

HB 265 Briefing Document - Proposed Senate Substitute

Proposed Changes to the Executive Branch Budget

HB 265/PSS

General Provisions

Reduces total fund transfers by \$36 million in each fiscal year from what the House had proposed.

Mandates that the Governor reduce contract expenditures by \$50 million in FY 2013 and by \$48 million in FY 2014.

Maintains the Budget Reserve Trust Fund at \$121.7 million in FY 2013 and increases the reserve to \$128.8 million by the end of the biennium.

Lowers the structural imbalance to \$187 million by the end of the biennium.

Debt Policy

Authorizes debt of \$391.3 million which is \$161.2 million less debt than the House authorized (\$552.5 million) and \$577.5 million less debt than the Governor authorized (\$968.8 million).

- \$335.3 million of General Fund supported debt
- \$43.5 million of Agency Fund supported debt

The resulting debt ratio is 6.58%. The debt ratio based on the House's budget was 6.80% and 7.10% based on the Governor's budget.

Appropriates amounts for debt service for new debt and currently authorized but unissued debt at interest rates 2 percentage points below the original budget template interest rates with a 5.50 percent tax-exempt interest rate and a 6.50 percent taxable interest rate at 20 years. This does not apply in cases where the debt service amount for a project is not calculated by the budget template or the amount is based on specific terms or interest rates.

Does not include any bond funds tied to fund transfers.

Does not propose bond funds for the following projects:

- High-Tech Construction/Investment Pool - \$20 million
- Lexington Downtown Redevelopment - \$3.5 million
- Site Acquisition/Design for New Medical Examiner's Office - \$1 million
- Asset Preservation and Renovation Pool (CPE) - \$25 million
- E-Case and Docket Management System - \$28.1 million.

Reduces bond funds for the State Park Maintenance Pool and the State Police Training Academy to the level proposed by the Governor.

A. General Government

Office of the Governor

Removes the language provision providing for a housing allowance for the Lieutenant Governor.

Kentucky Infrastructure Authority

Does not provide \$370,000 in each year for administrative costs related to coal-producing counties.

Department for Local Government

Includes a language provision identifying the funds available for the Joint Funding Administration program in support of Area Development Districts.

Local Government Economic Development Fund (LGEDF) and Coal Severance

Does not concur with the House in removing the transfer to the Workers' Compensation Fund from the coal severance calculation.

Moves funding from the "top" to the "middle" for mine safety.

Includes \$500,000 in FY 2014 "off-the-middle" for the Save the Children program.

Includes \$2 million "off-the-bottom" for the Leslie County Veterans' Cemetery.

Includes \$200,000 "off-the-bottom" for a review of utility rates related to the aluminum smelter industry.

Includes \$972,000 "off-the-bottom" for a mine safety, licensing and mapping application.

Does not concur with the language provision added by the House relating to parameters for county flexibility for coal severance projects.

Does not concur with the language provision added by the House relating to the Kentucky Appalachian College Completion Program.

Concurs with House changes to the language relating to the Energy Research and Development Fund and revises the language to provide \$350,000 for the development of an underground mining laboratory for the University of Kentucky.

Mine Safety, Licensing & Mapping Application - \$972,000 in fiscal year FY 2013.

Save the Children Program - \$500,000 in FY 2014.

Leslie County Veterans' Cemetery - \$2 million in FY 2013.

Attorney General

Revises the language provision relating to Expert Witnesses to include a requirement to report expenditures to the Interim Joint Committee on Appropriations and Revenue.

Concurs with the language provision added by the House relating to Expert Witnesses and amends the provision to include a requirement to report receipts to the Interim Joint Committee on Appropriations and Revenue.

Concurs with the House in providing Restricted Funds for the expansion of KASPER in the amount of \$2,445,000 in FY 2013 and \$1,820,000 in FY 2014 per proposed House Bill 4 in the current Session.

School Facilities Construction Commission (SFCC)

Provides \$8.4 million in FY 2014 for debt service to support bonds that result from SFCC Offers of Assistance authorized in House Bill 1 for FY 2010-2012.

Removes the language provision authorizing an additional \$100 million in offers of assistance to be funded in the 2014-2016 biennium.

B. Economic Development Cabinet

Office of the Secretary

Amends language added by the House to direct General Fund of \$150,000 in each fiscal year to the Northern Kentucky Waterfront Development for the Kenton County Fiscal Court for development of pier and riverfront improvements.

Did not provide \$20 million in bond funds for the High-Tech Construction/Investment Pool.

C. Department of Education

Operations and Support Services

Establishes the Statewide IT Academy and directs \$800,000 in each fiscal year to support this effort.

Learning and Results Services

Removes the language provision providing for excess SEEK funds to be used for employer health and life insurance contributions.

Adds \$500,000 in FY 2014 for the Save the Children program.

Adds \$100,000 in each fiscal year for the Visually Impaired Preschool Services program.

Removes a language provision added by the House for the Residential Youth-at-Risk programs.

Adds a language provision directing that statewide assessments and program reviews be limited to those specified in statute.

Support Education Excellence in Kentucky (SEEK)

Institutes a hold-harmless provision that guarantees all school district will receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992.

Provides relief for school districts impacted by the recent tornados. This includes provisions for additional disaster days, processes by which the districts will not suffer significant loses of average daily attendance when calculating SEEK funding for 2012-2013, and guarantees that certified and classified staff will be able to fulfill their entire employment contract for the current year.

D. Education and Workforce Development Cabinet

Deaf and Hard of Hearing

Provides additional General Fund of \$32,100 in each year for the Deaf and Hard of Hearing above that provided by the House.

Office for the Blind

Provides additional General Fund of \$50,500 in each year above that provided by the House.

Includes a language provision directing \$40,000 in each fiscal year to the Accessible Electronic Information Service program.

Career and Technical Education

Includes a language provision allowing locally operated secondary vocational education and technology centers to relinquish authority for the management and control of the career and technical center to the Office of Career and Technical Education.

E. Energy and Environment Cabinet

Concurs with language added by the House to direct \$250,000 in each fiscal year to the Department of Natural Resources' tree nursery programs.

Amends a language provision included by the House to direct \$650,000 of the \$3.5 million appropriation for energy research and development within the Department for Energy Development and Independence to be used by UK's Center for Applied Energy Research to leverage federal and/or private funds.

Amends a language provision included by the House to direct \$350,000 of the \$3.5 million appropriation for energy research and development within the Department for Energy Development and Independence to be used by UK's Mining Engineering Program for the development of an underground mining laboratory.

Provides \$200,000 in FY 2013 from coal severance funds to study the impact of utility rates on the aluminum smelting industry in the Commonwealth as it relates to the industry's impact on employment, and energy efficiency opportunities within the aluminum smelting industry in the Commonwealth.

F. Finance and Administration Cabinet

Debt Service

Reduces General Fund support for debt service on authorized but unissued debt by \$1.4 million in FY 2013 and \$2.8 million in FY 2014 as a result of lowering the interest rate assumption from 7.5% to 5.5%.

G. Health and Family Services Cabinet

Medicaid Benefits

Provides an additional \$4.9 million in FY 2013 and \$17.3 million in FY 2014 (state and federal funds total) for 400 additional Supports for Community Living slots over the biennium.

Amends a language provision added by the House that requires quarterly reporting from Medicaid Managed Care Organizations.

Behavioral Health, Developmental and Intellectual Disabilities

Amends a language provision added by the House to require the Cabinet to enter into annual contractual agreements with the Bluegrass Regional Mental Health/Mental Retardation Board for continued operation of Eastern State Hospital.

Adds a language provision requiring that, if facilities' funding reductions become necessary, the cuts be implemented on a proportionately equal basis to all mental health/mental retardation facilities.

H. Justice and Public Safety Cabinet

Justice Administration

Does not provide funding added by the House of \$250,000 in each fiscal year for the Justice William E. McAnulty, Jr. Legal Education Opportunity Program.

Department of Juvenile Justice

Removes a language provision added by the House that directs \$100,000 in each fiscal year for local juvenile prevention programs.

Department of Kentucky State Police

Concurs with the Governor's proposal for Bond Funds of \$2 million for construction and renovation of the former minimum security prison in Frankfort as a new State Police Training Center.

Department of Corrections

Amends language added by the House to specify how funds from the Local Corrections Assistance Fund are distributed.

Department of Public Advocacy

Removes language added by the House relating to the proceeds from the sale of the Public Advocacy Building located on Church Street.

K. Postsecondary Education

Council on Postsecondary Education

Does not provide \$25 million in bond funds for the Asset Preservation and Renovation Pool.

Postsecondary Institutions

Reduces funding for the Quality and Charity Care Trust to 73% of the proposed funding levels and adds a language provision that if the Louisville/Jefferson County Metro Government exceeds that funding percentage, then additional funding will be provided to the Trust as a necessary government expense.

M. Tourism, Arts and Heritage Cabinet

Office of the Secretary

Concurs with a language provision added by the House directing \$405,000 in each fiscal year for outdoor drama grants.

Concurs with a language provision added by the House directing \$150,000 in each fiscal year for the River Park Center to support the International Mystery Writers' Festival.

Removes a language provision relating to unexpended coal severance restricted funds.

Department of Travel

Concurs with a language provision added by the House directing \$50,000 in each fiscal year for the Bluegrass State Games.

Department of Parks

Provides \$6 million in Bond Funds over the biennium, to be used for maintenance of the State Parks.

Provides \$2 million in Bond Funds to support the Upgrade Wastewater System at Fort Boonesborough.

Concurs with a language provision added by the House directing \$14,500 in FY 2013 for a grant to Pine Mountain State Park in Bell County for a new curtain divider.

Horse Park Commission

Provides a maintenance pool of \$575,000 in each fiscal year for the Horse Park's maintenance requirements.

Does not provide \$3.5 million in the current year for the Horse Park. Also, does not provide any additional General Fund support for the Horse Park over FY 2012 levels.

State Fair Board

Provides a current year appropriation of General Fund in the amount of \$5.5 million to offset a deficit of the Fair Board's due to the loss of Kentucky Kingdom, U of L basketball, and parking revenues.

Provides Bond Funds support of \$2 million dollars in FY 2013 for the Parking Garage Maintenance Pool.

Fish and Wildlife Resources

Provides a Fees-in-Lieu-of Stream Mitigation Projects Pool in the amount of \$20 million in each fiscal year.

Provides a Land Acquisition Pool in the amount of \$1 million in each fiscal year.

Provides a Maintenance Pool in the amount of \$1 million in each fiscal year.

Provide a Boating and Fishing Access Pool in the amount of \$600,000 for each fiscal year.

Authorizes a \$3,100 annual training incentive stipend for Fish and Wildlife Resources Conservation officers.

Kentucky Center For the Arts

Provides Bond Fund support of \$3.5 million dollars in FY 2013 for the Green Roof Initiative.

Provides a maintenance pool of \$160,000 in each fiscal year for the Kentucky Center for the Arts maintenance requirements.