit system. Notwithstanding KRS 45.229, this appropriation shall not lapse and shall
19 carry forward.

20 **7. REVENUE SHARING**

	2005-06	2006-07	2007-08
Road Fund	11,858,400	241,886,100	244,276,700

23 **(1) County Road Aid Program:** (a) Included in the above Road Fund
24 appropriation is $91,417,600 in fiscal year 2006-2007 and $92,249,300 in fiscal year
25 2007-2008 for the County Road Aid Program in accordance with KRS 177.320, 179.410,
26 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been
27 reduced by $38,000 in fiscal year 2006-2007 and $38,000 in fiscal year 2007-2008 which

1 has been appropriated to the Highways budget unit for the support of the Kentucky
2 Transportation Center.
3 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
4 $6,039,000 in fiscal year 2006-2007 and $8,784,000 in fiscal year 2007-2008 and
5 appropriated in the Debt Service budget unit for the support of the $350,000,000 of
6 Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.
7 **(2) Rural Secondary Program:** (a) Included in the above Road Fund
8 appropriation is $110,900,200 in fiscal year 2006-2007 and $111,909,100 in fiscal year
9 2007-2008 for the Rural Secondary Program in accordance with KRS 177.320, 177.330,
10 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts
11 have been reduced by $46,000 in fiscal year 2006-2007 and $46,000 in fiscal year 2007-
12 2008 which has been appropriated to the Highways budget unit for the support of the
13 Kentucky Transportation Center.
14 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
15 $7,326,000 in fiscal year 2006-2007 and $10,656,000 in fiscal year 2007-2008 and
16 appropriated in the Debt Service budget unit for the support of the $350,000,000 of
17 Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.
18 **(3) Municipal Road Aid Program:** (a) Included in the above Road Fund
19 appropriation is $38,465,300 in fiscal year 2006-2007 and $38,815,300 in fiscal year
20 2007-2008 for the Municipal Road Aid Program in accordance with KRS 177.365,
21 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been
22 reduced by $16,000 in fiscal year 2006-2007 and $16,000 in fiscal year 2007-2008 which
23 has been appropriated to the Highways budget unit for the support of the Kentucky
24 Transportation Center.
25 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
26 $2,541,000 in fiscal year 2006-2007 and $3,696,000 in fiscal year 2007-2008 and
27 appropriated in the Debt Service budget unit for the support of the $350,000,000 of

1 Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.

2 **(4) Energy Recovery Road Fund:** Included in the above Road Fund
3 appropriation is $1,103,000 in fiscal year 2006-2007 and $1,303,000 in fiscal year 2007-
4 2008 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771,
5 177.9772, 177.978, 177.979, and 177.981.

6 **8. VEHICLE REGULATION**

	2005-06	2006-07	2007-08
7			
8 Restricted Funds	-0-	4,109,900	4,101,900
9 Federal Funds	-0-	3,285,500	285,500
10 Road Fund	947,300	17,396,100	18,269,900
11 TOTAL	947,300	24,791,500	22,657,300

12 **TOTAL - TRANSPORTATION CABINET**

	2005-06	2006-07	2007-08
13			
14 General Fund	-0-	7,703,400	5,203,400
15 Restricted Funds	-0-	366,731,100	77,542,300
16 Federal Funds	30,085,900	697,652,400	715,547,900
17 Road Fund	12,805,700	1,162,618,900	1,187,955,400
18 Highway Bonds	-0-	350,000,000	-0-
19 TOTAL	42,891,600	2,584,705,800	1,986,249,000

20 **PART II**

21 **CAPITAL PROJECTS BUDGET**

22 **(1) Capital Construction Fund Appropriations and Reauthorizations:**
23 Moneys in the Capital Construction Fund are appropriated for the following capital
24 projects subject to the conditions and procedures in this Act. Items listed without
25 appropriated amounts are previously authorized for which no additional amount is
26 required. These items are listed in order to continue their current authorization into the
27 2006-2008 fiscal biennium. Unless otherwise specified, reauthorized projects shall

1 conform to the original authorization enacted by the General Assembly.

2 **(2) Expiration of Existing Line-Item Capital Construction Projects:** All
3 appropriations to existing line-item capital construction projects expire on June 30, 2006,
4 unless reauthorized in this Act with the following exceptions: (a) A construction contract
5 for the project shall have been awarded by June 30, 2006; (b) Permanent financing or a
6 short-term line of credit sufficient to cover the total authorized project scope shall have
7 been obtained in the case of projects authorized for bonds, provided that the authorized
8 project completes an initial draw on the line of credit within the biennium immediately
9 subsequent to the original authorization; (c) Grant or loan agreements, if applicable, shall
10 have been finalized and properly signed by all necessary parties. Notwithstanding the
11 criteria set forth in this section, the disposition of 2004-2006 biennium nonstatutory
12 appropriated maintenance pools funded from Capital Construction Investment Income
13 shall remain subject to the provisions of KRS 45.770(4)(c); and (d) Any capital
14 construction project authorized pursuant to actions approved by the 2005 General
15 Assembly in House Joint Resolution 92 (2005 Ky. Acts ch. 170, Vol. Ia, Part II Coal
16 Severance Tax Projects), unless otherwise provided for in this Act, is deemed to be
17 reauthorized up to the total amount of receipts allocated to the single county account at
18 the end of fiscal year 2005-2006. Notwithstanding the criteria set forth in this section, the
19 disposition of 2004-2006 biennium nonstatutory appropriated maintenance pools funded
20 from Capital Construction Investment Income shall remain subject to the provisions of
21 KRS 45.770(4)(c).

22 **(3) New Bond Projects:** Bond projects authorized for the first time in this Part
23 which have debt service supported by state General Fund appropriations are authorized in
24 the first year of the biennium. The sale of bonds to finance four projects, Western
25 Kentucky Veterans Center - Alzheimer's/General Care Unit, Acquire Land for Wendell
26 H. Ford Regional Training Center, School Facilities Construction Commission Offers of
27 Assistance, Louisville Arena, and Highway Bonds, shall occur after July 1, 2006.

1 The sale of bonds to finance the following projects shall occur after January 1,
2 2007:
3 (a) KIA Infrastructure for Economic Development for Coal Producing Counties;
4 (b) KIA Infrastructure for Economic Development for Non-Coal Producing
5 Counties;
6 (c) Community Development Projects;
7 (d) Warren County Fiscal Court Transpark - Rail Spur and Infrastructure
8 Improvements;
9 ~~[(e) Animal Shelters;~~
10 ~~(f) Kentucky River Authority Locks and Dams Renovation and Maintenance~~
11 ~~Pool;~~
12 ~~(g) The Louisville Zoo - Glacier Run]~~ *(Veto #4)*
13 (h) New Horse Park Indoor Arena;
14 (i) Rockcastle County Vocational and Technical Center;
15 (j) Petroleum Underground Storage Tank;
16 ~~[(k) CPE Capital Renewal and Maintenance Pool;]~~ *(Veto #4)*
17 (l) KCTCS - Franklin Technology Center Project Expansion; and
18 (m) All Agency Bond funded projects.
19 The sale of all other bonds to finance the remaining projects shall occur after July 1,
20 2007.
21 **(4) Bond Proceeds Investment Income:** Investment income earned from bond
22 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
23 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
24 capital project may be used to pay debt service according to the Internal Revenue Service
25 Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b), 48.720, or any
26 section of this Act, any funds appropriated but not required to pay debt service because of
27 this fund source substitution shall be credited to the Statewide Deferred Maintenance

1 Fund account each year. Unneeded debt service resulting from any other circumstance
2 shall lapse in accordance with KRS 48.010(13)(b), 48.720, and other provisions of this
3 Act except for the following: if the fund balance in the Emergency Repair, Maintenance,
4 and Replacement Fund falls below $5,000,000 in fiscal year 2006-2007, any debt service
5 lapse necessary to bring the fund balance to $5,000,000 in that fiscal year shall be
6 credited to the Emergency Repair, Maintenance, and Replacement Fund. No transfer to
7 the Emergency Repair, Maintenance, and Replacement Fund, or the Statewide Deferred
8 Maintenance Pool account, shall be made based on the above provisions if the lapse from
9 other General Fund accounts is insufficient to meet appropriations approved in other Parts
10 of this Act.

11 **(5) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
12 identification of specific projects in a variety of areas of the state government cannot be
13 ascertained with absolute certainty at this time, amounts are appropriated for specific
14 purposes to projects which are not individually identified in this Act in the following
15 areas: Kentucky Infrastructure Authority Water and Sewer Projects; Kentucky River
16 Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned
17 Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects;
18 Wetland and Stream Mitigation; Phase I Tobacco Settlement Agricultural Development
19 Initiative; Community Development projects; Economic Development projects which
20 shall include authorization for the High-Tech Construction Pool and the High-Tech
21 Investment Pool; Infrastructure projects;~~[the Capital Renewal and Maintenance~~
22 ~~Bond]~~*(Veto #4)* Pool; Heritage Land Conservation projects; Flood Control projects; the
23 Parks Renovation Pool; Parks Development Pool; the Statewide Repair, Maintenance,
24 and Replacement Pool; the Education Technology Pool;~~[the Postsecondary Education~~
25 ~~Institutions Technology and Equipment Pool; the Postsecondary Education Institutions~~
26 ~~Research Support/Lab Renovation and Equipment Pool;]~~ *(Veto #4)* the Local District
27 Health Departments Construction Pool; and University Major Items of Equipment Pools.

1 Any projects estimated to cost over $400,000 and equipment estimated to cost over
2 $100,000 shall be reported to the Capital Projects and Bond Oversight Committee. All
3 moneys transferred to the Finance and Administration Cabinet for capital construction
4 from any appropriations, including income from investments, shall be expended,
5 accounted for, and otherwise treated in the same manner as funds appropriated directly to
6 the Finance and Administration Cabinet for capital construction.

7 **(6) Jefferson County Medical Society:** Notwithstanding KRS Chapter 45A or
8 any other statute or provision of the law to the contrary, the Commonwealth releases the
9 Medical Foundation of Jefferson County Medical Society from its Promissory Note dated
10 June 15, 1979, in the principal amount of $110,000.

11 **(7) Executive Mansion Restoration:** In accordance with the process involved in
12 previous renovations of the Executive Mansion and notwithstanding KRS 11.027, 41.290,
13 56.491, and 337.505 to 337.550, KRS Chapter 45A, or any other provision of law to the
14 contrary, the Finance and Administration Cabinet is authorized to enter into an agreement
15 with the Governor's Mansion Preservation Foundation (the foundation) concerning the
16 renovation of the Executive Mansion. All design drawings for the renovation shall be
17 inspected and approved by the Division of Historic Properties for the purpose of ensuring
18 that the work and materials are consistent with the principles of historic preservation and
19 in compliance with all applicable codes and regulations. All work shall be conducted
20 under the supervision of the Finance and Administration Cabinet's Division of Historic
21 Properties, and all such work shall become the property of the Commonwealth. The
22 foundation shall have the authority to select contractors and service providers and to enter
23 into contracts to purchase or receive donations of goods, materials, and services necessary
24 to the renovation; provided, however, that payment and performance bonds in an amount
25 deemed by the Secretary of the Finance and Administration Cabinet to be appropriate for
26 the protection of the Commonwealth's interest therein shall be provided with respect to
27 work performed on the Executive Mansion.

1 **(8) Bond Issues for Tobacco and Non-Coal Producing Counties**: Any
2 authorized bond project from the Infrastructure for Economic Development Fund for
3 Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties,
4 and Infrastructure for Economic Development Fund for Non-Coal Producing Counties
5 may be financed from any associated bond issue for the Infrastructure for Economic
6 Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund
7 for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal
8 Producing Counties.

9 **A. GENERAL GOVERNMENT**

10	**Budget Units**	**2006-07**	**2007-08**
11	**1. VETERANS' AFFAIRS**		
12	001. Construct State Veterans Cemetery - Northeast Kentucky (Greenup County)		
13	General Fund	395,000	-0-
14	Federal Funds	-0-	8,300,000
15	TOTAL	395,000	8,300,000
16	002. Maintenance Pool		
17	Investment Income	100,000	100,000
18	003. Construct State Veterans Cemetery - Southeast Kentucky (Leslie County)		
19	General Fund	-0-	200,000
20	Federal Funds	-0-	6,000,000
21	TOTAL	-0-	6,200,000
22	004. Western Kentucky Veterans' Center - Alzheimer's/General Care Unit		
23	Bond Funds	1,757,000	-0-
24	**2. KENTUCKY INFRASTRUCTURE AUTHORITY**		
25	001. KIA Fund F - Drinking Water Revolving Loan Program		
26	Federal Funds	20,000,000	-0-
27	Bond Funds	4,000,000	-0-

TOTAL	24,000,000	-0-
002. KIA Fund A - Federally Assisted Wastewater Program		
Federal Funds	20,000,000	-0-
Bond Funds	4,000,000	-0-
TOTAL	24,000,000	-0-
003. Infrastructure for Economic Development Fund for Non-Coal Producing Counties		
Bond Funds	150,000,000	-0-
004. Infrastructure for Economic Development Fund for Coal-Producing Counties		
Bond Funds	100,000,000	-0-

(1) Expenditure of Loan Repayments Cash Balances: The Kentucky Infrastructure Authority is authorized to expend the cash balances from loan repayments on deposit at the trustee bank for financial assistance, in the form of low-interest loans, to governmental agencies for professional planning and preliminary engineering design work required for eligible Fund A wastewater projects.

005. City of Hindman - Water Line Improvements
Reauthorization and Reallocation ($88,888)

The above project is authorized from a reallocation from the Knott County Water and Sewer District - Ball Creek Water Project and Others in 2005 HJR 92 (2005 Ky. Acts ch. 170, Vol. Ia, Part II, Infrastructure for Economic Development Fund for Coal-Producing Counties, p. 1830).

3. MILITARY AFFAIRS

001. Construct Joint Use Readiness Center Paducah		
Federal Funds	11,400,000	-0-
002. Bluegrass Station Facility Maintenance Pool		
Restricted Funds	2,500,000	2,500,000

003. Acquire Land for Wendell H. Ford Regional Training Center		
Bond Funds	4,500,000	-0-
004. Upgrade DMA Statewide Radio System - Additional		
Federal Funds	3,000,000	-0-
005. Maintenance Pool		
Investment Income	860,000	860,000
006. Construct Warehouse - Bluegrass Station		
Restricted Funds	375,000	-0-
Federal Funds	1,125,000	-0-
TOTAL	1,500,000	-0-
007. Aircraft Maintenance Pool		
Investment Income	500,000	500,000

4. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

001. Owenton/Owen County Natural Gas Line Project		
Bond Funds	5,000,000	-0-
002. Flood Control Matching Fund/State Owned Dam Repair		
General Fund	800,000	800,000
Restricted Funds	700,000	700,000
Investment Income	500,000	500,000
TOTAL	2,000,000	2,000,000
003. Warren County Fiscal Court - Transpark - Rail Spur		
Bond Funds	4,500,000	-0-
004. Leslie County Fiscal Court - Leslie County Six Volunteer Fire Departments - Equipment and Operations Reauthorization and Reallocation ($120,000 Restricted Funds)		

The above project is authorized from a reallocation from the Leslie County Fiscal Court - Equipment and Operations project in 2005 Ky. Acts ch., 173, Part I, A., 9.,b.

005. Community Development Fund Projects		
General Fund	20,650,800	8,453,000
Bond Funds	75,658,000	-0-
TOTAL	96,308,000	8,453,000
~~[006. Louisville Zoo - Glacier Run~~		
~~Bond Funds~~	~~6,000,000~~	~~0]~~ *(Veto #4)*
007. Franklin County - Lease		

5. ATTORNEY GENERAL

001. Franklin County - Lease

6. UNIFIED PROSECUTORIAL SYSTEM - COMMONWEALTH'S ATTORNEYS

001. Jefferson County - Lease

7. TREASURY

001. Lease-Purchase of Xerox Laser Printers - Additional		
Capital Construction Surplus	141,000	141,000

8. AGRICULTURE

001. PACE - Agriculture Enhancement Fund - Additional		
Federal Funds	3,600,000	3,600,000
002. Large Scale Test Truck		
Capital Construction Surplus	175,000	-0-
003. Forage Testing Van		
Capital Construction Surplus	115,000	-0-
004. Fuels/Pesticides Testing Lab		
General Fund	-0-	1,650,000
~~[005. Animal Shelters~~		
~~Bond Funds~~	~~2,500,000~~	~~0]~~ *(Veto #4)*
006. Franklin County - Lease		

9. KENTUCKY RETIREMENT SYSTEMS

001. Kentucky Retirement Systems Line of Business Project		
Restricted Funds	19,300,000	-0-
002. Franklin County - Lease - Perimeter Park West		
10. BOARD OF NURSING		
001. Jefferson County - Lease		
11. KENTUCKY RIVER AUTHORITY		
001. Kentucky River Locks and Dams Maintenance and Renovations Pool		
[~~Bond Funds~~	~~17,500,000~~	~~0~~] *(Veto #4)*
Agency Bond Funds	33,200,000	-0-
Restricted Funds	4,600,000	-0-
TOTAL	55,300,000	-0-
12. SCHOOL FACILITIES CONSTRUCTION COMMISSION		
001. Offers of Assistance		
Bond Funds	100,000,000	-0-
002. Additional Offers of Assistance		
Bond Funds	50,000,000	-0-
003. Urgent Needs School Trust Fund		
Reauthorization ($91,536,000 Bond Funds)		
004. School Facilities Construction Commission		
Reauthorization ($73,300,000 Bond Funds)		
005. Category 5 School Buildings		
Reauthorization ($24,071,600 Bond Funds)		
13. TEACHERS' RETIREMENT SYSTEM		
001. KTRS Pension Management System		
Reauthorization ($2,000,000 Restricted Funds)		

B. COMMERCE CABINET

Budget Units	**2006-07**	**2007-08**

1 **1. PARKS**

2 ~~[001. Parks Renovation Pool~~

3 ~~Bond Funds 8,000,000 0~~

4 ~~(1) **Permitted Use of Funds:** These Bond Funds may be used for any Department~~

5 ~~of Parks or Kentucky Horse Park Commission facility owned, leased, or maintained by~~

6 ~~the Commonwealth.]~~ *(Veto #4)*

7 002. Parks Development Pool

8 Bond Funds 60,000,000 -0-

9 003. Construct Convention Center E. P. "Tom" Sawyer

10 Other Funds 1,000,000 -0-

11 004. Maintenance Pool

12 Investment Income 2,740,000 3,990,000

13 **2. HORSE PARK COMMISSION**

14 001. Construct New Indoor Arena

15 Bond Funds 36,500,000 -0-

16 Other Funds 6,180,000 -0-

17 TOTAL 42,680,000 -0-

18 002. Construct Hotel/Conference Center

19 Other Funds 27,500,000 -0-

20 003. Maintenance Pool

21 Investment Income 575,000 575,000

22 004. Construct Permanent Seating Stadium Jump Area

23 Reauthorization ($1,000,000 Other Funds)

24 **3. STATE FAIR BOARD**

25 001. Replace Roof for the Pavilion

26 Bond Funds 1,250,000 -0-

27 002. Maintenance Pool

Restricted Funds	1,500,000	1,500,000
~~[003. Upgrade HVAC Systems~~		
~~Bond Funds~~	~~2,000,000~~	~~0]~~ *(Veto #4)*
004. Replace Paving from Gate 1 to Gate 2		
Reauthorization ($900,000 Restricted Funds)		
005. Renovate KICC Pedway System		
Reauthorization ($1,000,000 Restricted Funds)		
006. Repave Parking Lots E, J, and Ashton - Adair		
Reauthorization ($1,330,000 Restricted Funds)		
4. FISH AND WILDLIFE RESOURCES		
001. Fees-in-Lieu-of Stream Mitigation Projects Pool		
Restricted Funds	5,000,000	5,000,000
002. Bullock Pen Lake Dam/Spillway Upgrade		
Restricted Funds	-0-	3,000,000
003. Land Acquisition Pool		
Restricted Funds	7,700,000	1,000,000
004. Water & Drain Line Replacement		
Restricted Funds	250,000	-0-
Federal Funds	750,000	-0-
TOTAL	1,000,000	-0-
005. Maintenance Pool		
Restricted Funds	400,000	400,000
006. Camp Currie Dining Hall Replacement		
Restricted Funds	720,000	-0-
007. Camp Webb Swimming Pool		
Restricted Funds	700,000	-0-
008. Boating/Fishing Access Pool		

Restricted Funds	300,000	300,000
5. HISTORICAL SOCIETY		
001. Kentucky History Center Security Upgrades		
Capital Construction Surplus	238,000	-0-
002. Perryville Battlefield		
Bond Funds	617,000	-0-
6. KENTUCKY CENTER FOR THE ARTS		
001. Maintenance Pool		
Investment Income	160,000	160,000

C. ECONOMIC DEVELOPMENT CABINET

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

Budget Units	**2006-07**	**2007-08**
1. SECRETARY		
001. New Economy High-Tech Construction/Investment Pool		
Bond Funds	20,000,000	-0-
2. FINANCIAL INCENTIVES		
001. Economic Development Bond Pool		
Bond Funds	17,500,000	-0-

(1) Purchase Regional Industrial Park: Included in the above appropriation is

1 $2,500,000 for the Purchase Regional Industrial Park Authority to support land use and
2 development at the Purchase Regional Industrial Park as approved by the Kentucky
3 Economic Development Finance Authority.

4 **D. DEPARTMENT OF EDUCATION**

5 **Budget Unit**	**2006-07**	**2007-08**
6 **1. OPERATION AND SUPPORT SERVICES**		
7 001. Kentucky Education Network		
8 Bond Funds	8,900,000	-0-

9 The Secretary of the Education Cabinet, the Commissioner of the Department of
10 Education, the President of the Council on Postsecondary Education, the Secretary of the
11 Finance and Administration Cabinet, and the Executive Director of the Education
12 Professional Standards Board shall submit a coordinated implementation plan with
13 timelines and regular progress reports to the Interim Joint Committee on Appropriations
14 and Revenue. All expenditures shall require the prior approval of the Secretary of the
15 Finance and Administration Cabinet.

16 ~~[002. On Line Assessment~~		
17 ~~Bond Funds~~	~~15,000,000~~	~~0-~~
18 ~~003. Knowledge Management Portal~~		
19 ~~Bond Funds~~	~~3,250,000~~	~~0]~~ *(Veto #4)*
20 004. Student Information System		
21 Bond Funds	10,000,000	-0-
22 005. Maintenance Pool		
23 Investment Income	675,000	675,000
24 006. Rockcastle County Vocational and Technical Center		
25 Bond Funds	1,500,000	-0-
26 007. Education Technology Pool		
27 Bond Funds	50,000,000	-0-

1	008. Letcher County Central Vocational Center		
2	Bond Funds	2,000,000	-0-
3	**E. EDUCATION CABINET**		
4	**Budget Units**	**2006-07**	**2007-08**
5	**1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**		
6	001. Maintenance Pool		
7	Investment Income	300,000	300,000
8	**2. KENTUCKY EDUCATIONAL TELEVISION**		
9	001. Maintenance Pool		
10	Investment Income	100,000	100,000
11	002. Replace Master Control and Production Infrastructure		
12	Bond Funds	15,707,000	-0-
13	**3. EMPLOYMENT AND TRAINING**		
14	001. KEWES - Seibel Upgrade		
15	Restricted Funds	550,000	-0-
16	Federal Funds	600,000	-0-
17	TOTAL	1,150,000	-0-
18	002. KEWES - Appeals Upgrade		
19	Restricted Funds	250,000	-0-
20	Federal Funds	250,000	-0-
21	TOTAL	500,000	-0-
22	003. Replace HVAC System - Winchester Office of Employment and Training		
23	Capital Construction Surplus	335,000	-0-
24	**4. VOCATIONAL REHABILITATION**		
25	001. Franklin County - Lease		
26	002. Fayette County - Lease		
27	**F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**		

Budget Units	2006-07	2007-08
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Kentucky Heritage Land Conservation Fund - Additional		
Restricted Funds	3,000,000	3,000,000
Federal Funds	1,000,000	1,000,000
TOTAL	4,000,000	4,000,000
002. Maintenance Pool		
Investment Income	200,000	200,000
2. ENVIRONMENTAL PROTECTION		
001. Hazardous Waste Management Fund - Additional		
Restricted Funds	2,100,000	2,100,000
002. State Funded Leaking Underground Storage Tanks - Additional		
Restricted Funds	500,000	500,000
003. Maxey Flats Construct Deep Well Monitoring		
Restricted Funds	500,000	-0-
004. Franklin County - Lease - Ash Building		
005. Franklin County - Lease - Schenkel Lane		
3. MINE RECLAMATION AND ENFORCEMENT		
001. Franklin County - Lease		
4. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND		
001. Petroleum Storage Tank Environmental Assurance Fund		
Bond Funds	25,000,000	-0-
5. HOUSING, BUILDINGS AND CONSTRUCTION		
001. Franklin County - Lease		
6. INSURANCE		
001. Franklin County - Lease		
7. LABOR		

1 001. Franklin County - Lease - 657 Chamberlin Ave

2 002. Franklin County - Lease - U. S. 127

3 **G. FINANCE AND ADMINISTRATION CABINET**

4 **Budget Units** **2006-07** **2007-08**

5 **1. GENERAL ADMINISTRATION**

6 001. Louisville Arena

7 Bond Funds 75,000,000 -0-

8 (a) The $75,000,000 of state-supported Bond Funds shall pay a portion of the cost
9 to construct the Louisville Arena, a public project intended for multiple uses as a public,
10 recreational, cultural, and sports facility. Bond funds authorized under this paragraph
11 shall be conditioned upon the Louisville Arena Authority, Inc. conducting all business in
12 accordance with the applicable provisions of KRS Chapter 45A, and with the provisions
13 of the Kentucky Open Records Act (KRS 61.870 to 61.884) and the Kentucky Open
14 Meetings Act (KRS 61.800 to 61.850). The provisions of KRS Chapter 11A shall apply
15 to the Authority's directors, officers, and management and policymaking employees. All
16 decisions regarding the issuance of bonds and whether bonds should be competitively bid
17 or negotiated shall be made by the Authority in an open meeting.

18 (b) Bond Funds authorized under paragraph (a) shall be conditioned upon the
19 execution of contracts or memorandum of understanding by the Louisville Arena
20 Authority, Inc. and applicable parties to ensure the following:

21 1. Kentucky State Fair Board - Except as provided in subparagraph 2. below, the
22 Kentucky State Fair Board shall be the sole, independent managing agent for the
23 Louisville Arena and shall have complete authority over day-to-day operations, including
24 but not limited to event attractions, scheduling, and coordination between the Arena and
25 other facilities operated by the Fair Board, in accordance with general guidelines
26 established or mutually modified by the Fair Board and the Authority. Any net-negative
27 financial impact to the Kentucky State Fair Board operations resulting from the

1 movement of existing events from current facilities to the new arena shall be reimbursed
2 to the Kentucky State Fair Board during the life of the state bonds authorized herein; and
3 2. University of Louisville - The Authority shall agree to acceptable
4 arrangements with the University for scheduling priorities for men's and women's
5 basketball games and practices, sharing of catering and concession revenue, allocation
6 and pricing of parking spaces, marketing and allocation of revenues from suites and
7 premium seats, arena advertising, signage, banners and branding, ticket prices and
8 surcharges, arena development team membership, other events and uses of the arena,
9 rental rates, merchandise revenue sharing and such other matters as the Authority and the
10 University deem appropriate. The contract or memorandum of understanding referred to
11 in this subparagraph shall include any term or condition recommended by the Louisville
12 Arena Task Force and may address any other term or condition mutually agreed upon by
13 the University and the Authority.
14 (c) If the Arena is constructed at the location commonly known as the "LG&E
15 site," it is not anticipated that a significant portion of the arena project costs will be borne
16 by Louisville Gas & Electric. However, for purposes of transparency, if the Arena is
17 constructed at the LG&E site, any portion of the costs associated with the purchase,
18 relocation, demolition, or construction of buildings, structures, and equipment assumed
19 by Louisville Gas & Electric shall be clearly delineated in the contractual agreement
20 between Louisville Gas & Electric and the Arena Authority, its successor, or any other
21 entity organized for the purpose of developing, financing, and constructing the Arena.
22 (d) If construction of the Arena is dependent upon construction of a floodwall or
23 other flood control structures, the costs associated with such construction shall not be
24 borne by Metropolitan Sewer District ratepayers.
25 (e) The conditions and contingencies imposed by paragraphs (a) through (d)
26 above shall not be construed in any manner which may negatively impact the Louisville
27 Arena Authority, Inc.'s ability to seek and receive tax-exempt status pursuant to 26 U.S.C.

1 Section 501(c) and Treas. Reg. Section 1.501(c)(3)-1(d)(2).

2 (f) Any additional debt issued by any other entity other than the Commonwealth
3 shall not constitute a debt of the Commonwealth or a pledge of the faith and credit of the
4 Commonwealth. Nor shall any debt issued by any other entity other than the
5 Commonwealth be deemed, directly or indirectly, to be a moral obligation of the
6 Commonwealth. In no case shall the Commonwealth pay for any construction cost
7 overruns or operating costs associated with the Louisville Arena.

8 **2. FACILITIES AND SUPPORT SERVICES**

9 001. Renovate Kentucky State Office Building - Additional		
10 Bond Funds	13,600,000	-0-
11 002. Capital Plaza Complex - Renovation and Design		
12 Bond Funds	4,942,000	-0-
13 003. Statewide Repair, Maintenance, and Replacement		
14 Bond Funds	10,000,000	-0-

15 **(1) Statewide Repair, Maintenance, and Replacement Pool Fund:** Included in
16 the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following
17 Bond Funds supported projects and related appropriations in fiscal year 2006-2007:

18 (a) Facilities and Support Services Maintenance Pool, $7,500,000;
19 (b) Parks, Maintenance Pool, $1,250,000; and
20 (c) Justice and Public Safety Cabinet, Corrections Management, Maintenance
21 Pool, $1,250,000.

22 004. Acquire Land/Demolish Structures Statewide - Additional		
23 Capital Construction Surplus	903,000	904,000
24 005. Governor's Mansion HVAC and Window Replacement - Additional		
25 Investment Income	90,000	-0-
26 006. Guaranteed Energy Savings Performance Contracts		

27 **3. COMMONWEALTH OFFICE OF TECHNOLOGY**

1 **(1) Transfer of Restricted Funds from Operating Budget:** For the major
2 equipment purchases displayed in this section funded from Restricted Funds, it is
3 anticipated that these funds shall be transferred from the Operating Budget as funds are
4 available and needed.

5	001. Public Safety Commission Infrastructure - KEWS - Additional		
6	Federal Funds	16,166,000	-0-
7	Bond Funds	13,000,000	-0-
8	TOTAL	29,166,000	-0-
9	002. Data Center Readiness		
10	Bond Funds	1,400,000	-0-
11	003. KY Information Highway Expansion 06-08		
12	Restricted Funds	1,975,000	1,975,000
13	004. Enterprise Server (z/OS) Upgrade/Replacement		
14	Restricted Funds	800,000	400,000
15	005. Statewide Digital Orthoimagery Basemap Update 06-08		
16	Restricted Funds	500,000	500,000
17	006. Enterprise Applications Upgrade		
18	Restricted Funds	500,000	500,000
19	007. Enterprise Project Management Information System		
20	Restricted Funds	425,000	425,000
21	008. Franklin County - Lease - Genesco Building Warehouse		
22	009. Franklin County - Lease - 100 Fair Oaks		
23	010. Disk Storage Upgrade		
24	Reauthorization ($800,000 Restricted Funds)		
25	011. Enterprise Storage Solution		
26	Reauthorization ($2,000,000 Restricted Funds)		
27	012. Enterprise Server Complex Upgrade		

1 Reauthorization ($2,500,000 Restricted Funds)
2 013. Enterprise UNIX Server(s) Consolidation
3 Reauthorization ($3,300,000 Restricted Funds)
4 014. Statewide Digital Orthoimagery Basemap Update
5 Reauthorization ($200,000 Restricted Funds, $300,000 Federal Funds)
6 015. Enterprise Messaging
7 Reauthorization ($660,000 Restricted Funds)
8 016. Kentucky Information Highway Upgrade Expansion
9 Reauthorization ($3,500,000 Restricted Funds)
10 017. Enterprise Infrastructure Security
11 Reauthorization ($1,000,000 Restricted Funds)
12 018. Disaster Recovery Phase I & II
13 Reauthorization ($1,200,000 Restricted Funds)
14 **4. REVENUE**
15 001. Implement a Comprehensive Tax System - Phase I
16 Bond Funds 23,250,000 -0-
17 002. Motor Fuels Tax Automation
18 Federal Funds 1,250,000 -0-
19 Road Fund 1,250,000 -0-
20 TOTAL 2,500,000 -0-
21 003. Franklin County - Lease - Perimeter Park West
22 004. Franklin County - Lease - 200 Fair Oaks
23 005. Franklin County - Lease - 100 Fair Oaks
24 **5. KENTUCKY LOTTERY CORPORATION**
25 001. Potential Buyout of On-line Gaming System
26 Other Funds 12,250,000 -0-
27 002. Data Processing, Telecomm., and Related Equipment

Other Funds	3,000,000	3,000,000
003. Contingency on Property Adjacent to New Headquarters		
Other Funds	4,000,000	-0-
004. iSeries System Upgrades		
Other Funds	1,000,000	-0-
005. Network Storage and Associated Infrastructure		
Other Funds	500,000	-0-

H. HEALTH AND FAMILY SERVICES CABINET

Budget Units	**2006-07**	**2007-08**
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Safeguarding Children at Risk (TWIST Re-Write II) - Additional		
Federal Funds	3,134,000	-0-
Bond Funds	3,134,000	-0-
TOTAL	6,268,000	-0-
2. MENTAL HEALTH AND MENTAL RETARDATION SERVICES		
001. Oakwood - Replace Chillers, Heating & Cooling Lines		
Bond Funds	2,131,000	-0-
002. Maintenance Pool		
Investment Income	1,500,000	1,500,000
003. Roof Pool		
Capital Construction Surplus	700,000	-0-
004. Chiller Pool		
Restricted Funds	400,000	-0-
005. Fayette County - Lease		
006. Franklin County - Lease		
007. Hazelwood Intermediate Care Facility		
for the Mentally Retarded/Developmentally Disabled - Lease		

1 008. Eastern State Hospital - Lease

2 **3. DISABILITY DETERMINATION SERVICES**

3 001. Franklin County - Lease

4 **4. COMMUNITY BASED SERVICES**

5 001. Boone County - Lease

6 002. Boyd County - Lease

7 003. Johnson County - Lease

8 004. Fayette County - Lease - Centre Parkway

9 005. Shelby County - Lease

10 006. Jefferson County - Lease

11 007. Fayette County - Lease

12 008. Kenton County - Lease - Madison Avenue

13 009. Hardin County - Lease

14 010. Campbell County - Lease

15 011. Warren County - Lease

16 012. Kenton County - Lease

17 013. Home of the Innocents - Phase II Children's Village

18 Bond Funds 8,250,000 -0-

19 **(1) Bond Issuance Contingency:** The amount of bond issuance shall be

20 contingent upon equalizing matching funds being provided from other fund sources.

21 ~~[014. Brooklawn Child and Family Services~~

22 ~~Bond Funds 2,000,000 -0-~~

23 ~~**(2) Brooklawn Child and Family Services:** The above appropriation shall be~~

24 ~~used to purchase houses and an apartment building for Brooklawn residents who have~~

25 ~~completed residential treatment.]~~ *(Veto #4)*

26 **5. PUBLIC HEALTH**

27 001. Health Departments Infrastructure Pool

Bond Funds	10,000,000	-0-

(1) **Health Departments Infrastructure Pool:** In order to address a portion of the construction and renovation needs of Local and District Health Departments, the Health Departments Infrastructure Pool is established. The Department for Public Health shall establish an application process to participate in this pool that shall require in-kind or matching funds from the local agency of not less than 25 percent of the grant requested. No individual grant from this pool shall exceed $500,000. If the amount of bond funds available from the pool is not sufficient to cover all applications, the Department shall determine the distribution of pool assets.

I. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units	**2006-07**	**2007-08**
1. CRIMINAL JUSTICE TRAINING		
001. Maintenance Pool		
Restricted Funds	300,000	300,000
002. Thompson Hall HVAC		
Restricted Funds	400,000	-0-
2. JUVENILE JUSTICE		
001. Upgrade Safety and Repair Exterior NKYDC		
Emergency, Repair, Maintenance,		
and Replacement	1,700,000	-0-
002. Upgrade Fire Safety/Repair Morehead YDC		
Capital Construction Surplus	1,500,000	-0-
003. Maintenance Pool		
Investment Income	450,000	450,000
3. STATE POLICE		
001. Maintenance Pool		
Investment Income	300,000	300,000

1 **4. ADULT CORRECTIONAL INSTITUTIONS**

2 001. Renovate Lonnie Watson Building - KCIW

3 Bond Funds 1,697,000 -0-

4 002. Maintenance Pool

5 Investment Income 1,850,000 600,000

6 **5. PUBLIC ADVOCACY**

7 001. Franklin County - Lease

8 **J. PERSONNEL CABINET**

9 **Budget Unit**

10 **1. GENERAL OPERATIONS**

11 001. Franklin County - Lease

12 **K. POSTSECONDARY EDUCATION**

13 ~~[(1) **Postsecondary Education Capital Renewal and Maintenance Pool Match:**~~

14 ~~The Capital Renewal and Maintenance Pool provides funding for individual projects at~~

15 ~~Kentucky's public postsecondary institutions to upgrade and replace building systems and~~

16 ~~infrastructure in education and general facilities. The individual projects funded from this~~

17 ~~pool shall be recommended by the Council on Postsecondary Education to the Secretary~~

18 ~~of the Finance and Administration Cabinet from the project listings previously identified~~

19 ~~by the Council. The Council shall determine the allocation of the Capital Renewal and~~

20 ~~Maintenance Pool among the postsecondary education institutions and report that~~

21 ~~allocation to the Secretary of the Finance and Administration Cabinet and the Legislative~~

22 ~~Research Commission's Capital Projects and Bond Oversight Committee. The Bond~~

23 ~~Funds in this pool shall be matched with the institutions' Restricted Funds at varying~~

24 ~~levels as determined by the Council on Postsecondary Education.]~~ *(Veto #4)*

25 **Budget Units** **2005-06** **2006-07** **2007-08**

26 **1. COUNCIL ON POSTSECONDARY EDUCATION**

27 ~~[001. Capital Renewal and Maintenance Pool~~

1 ~~Bond Funds 0 13,927,000 0]~~ *(Veto #4)*
2 002. Purchase KYVU/KYVL Electronic Data Bases
3 Restricted Funds -0- 7,000,000 -0-
4 003. Purchase KYVL Integrated Library System
5 Restricted Funds -0- 4,000,000 -0-
6 004. Purchase Interactive Television (ITV) System
7 Restricted Funds -0- 800,000 -0-
8 005. Purchase KYVU Centralized Hosting License
9 Restricted Funds -0- 750,000 -0-
10 006. Purchase KYVL Interlibrary Loan System
11 Restricted Funds -0- 700,000 -0-
12 007. Purchase KYVL Reference Desk Software
13 Restricted Funds -0- 600,000 -0-
14 008. KYVU/KYVL Statewide Software Licenses Pool
15 Restricted Funds -0- 500,000 -0-
16 009. Purchase Postsecondary Education Video Conference System
17 Restricted Funds -0- 500,000 -0-
18 010. Install Website ADA Compliance Restructuring
19 Restricted Funds -0- 500,000 -0-
20 011. Franklin County - Lease
21 ~~[012. Information Technology and Equipment Acquisitions~~
22 ~~Bond Funds 0 10,000,000 0~~
23 ~~013. Research Support/Lab Renovation and Equipment~~
24 ~~Bond Funds 0 6,000,000 0]~~ *(Veto #4)*
25 **2. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION**
26 001. Upgrade Information Technology Systems
27 Federal Funds -0- 671,000 -0-

1 002. Jefferson County - Lease

2 **3. EASTERN KENTUCKY UNIVERSITY**

3 ~~[001. Construct New Student Housing~~

4 ~~Agency Bonds 0 10,520,000 0~~

5 ~~002. EKU-UK Dairy Research Project (Meadowbrook Farm)~~

6 ~~Bond Funds 0 5,300,000 0]~~ *(Veto #4)*

7 003. Arlington Renovation and Addition

8 Other Funds -0- 4,000,000 -0-

9 004. Library Studio for Academic Creativity

10 Restricted Funds -0- -0- 1,500,000

11 005. Expand and Renovate Presnell Building - Additional

12 Reauthorization ($1,000,000 Restricted Funds)

13 Restricted Funds -0- 1,200,000 -0-

14 006. Expand Indoor Tennis Facility - Additional

15 Reauthorization ($1,000,000 Restricted Funds)

16 Restricted Funds -0- 100,000 -0-

17 007. Construct E & G Life Safety Begley Elevator

18 Reauthorization ($750,000 Restricted Funds)

19 008. Guaranteed Energy Savings Performance Contracts

20 009. Construct Science Building

21 Bond Funds -0- 54,108,000 -0-

22 010. Construct Manchester Postsecondary Education Center

23 Bond Funds -0- 3,500,000 -0-

24 **4. KENTUCKY STATE UNIVERSITY**

25 001. Construct New Young Hall - Phase II

26 Other Funds -0- -0- 6,500,000

27 002. Construct Center for Training & Learning

Federal Funds	-0-	2,755,000	-0-
003. Upgrade Online Infrastructure			
Restricted Funds	-0-	2,190,000	-0-
004. Create Center for Families and Children			
Federal Funds	-0-	2,022,000	-0-
005. Acquire Property Related to Master Plan			
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	1,000,000	-0-
TOTAL	-0-	2,000,000	-0-
006. Roof Repair & Replacement Pool			
Restricted Funds	-0-	1,520,000	-0-
Federal Funds	-0-	400,000	-0-
TOTAL	-0-	1,920,000	-0-
007. Capital Renewal Pool			
Restricted Funds	-0-	1,899,000	-0-
008. Renovate Jackson Hall			
Restricted Funds	-0-	140,000	-0-
Federal Funds	-0-	1,488,000	-0-
TOTAL	-0-	1,628,000	-0-
009. Upgrade Online Security			
Restricted Funds	-0-	1,500,000	-0-
010. Expand Aquaculture Pond Facilities			
Federal Funds	-0-	1,430,000	-0-
011. Construct Aquaculture Production Tech Lab			
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	200,000	-0-
TOTAL	-0-	1,200,000	-0-

012. Life Safety Upgrade Pool			
Restricted Funds	-0-	1,040,000	-0-
013. Replace Online Voice - Centrex			
Restricted Funds	-0-	587,000	-0-
014. Guaranteed Energy Savings Performance Contracts			
~~[015. Expand and Renovate Betty White Nursing Building~~			
~~Bond Funds~~	~~0~~	~~4,900,000~~	~~0]~~ *(Veto #4)*
016. Construct New Residence Hall			
Other Funds	-0-	20,000,000	-0-
017. Renovate Hathaway Hall, Phase II			
Bond Funds	-0-	4,920,000	-0-
~~[018. Construct Parking Structure~~			
~~Agency Bonds~~	~~0~~	~~7,000,000~~	~~0]~~ *(Veto #4)*
5. MOREHEAD STATE UNIVERSITY			
001. Construct Center for Health, Education, and Research			
Bond Funds	-0-	23,000,000	-0-
002. Renovate Jayne Stadium			
Restricted Funds	-0-	8,400,000	-0-
003. Construct East Kentucky Animal Science Center			
Federal Funds	-0-	8,000,000	-0-
004. Major Item of Equipment Pool			
Restricted Funds	-0-	2,752,000	3,400,000
005. Construct Kentucky Mountain Crafts Center			
Restricted Funds	-0-	5,434,000	-0-
006. Construct Law Enforcement Complex			
Federal Funds	-0-	5,215,000	-0-
007. Upgrade Instructional PCs/LANS/Peripherals			

1	Restricted Funds	-0-	5,000,000	-0-
2	008. Enhance Network/Infrastructure Resources			
3	Restricted Funds	-0-	4,750,000	-0-
4	009. Renovate McClure Pool Area			
5	Restricted Funds	-0-	4,715,000	-0-
6	010. Renovate John Sonny Allen Field			
7	Restricted Funds	-0-	4,166,000	-0-
8	011. Replace Power Plant Pollution Control System			
9	Restricted Funds	-0-	3,540,000	-0-
10	012. Capital Renewal Pool - E&G			
11	Restricted Funds	-0-	3,480,000	-0-
12	013. Renovate Button Auditorium			
13	Restricted Funds	-0-	3,000,000	-0-
14	014. Upgrade Administrative Office Systems			
15	Restricted Funds	-0-	2,500,000	-0-
16	015. Acquire Land Related to Master Plan			
17	Restricted Funds	-0-	2,000,000	-0-
18	016. Construct Softball Facility/Lighting Project			
19	Restricted Funds	-0-	1,700,000	-0-
20	017. Comply with ADA - E&G			
21	Restricted Funds	-0-	850,000	850,000
22	018. Capital Renewal Pool -Auxiliary			
23	Restricted Funds	-0-	1,618,000	-0-
24	019. Upgrade and Expand Distance Learning			
25	Restricted Funds	-0-	1,500,000	-0-
26	020. Expand Student Wellness Center			
27	Restricted Funds	-0-	1,200,000	-0-

021. Comply with ADA - Auxiliary			
Restricted Funds	-0-	600,000	600,000
022. Replace Boiler Tubes			
Restricted Funds	-0-	800,000	-0-
023. Reconstruct Central Campus			
Restricted Funds	-0-	780,000	-0-
024. Enhance Library Automation Resources			
Restricted Funds	-0-	670,000	-0-
025. Expand Life Safety Claypool-Young Building			
Restricted Funds	-0-	600,000	-0-
026. Renovate Molecular Biology Student Lab			
Restricted Funds	-0-	474,000	-0-
027. Guaranteed Energy Savings Performance Contracts			
028. Construct Equine Hospital			
Restricted		1,069,000	-0-
~~[029. Construct Student Recreation Center~~			
~~Agency Bonds~~	~~-0-~~	~~17,000,000~~	~~-0-~~
~~030. Renovate Student Housing Facilities~~			
~~Agency Bonds~~	~~-0-~~	~~10,000,000~~	~~-0]~~ *(Veto #4)*
031. Space Science Center - Completion			
Bond Funds	-0-	3,400,000	-0-
~~[032. Construct Business Continuance Datacenter~~			
~~Bond Funds~~	~~-0-~~	~~2,500,000~~	~~-0]~~ *(Veto #4)*
6. MURRAY STATE UNIVERSITY			
001. New Residential College - Richmond Hall			
Agency Bonds	-0-	13,077,000	-0-
002. Capital Renewal E&G Pool			

1	Restricted Funds	-0-	12,457,000	-0-
2	003. Administrative Enterprise Resource Planning System			
3	Restricted Funds	-0-	8,000,000	-0-
4	004. Capital Renewal H&D Pool			
5	Restricted Funds	-0-	5,445,000	-0-
6	005. Renovate Pogue Library			
7	Restricted Funds	-0-	4,000,000	-0-
8	006. Renovate Ordway Hall			
9	Restricted Funds	-0-	3,962,000	-0-
10	007. ADA Compliance E&G Pool			
11	Restricted Funds	-0-	3,092,000	-0-
12	008. Centralized Technology Refresh Program			
13	Restricted Funds	-0-	2,600,000	-0-
14	009. Telephone Switching System - Additional			
15	Reauthorization ($1,525,000 Restricted Funds)			
16	Restricted Funds	-0-	1,975,000	-0-
17	010. Renovate White Hall HVAC System			
18	Restricted Funds	-0-	1,000,000	-0-
19	011. Campus Backbone 10 GigE Upgrade			
20	Restricted Funds	-0-	775,000	-0-
21	012. Construct Open-Sided Stall Barn at Expo Center			
22	Restricted Funds	-0-	770,000	-0-
23	013. ADA Compliance H&D Pool			
24	Restricted Funds	-0-	615,000	-0-
25	014. Life Safety Projects E&G Pool			
26	Restricted Funds	-0-	590,000	-0-
27	015. Central Processing Computer System Upgrade			

Restricted Funds	-0-	522,000	-0-
016. Online Centralized Data Access/Warehouse			
Restricted Funds	-0-	520,000	-0-
017. Acquire Land			
Restricted Funds	-0-	501,000	-0-
018. Renovate A. Carman Pavilion - Phase II			
Restricted Funds	-0-	500,000	-0-
019. Renovate Wells Hall Interior			
Restricted Funds	-0-	500,000	-0-
020. Construct Public Safety Building- Additional			
Reauthorization ($1,500,000 Restricted Funds)			
Restricted Funds	-0-	500,000	-0-
021. Life Safety Projects H&D Pool			
Restricted Funds	-0-	300,000	-0-
022. Abate Asbestos H&D Pool			
Restricted Funds	-0-	276,000	-0-
023. Guaranteed Energy Savings Performance Contracts			
024. Construct New Science Complex - Phase III			
Bond Funds	-0-	15,000,000	-0-
~~[025. Replace Franklin Hall~~			
~~Agency Bonds~~	~~0~~	~~13,077,000~~	~~0~~
~~026. Renovate Curris Center T-Room~~			
~~Agency Bonds~~	~~0~~	~~750,000~~	~~0]~~ *(Veto #4)*
7. NORTHERN KENTUCKY UNIVERSITY			
001.Construct New Student Union			
Agency Bonds	-0-	17,360,000	-0-
002. Acquire New Residence Hall			

1	Restricted Funds	-0-	10,000,000	-0-
2	003. Construct Alumni Welcome Center			
3	Other Funds	-0-	7,800,000	-0-
4	004. Relocate Master Plan Infrastructure			
5	Restricted Funds	-0-	6,130,000	-0-
6	005. Acquire Land/Campus Master Plan			
7	Restricted Funds	-0-	6,000,000	-0-
8	006. Construct Track and Field Stadium			
9	Other Funds	-0-	5,500,000	-0-
10	007. Construct Soccer Stadium			
11	Restricted Funds	-0-	5,500,000	-0-
12	008. Major Item of Equipment Pool			
13	Restricted Funds	-0-	5,410,000	-0-
14	009. Construct Central Plaza Phase II			
15	Restricted Funds	-0-	4,900,000	-0-
16	010. Replace Power Distribution Infrastructure			
17	Restricted Funds	-0-	4,800,000	-0-
18	011. Repair Structural Floor Heaving/E&G Buildings			
19	Restricted Funds	-0-	4,000,000	-0-
20	012. Enhance Instructional Information Technology			
21	Restricted Funds	-0-	3,800,000	-0-
22	013. E&G Minor Projects Pool			
23	Restricted Funds	-0-	3,200,000	-0-
24	014. Enhance Information Technology Infrastructure			
25	Restricted Funds	-0-	2,900,000	-0-
26	015. Housing/Minor Projects Pool			
27	Restricted Funds	-0-	2,200,000	-0-

016. Replace Administrative Application System Phase II			
Restricted Funds	-0-	2,000,000	-0-
017. Construct Intramural Fields			
Restricted Funds	-0-	1,900,000	-0-
018. Replace E&G Fire Alarm Systems			
Restricted Funds	-0-	1,400,000	-0-
019. Relocate Early Childcare Center			
Restricted Funds	-0-	1,000,000	-0-
020. Replace Elevators Landrum Hall/Lucas Administrative Center			
Restricted Funds	-0-	990,000	-0-
021. Replace Air Handlers			
Restricted Funds	-0-	980,000	-0-
022. Restore Albright Health Center Roof			
Restricted Funds	-0-	680,000	-0-
023. Replace Business, Education, and Psychology Center Roof			
Restricted Funds	-0-	680,000	-0-
024. Enhance Softball Field			
Restricted Funds	-0-	600,000	-0-
025. Renovate University Center			
Restricted Funds	-0-	600,000	-0-
026. Kenton County - Lease			
027. Guaranteed Energy Savings Performance Contracts			
028. Construct Center for Informatics			
Bond Funds	-0-	35,500,000	-0-
029. Construct Parking Garage #3			
Agency Bonds	-0-	15,400,000	-0-

~~[030. Construct Student Housing~~

1 ~~Agency Bonds 0 23,000,000 0~~

2 ~~031. Expand Norse Commons~~

3 ~~Agency Bonds 0 1,400,000 0]~~ *(Veto #4)*

4 **8. UNIVERSITY OF KENTUCKY**

5 001. Construct Patient Care Facility Phase II - Hospital

6	Restricted Funds	-0-	25,000,000	-0-
7	Agency Bonds	-0-	150,000,000	-0-
8	TOTAL	-0-	175,000,000	-0-

9 002. Construct Biological/Pharmaceutical Complex - Phase II

10	Bond Funds	-0-	79,892,000	-0-

11 003. Major Item of Equipment Pool

12	Restricted Funds	-0-	195,164,000	-0-
13	Federal Funds	-0-	3,100,000	-0-
14	TOTAL	-0-	198,264,000	-0-

15 004. Capital Renewal Pool Phase I

16	Restricted Funds	-0-	31,607,000	-0-

17 005. Construct Outpatient Diagnostic/Treatment Facility II - Hospital

18	Restricted Funds	-0-	24,271,000	-0-

19 006. Lease-Purchase ERP System - Phase II

20	Restricted Funds	-0-	20,000,000	-0-

21 007. Expand Ambulatory Care Facilities - Hospital

22	Restricted Funds	-0-	20,000,000	-0-

23 008. Construct Primary Care Center II - Hospital

24	Restricted Funds	-0-	17,237,000	-0-

25 009. Replace Air Handling Unit I - Hospital

26	Restricted Funds	-0-	16,165,000	-0-

27 010. Construct Patient Care Facility II - Hospital

	Restricted Funds	-0-	15,909,000	-0-
011.	Acquire Land			
	Restricted Funds	-0-	15,000,000	-0-
012.	Construct Facilities Support Building - Hospital			
	Restricted Funds	-0-	14,728,000	-0-
013.	Medicine/Dentistry Building - Design			
	Restricted Funds	-0-	14,000,000	-0-
~~[014.~~	~~Expand and Upgrade LDDC Phase II~~			
	~~Bond Funds~~	~~-0-~~	~~13,500,000~~	~~0]~~ *(Veto #4)*
015.	Construct Remote Cancer Clinic - Hospital			
	Restricted Funds	-0-	12,880,000	-0-
016.	Construct Cancer Urgent Treatment Facility - Hospital			
	Restricted Funds	-0-	12,728,000	-0-
017.	Lease-Purchase Telephone Switch Convergence			
	Restricted Funds	-0-	12,000,000	-0-
018.	Construct Outpatient Care Facility II - Hospital			
	Restricted Funds	-0-	11,157,000	-0-
019.	Construct Outpatient Services III - Hospital			
	Restricted Funds	-0-	10,775,000	-0-
020.	Construct Cancer Infusion Suites - Hospital			
	Restricted Funds	-0-	10,688,000	-0-
021.	Construct Imaging Facility - Hospital			
	Restricted Funds	-0-	10,079,000	-0-
022.	Upgrade/Modify Coldstream Facilities			
	Restricted Funds	-0-	10,000,000	-0-
023.	Renovate Lab & Support Space in Medical Science			
	Restricted Funds	-0-	9,500,000	-0-

024. Renovate Lab for Coatings & Surface Inspection			
Restricted Funds	-0-	8,000,000	-0-
025. Upgrade Critical Care Center HVAC - Hospital			
Restricted Funds	-0-	7,649,000	-0-
026. Install Steam Line BBSRB - Old Main Gate Pit			
Restricted Funds	-0-	6,865,000	-0-
027. Install Steam Line - Taylor to Transportation Building			
Restricted Funds	-0-	6,725,000	-0-
028. Upgrade the Vivarium in Sanders Brown Building			
Restricted Funds	-0-	3,360,000	-0-
Federal Funds	-0-	3,360,000	-0-
TOTAL	-0-	6,720,000	-0-
029. Lease-Purchase High Performance Research Computer			
Restricted Funds	-0-	6,500,000	-0-
030. Construct Library Depository Facility			
Restricted Funds	-0-	2,915,000	-0-
Federal Funds	-0-	3,500,000	-0-
TOTAL	-0-	6,415,000	-0-
031. Expand Emergency Services - Hospital			
Restricted Funds	-0-	6,100,000	-0-
032. Renovate Facade - Agriculture Building North			
Restricted Funds	-0-	6,100,000	-0-
033. Construct Radiation Medicine Facility - Hospital			
Restricted Funds	-0-	6,069,000	-0-
034. Lease-Purchase UK/UofL/Frankfort Research Network			
Restricted Funds	-0-	6,000,000	-0-
035. Renovate Dietetics - Hospital			

1	Restricted Funds	-0-	6,000,000	-0-
2	036. Upgrade Cancer Center Radiologic Facility - Hospital			
3	Restricted Funds	-0-	6,000,000	-0-
4	037. Install Chilled Water Pipe to South Campus			
5	Restricted Funds	-0-	6,000,000	-0-
6	038. Replace Cooling Plant Chillers			
7	Restricted Funds	-0-	6,000,000	-0-
8	039. Purchase Clinical System Enterprise			
9	Restricted Funds	-0-	5,800,000	-0-
10	040. Add Centralized Emergency Generator			
11	Restricted Funds	-0-	5,542,000	-0-
12	041. Replace Steam and Condensate Pipe			
13	Restricted Funds	-0-	5,500,000	-0-
14	042. Install Steam Line Blazer to Singletary Center			
15	Restricted Funds	-0-	5,275,000	-0-
16	043. Construct Cancer Hospice Facility - Hospital			
17	Restricted Funds	-0-	5,145,000	-0-
18	044. Upgrade Pharmacy Fume Hood I - Life Safety			
19	Restricted Funds	-0-	5,040,000	-0-
20	045. Data Center - Design			
21	Restricted Funds	-0-	5,000,000	-0-
22	046. Renovate Research Space in Medical Science			
23	Restricted Funds	-0-	5,000,000	-0-
24	047. University Student Center - Design			
25	Restricted Funds	-0-	5,000,000	-0-
26	048. Expand Chemistry-Physics Building - Design			
27	Restricted Funds	-0-	5,000,000	-0-

049. Improve Central Heating Plant			
Restricted Funds	-0-	4,860,000	-0-
050. Modify Nursing Unit XII - Hospital			
Restricted Funds	-0-	4,806,000	-0-
051. Improve Life Safety Project Pool			
Restricted Funds	-0-	4,650,000	-0-
052. Purchase Patient System Enterprise			
Restricted Funds	-0-	4,640,000	-0-
053. Purchase Diagnostic Medical Record Expansion			
Restricted Funds	-0-	4,640,000	-0-
054. Renovate Imaging Center in Kentucky Clinic			
Restricted Funds	-0-	4,590,000	-0-
055. Expand Surgical Services - Hospital			
Restricted Funds	-0-	4,545,000	-0-
056. Expand Kastle Hall Vivarium			
Restricted Funds	-0-	4,505,000	-0-
057. Upgrade Surgical Services - Hospital			
Restricted Funds	-0-	4,500,000	-0-
058. Upgrade Electrical Substation			
Restricted Funds	-0-	4,500,000	-0-
059. Replace Fine Arts HVAC			
Restricted Funds	-0-	4,500,000	-0-
060. Expand CAER Laboratories			
Restricted Funds	-0-	4,450,000	-0-
061. Expand KGS Well Sample & Core Repository			
Restricted Funds	-0-	4,310,000	-0-
062. Upgrade Information Systems Services - Hospital			

1	Restricted Funds	-0-	4,206,000	-0-
2	063. Renovate Carnahan House			
3	Restricted Funds	-0-	4,000,000	-0-
4	064. Extend Virginia Avenue			
5	Restricted Funds	-0-	4,000,000	-0-
6	065. Renovate Labs in Pharmacy Building			
7	Restricted Funds	-0-	2,000,000	-0-
8	Federal Funds	-0-	2,000,000	-0-
9	TOTAL	-0-	4,000,000	-0-
10	066. Expand Operating Room Suites - Hospital			
11	Restricted Funds	-0-	3,559,000	-0-
12	067. Upgrade Diagnostic Radiology - Hospital			
13	Restricted Funds	-0-	3,530,000	-0-
14	068. Replace McVey Hall HVAC			
15	Restricted Funds	-0-	3,520,000	-0-
16	069. Lease-Purchase Campus Infrastructure Upgrade			
17	Restricted Funds	-0-	3,500,000	-0-
18	070. Lease-Purchase Large Scale Computing			
19	Restricted Funds	-0-	3,500,000	-0-
20	071. Upgrade HVAC II - Hospital			
21	Restricted Funds	-0-	3,500,000	-0-
22	072. Expand/Renovate CPST Facility			
23	Restricted Funds	-0-	3,500,000	-0-
24	073. Replace Central Facilities Management System			
25	Restricted Funds	-0-	3,500,000	-0-
26	074. Upgrade Fume Hoods TH Morgan - Life Safety			
27	Restricted Funds	-0-	3,188,000	-0-

075. Expand Ophthalmology Clinic - Hospital			
Restricted Funds	-0-	3,100,000	-0-
076. Replace Steam Line Lime Tunnel - Main Gate			
Restricted Funds	-0-	3,100,000	-0-
077. Replace HVAC Kastle Hall			
Restricted Funds	-0-	3,100,000	-0-
078. Construct Building Connectors III - Hospital			
Restricted Funds	-0-	3,059,000	-0-
079. Purchase Dentistry Patient Management System - Phase II			
Restricted Funds	-0-	3,000,000	-0-
080. Upgrade Global Ventilation Controls - Hospital			
Restricted Funds	-0-	3,000,000	-0-
081. Renovate Central Vivarium			
Restricted Funds	-0-	1,500,000	-0-
Federal Funds	-0-	1,500,000	-0-
TOTAL	-0-	3,000,000	-0-
082. Renovate Sections of Funkhouser			
Restricted Funds	-0-	3,000,000	-0-
083. Renovate Research Space Medical Center I			
Restricted Funds	-0-	3,000,000	-0-
084. Construct Radiation Medicine Facility II - Hospital			
Restricted Funds	-0-	2,955,000	-0-
085. Construct University Press Facility			
Restricted Funds	-0-	2,950,000	-0-
086. Upgrade Surgical Suite - Hospital			
Restricted Funds	-0-	2,945,000	-0-
087. Renovate Outpatient Clinic in Kentucky Clinic			

1	Restricted Funds	-0-	2,930,000	-0-
2	088. Replace HVAC Slone Building			
3	Restricted Funds	-0-	2,917,000	-0-
4	089. Purchase Upgrade - HIS Computing Facility			
5	Restricted Funds	-0-	2,900,000	-0-
6	090. Renovate Central Computing Facility			
7	Restricted Funds	-0-	2,811,000	-0-
8	091. Install Cooling Secondary Pumping			
9	Restricted Funds	-0-	2,800,000	-0-
10	092. Replace Steam Line Main Gate Pit and Anderson Pit			
11	Restricted Funds	-0-	2,750,000	-0-
12	093. Renovate DLAR Quarantine Facility at Spindletop			
13	Restricted Funds	-0-	2,720,000	-0-
14	094. Renovate Koinonia House			
15	Restricted Funds	-0-	2,715,000	-0-
16	095. Construct Alumni Drive Roundabouts			
17	Restricted Funds	-0-	2,630,000	-0-
18	096. Upgrade Fume Hood in Sanders Brown - Life Safety			
19	Restricted Funds	-0-	2,600,000	-0-
20	097. Purchase Computing Infrastructure Update			
21	Restricted Funds	-0-	2,500,000	-0-
22	098. Upgrade Outpatient Surgical Suite - Hospital			
23	Restricted Funds	-0-	2,500,000	-0-
24	099. Implement Land Use Plan IV - Hospital			
25	Restricted Funds	-0-	2,500,000	-0-
26	100. Renovate Parking Structure #3			
27	Restricted Funds	-0-	2,500,000	-0-

101. Renovate 3rd Floor Little Library			
Restricted Funds	-0-	2,500,000	-0-
102. Renovate Research Labs in Medical Center IV			
Restricted Funds	-0-	2,500,000	-0-
103. Replace Central Fire Alarm System			
Restricted Funds	-0-	2,500,000	-0-
104. Improve Spindletop Hall Facility Capital Renewal			
Restricted Funds	-0-	2,450,000	-0-
105. Multi-Care Clinic Building - Design			
Restricted Funds	-0-	2,200,000	-0-
106. Replace Chemistry Physics Ductwork			
Restricted Funds	-0-	2,200,000	-0-
107. Expand Animal Science Research Center Phase II - Design			
Restricted Funds	-0-	2,200,000	-0-
108. Replace Steam Line MC Htg - Hospital Drive Pit 2			
Restricted Funds	-0-	2,114,000	-0-
109. Expand Plant Capacity Infrastructure - Design			
Restricted Funds	-0-	2,040,000	-0-
110. Upgrade PACS System			
Restricted Funds	-0-	2,000,000	-0-
111. Replace Radiology Information System			
Restricted Funds	-0-	2,000,000	-0-
112. Upgrade Outpatient Services - Hospital			
Restricted Funds	-0-	2,000,000	-0-
113. Upgrade Clinical Services - Hospital			
Restricted Funds	-0-	2,000,000	-0-
114. Renovate Hospital Nursing Unit			

Restricted Funds	-0-	2,000,000	-0-
115. Expand Outpatient Radiology - Hospital			
Restricted Funds	-0-	2,000,000	-0-
116. Construct Physicians Services Facilities - Hospital			
Restricted Funds	-0-	2,000,000	-0-
117. Construct Cancer Education Facility - Hospital			
Restricted Funds	-0-	2,000,000	-0-
118. Upgrade Air Handling Units - Medical Center Campus			
Restricted Funds	-0-	2,000,000	-0-
119. Renovate Research Labs in Medical Center III			
Restricted Funds	-0-	2,000,000	-0-
120. Construct New Housing			
Restricted Funds	-0-	2,000,000	-0-
121. Renovate Taylor Education Building - Design			
Restricted Funds	-0-	2,000,000	-0-
122. Expand Cancer Infusion Suites			
Restricted Funds	-0-	1,964,000	-0-
123. Replace Air Handling Units in Research #1			
Restricted Funds	-0-	1,935,000	-0-
124. Construct University Conference Center			
Restricted Funds	-0-	1,900,000	-0-
125. Expand/Renovate Art Museum Singletary Center - Design			
Restricted Funds	-0-	1,900,000	-0-
126. Install Pollution Controls			
Restricted Funds	-0-	1,900,000	-0-
127. Implement Medication Bar Coding System			
Restricted Funds	-0-	1,750,000	-0-

128. Replace Master Clock and Bell System			
Restricted Funds	-0-	1,750,000	-0-
129. Renovate King Library South - 1962 Section			
Restricted Funds	-0-	1,700,000	-0-
130. Renovate Graduate Education & Research Space in Nursing			
Restricted Funds	-0-	1,700,000	-0-
131. Replace Steam Line Lime Tunnel - POT Tunnel			
Restricted Funds	-0-	1,606,000	-0-
132. Renovate Cooper House			
Restricted Funds	-0-	1,600,000	-0-
133. Improve Oswald Building			
Restricted Funds	-0-	1,600,000	-0-
134. Construct Horticultural Research & Education Facility			
Restricted Funds	-0-	1,600,000	-0-
135. Lease-Purchase Network Security Hardware			
Restricted Funds	-0-	1,500,000	-0-
136. Upgrade Utility Systems VI - Hospital			
Restricted Funds	-0-	1,500,000	-0-
137. Upgrade Diagnostic Services XI - Hospital			
Restricted Funds	-0-	1,500,000	-0-
138. Install Chilled Water Pipe - Cooling Plant 2 to Pit			
Restricted Funds	-0-	1,500,000	-0-
139. Renovate Research Labs in Medical Center I			
Restricted Funds	-0-	1,500,000	-0-
140. Renovate Dentistry Class Lab			
Restricted Funds	-0-	1,475,000	-0-
141. Replace Mathew's Building HVAC			

1	Restricted Funds	-0-	1,438,000	-0-
2	142. Renovate King Library South - 1930 Section Design			
3	Restricted Funds	-0-	1,400,000	-0-
4	143. Environmental Institute - Design			
5	Restricted Funds	-0-	1,392,000	-0-
6	144. Modify Nursing Unit XI - Hospital			
7	Restricted Funds	-0-	1,390,000	-0-
8	145. Upgrade Nutrition Services II - Hospital			
9	Restricted Funds	-0-	1,278,000	-0-
10	146. Renovate Imaging Center II			
11	Restricted Funds	-0-	1,257,000	-0-
12	147. Fit-up Gill Building Ground Floor - Hospital			
13	Restricted Funds	-0-	1,250,000	-0-
14	148. Construct UK Paducah Engineering Research Center			
15	Restricted Funds	-0-	1,230,000	-0-
16	149. Improve Storm Sewer Funkhouser			
17	Restricted Funds	-0-	1,225,000	-0-
18	150. Renovate Clinical Teaching Space in Nursing Building			
19	Restricted Funds	-0-	1,220,000	-0-
20	151. Install Fetal Monitoring Information System			
21	Restricted Funds	-0-	1,200,000	-0-
22	152. Lease-Purchase Enterprise Storage System			
23	Restricted Funds	-0-	1,200,000	-0-
24	153. Replace Air Handling Unit II - Roach			
25	Restricted Funds	-0-	1,200,000	-0-
26	154. Replace Air Handling Unit I - Roach			
27	Restricted Funds	-0-	1,200,000	-0-

155. Renovate COM Administrative Offices			
Restricted Funds	-0-	1,200,000	-0-
156. Improve Exterior Lighting Phase I			
Restricted Funds	-0-	1,200,000	-0-
157. Create Universal Nursing Unit - Hospital			
Restricted Funds	-0-	1,180,000	-0-
158. Purchase Managed Care Enterprise			
Restricted Funds	-0-	1,160,000	-0-
159. Replace Three Elevators MI King South			
Restricted Funds	-0-	1,130,000	-0-
160. Upgrade Communications Services - Hospital			
Restricted Funds	-0-	1,126,000	-0-
161. Upgrade Building Entrances Safety & Security			
Restricted Funds	-0-	1,100,000	-0-
162. Install Chilled Water Additions General Campus			
Restricted Funds	-0-	1,100,000	-0-
163. Purchase Communications Infrastructure in Young Library			
Restricted Funds	-0-	1,014,000	-0-
164. Implement Automated Bed Management System			
Restricted Funds	-0-	1,000,000	-0-
165. Upgrade Support Services II - Hospital			
Restricted Funds	-0-	1,000,000	-0-
166. Upgrade Diagnostic Services XII - Hospital			
Restricted Funds	-0-	1,000,000	-0-
167. Upgrade Transport Systems - Medical Center Campus			
Restricted Funds	-0-	1,000,000	-0-
168. Replace Agr. North Primary Electrical Service			

Restricted Funds	-0-	1,000,000	-0-
169. Lease-Purchase Fire Suppression Upgrade			
Restricted Funds	-0-	1,000,000	-0-
170. Construct Parking Structure - Central Campus			
Restricted Funds	-0-	1,000,000	-0-
171. Expand West KY Research & Education Center - Design			
Restricted Funds	-0-	1,000,000	-0-
172. Renovate College of Public Health Building - Design			
Restricted Funds	-0-	1,000,000	-0-
173. Renovate Reynolds Building - Design			
Restricted Funds	-0-	1,000,000	-0-
174. Parking Structure - North Campus - Design			
Restricted Funds	-0-	1,000,000	-0-
175. Renovate Barker Hall - Design			
Restricted Funds	-0-	1,000,000	-0-
176. Renovate Slone Building - Design			
Restricted Funds	-0-	1,000,000	-0-
177. Upgrade Sound System for the Singletary Center			
Restricted Funds	-0-	1,000,000	-0-
178. Fit-up Education Space in Health Science Building			
Restricted Funds	-0-	1,000,000	-0-
179. Renovate Bowman Hall - Design			
Restricted Funds	-0-	1,000,000	-0-
180. Lease-Purchase UPS System			
Restricted Funds	-0-	941,000	-0-
181. Replace Law Building Marble Facade			
Restricted Funds	-0-	930,000	-0-