

2014 Conference Highlights
HB 235/FCCR

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This document represents highlights from the Free Conference Committee Report. A Briefing Document containing all differences between the Governor's Recommended Budget and Conference Committee will be available later in the week.

Statewide

Concurs with the Governor and the House in fully funding the increased cost of the actuarially required contribution to the Kentucky Employees Retirement System and the Kentucky State Police Retirement System.

Concurs with the Governor and the House in increasing salaries for state employees on a tiered structure based on salary for FY15 and a 1% increment for FY16.

Authorizes \$743 million in General Fund supported bonds compared to \$1.07 billion in the Governor's recommended budget.

Authorizes \$721 million in Agency Bonds compared to \$974 million in the Governor's recommended budget and the House budget.

Projected Debt Service Ratio:

Governor	House	Senate	Conference
7.05%	7.05%	6.26%	6.70%

Budget Reserve Trust Fund Balance:

Governor	House	Senate	Conference
\$98.3 million	\$99.8 million	\$125.2 million	\$86.25 million

Projected Structural Imbalance:

Governor	House	Senate	Conference
\$231 million	\$230.5 million	\$153 million	\$207.7 million

Department for Local Government

Identifies \$2,325,600 in each year for the Joint Funding Administration Program in support of the Area Development Districts.

Directs \$275,000 in each year to support the Mary Kendall Homes and \$275,000 in each year to support the Gateway Juvenile Diversion program.

Provides \$50,000 in FY15 to the Woodford County Fiscal Court to support a food pantry.

Local Government Economic Assistance Fund (LGEAF)

Provides funding of \$50,207,700 in FY15 and \$48,690,000 in FY16 for the LGEAF.

Local Government Economic Development Fund (LGEDF) and Coal Severance-Funded Appropriations

Provides funding of \$28,945,400 in FY15 and \$28,426,200 in FY16 for the LGEDF.

Restores the transfer of funds from the LGEDF to the LGEAF to 15 percent of severance and processing taxes on coal as required by KRS 42.4585.

Provides funding from coal severance tax receipts to the following programs and projects in each year:

Osteopathic Medicine Scholarship Program	\$872,500
Pharmacy Scholarship Program	\$800,000
Trover Clinic Grant	\$1.0 million
Mine Safety	\$3.22 million
Read to Achieve Program	\$2.1 million
School Technology	\$1.75 million
Mining Engineering Scholarship Program	\$300,000
School Facilities Construction Commission Debt Service	\$4.6 million
Infrastructure for Coal Producing Counties Debt Service for	\$26.6 million
Prior Year Projects	
Robinson Scholars Program	\$1,000,000

Operations and Support Services

Recommends funding of the Kentucky Education Technology System (KETS) at \$19.3 million in FY15 and \$23 million in FY16. Funding includes \$800,000 in FY16 for the Statewide IT Academy.

Provides a reduced level of funding for the School Technology in Coal Counties program at \$1.75 million in each year.

Learning and Results Services

Recommends an additional \$18.7 million in FY16 to provide preschool services for four-year-old children whose family income is within 160% of the federal poverty level.

Recommends \$16.7 million in each year for instructional resources.

Provides an additional \$12.9 million in FY15 and \$26 million in FY16 for other Flex Focus funds (Extended School Services, Professional Development, and Safe Schools).

Revises language concerning program flexibility regarding the allocations to Professional Development, Extended School Services, Instructional Resources, and Safe Schools. The revised language allows districts to use these funds for general operating expenses and requires them to report to the KDE and the Interim Joint Committee on Education.

Provides \$672.7 million in FY15 and \$686.1 million in FY16 to provide health insurance coverage for local school district employees.

Maintains current levels of funding for the Kentucky School for the Deaf and the Kentucky School for the Blind.

An additional \$500,000 in each year is provided for the Kentucky Education Collaborative for State Agency Children (KECSAC).

Provides an additional \$3.0 million each year for the College/Career Readiness Program for additional staffing at vocational/technical schools.

E. Energy and Environment Cabinet

Secretary

Reduces the fund transfer from the Kentucky Heritage Land Conservation Fund by \$5.0 million each year, and removes bonds that were authorized by the Governor to support the transfer.

Environmental Protection

Restores language to identify funding for the Kentucky Pride Program at \$14,750,000 in each year.

Reduces the fund transfer from Petroleum Storage Environmental Assurance Fund by \$25 million each year, and removes bonds that were authorized by the Governor to support the transfer.

Natural Resources

Restores language to identify funding of \$950,000 in each year for Conservation Districts and \$250,000 in each year for the Forestry Tree Nurseries.

Provides \$25,000 in each year for the Division of Oil and Gas within the Department for Natural Resources for an update of the Best Practices Manual.

Energy Development and Independence

Restores language to identify \$1.0 million in Restricted Funds each year for matching funds to support research and development at the University of Kentucky Center for Applied Energy Research.

Public Service Commission

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

F. Finance and Administration Cabinet

General Administration

Provides \$30 million in Bond Funds in FY15 for the Next Generation Kentucky Information Highway.

Provides \$1.5 million in General Fund in FY15 to support the cost of renovation and upgrades to Rupp Arena and the replacement of the Lexington Convention Center.

Provides \$6.7 million over the biennium for Phase II of the Kentucky Business One-Stop Portal.

Provides \$1.0 million in Restricted Funds in FY15 for the purchase of two high-speed inserters for the Division of Postal Services.

Provides \$50,000 in FY15 for Kentucky State University's Health Initiative Trust Fund.

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

Department for Facilities and Support Services (DFSS)

Provides \$3.0 million in Bond Funds in each year for DFSS's maintenance pool.

Provides \$2.0 million in Bond Funds in FY15 for upgrades to the electrical system and other infrastructure at the Commonwealth Data Center.

Provides \$1.5 million in Bond Funds in FY15 for data collection in regard to the monitoring, measuring, and reporting of energy consumption.

Provides authorization to enter into Guaranteed Energy Savings Performance Contracts.

County Costs

Provides language to pay deputy sheriffs and certified court security officers at a rate of nine dollars rather than eight dollars per hour for providing services to District and Circuit Courts.

Commonwealth Office of Technology (COT)

Restores language to mandate reporting of Computer Services Fund receipts.

Provides \$7.5 million in Restricted Funds for infrastructure upgrades at the Commonwealth Data Center and the Alternate Data Center.

Provides \$2.7 million in Restricted Funds in FY15 for new security software for the Commonwealth's data.

Provides \$1.2 million in FY15 to replace the Commonwealth Office of Technology's (COT) service desk system.

Department of Revenue (DOR)

Provides \$2.5 million in Restricted Funds in FY15 for upgrades to the four existing Department of Revenue Property Tax Systems.

Provides \$1.5 million in FY15 for the purchase and installation of two high-speed inserters meant to replace the current inserters in the Modernized Front End Scanning and Imaging System.

Property Valuation Administrators (PVA)

In lieu of the Governor's funding proposal to increase fees on special districts, provides \$15.9 million in additional General Fund support each year to restore the PVAs base funding level, provide for increased personnel costs, and provide an additional \$2.0 million over the biennium for their operations.

G. Health and Family Services Cabinet

Medicaid Benefits

Provides \$7.9 billion in FY15 and \$8.2 billion in FY16 to serve over 1.1 million eligibles in each fiscal year, including serving persons with incomes below 138 percent of the federal poverty level through the Affordable Care Act Medicaid expansion.

Provides over \$200 million in each year to continue the Kentucky Children's Health Insurance Program for 68,000 children.

Provides for an additional 440 Supports for Community Living, 303 Acquired Brain Injury, and 500 Michelle P waiver slots over the biennium.

Directs that Disproportionate Share Hospital (DSH) Payments equal the federal maximum, and that Kentucky hospital DSH payment calculations be revised with any federal reductions.

Behavioral Health

Provides over \$20 million in each year to assist regional mental health/mental retardation boards with retirement costs.

Department for Public Health

Provides \$14.6 million in each year of General Fund to District and Local Health Departments to meet the increased employer retirement contributions required.

Adds language to identify \$2.6 million in General Fund support in each year for the continuation of diabetes services through local health departments.

Family Resources and Volunteer Services

Provides an additional \$1.0 million General Fund each year for Family Resource Centers and Volunteer Services.

Community Based Services

Provides \$38 million in FY15 and \$58 million in FY16 to restore Child Care services.

Provides \$1.0 million in each year for Relative Placement support benefits, including start-up costs for placing children with non-parental relatives.

Provides over \$800,000 in each year to assist contracted entities with retirement costs.

Provides an additional \$250,000 in each year for both Domestic Violence Shelters and Rape Crisis Centers.

Provides \$5.6 million in each fiscal year to increase private child caring agencies' reimbursement rates.

Provides \$5.0 million in each fiscal year to increase private child placing agencies' reimbursement rates.

Directs \$100,000 in each year to Madison County fiscal court for early intervention services.

Directs \$50,000 in each year to The Family and Children's Place.

Aging and Independent Living

Medicaid coverage of community-based services will assist with waiting lists for programs such as Meals on Wheels and Personal Care Attendants.

H. Justice and Public Safety Cabinet

Justice Administration

Directs Restricted Funds of \$2.0 million in each year to Operation UNITE.

Directs General Fund (Tobacco) totaling \$1.7 million in FY15 and \$1.2 million in FY16 to the Office of Drug Control Policy.

Provides General Fund of \$250,000 in each year for the Kentucky Legal Education Opportunity Program.

Directs \$750,000 in each year to be spent for civil legal services to indigent persons.

Provides General Fund of \$420,000 in each year for the Child Fatality/Near Fatality Review Panel.

Identifies \$327,200 in General Fund support in each year for the Madisonville Medical Examiner's Office and prohibits its relocation or closure.

Provides \$25,000 in General Fund support in FY15 for Court Appointed Special Advocates in Hardin County.

Department of Juvenile Justice

Directs General Fund of \$100,000 in each year for distribution to local juvenile delinquency prevention programs.

Kentucky State Police

Provides \$7.2 million in General Fund in FY14 and \$5.0 million in each year of the 2014-2016 biennium to insure that the State Police can continue the current level of services.

Provides General Fund of \$258,000 in FY15 and \$516,000 in FY16 for debt service for \$2.0 million in bonds to purchase mobile data computers, and \$1.0 million in bonds to purchase gas chromatography/Mass Spectrometers.

Includes Restricted Funds of \$5.6 million each year for \$3,100 stipends for troopers, arson investigators, hazardous devices investigators, legislative security specialists, and vehicle enforcement officers.

Provides \$884,400 of General Fund in each year for contracting with 15 retired officers as provided by KRS 16.196 for the Trooper R program.

Department of Corrections

Directs General Fund of \$6.7 million for substance abuse treatment programs in each year. This funding is made available by a decrease in the number of persons incarcerated for drug related crimes.

Provides General Fund of \$1.5 million in FY16 to add 42 new Probation and Parole Officers.

Includes General Fund of \$4.7 million in FY15 and \$4.9 million in FY16 for the Local Corrections Assistance Fund established by HB 463. Funding for this program is made available by a decrease in the number of persons incarcerated.

Identifies General Fund support of \$960,000 in each year for monthly payments to counties with a life safety jail or closed jail.

Identifies General Fund support of \$931,100 in each year for inmate medical care expenses and \$960,000 in each year for catastrophic medical expenses.

Includes language to authorize a pilot project for inmates to be eligible for medical parole and be paroled to a health facility in the Commonwealth. Requires any savings generated by the project to be transferred to the Budget Reserve Trust Fund.

Department of Public Advocacy

Includes General Fund of \$4.4 million in FY14 and \$2.2 million in each year of the 2014-2016 biennium to insure that the Department can continue the current level of services.

Provides General Fund of \$420,000 in FY15 and \$850,000 in FY16 to add 15 new social worker positions.

J. Personnel Cabinet

General Operations

Adds language directing the Personnel Cabinet and the Cabinet for Health and Family Services to implement Cost Savings Demonstration Projects.

K. Postsecondary Education

Council on Postsecondary Education

Requires CPE to conduct a study on the effect that the licensure and accreditation of any school of optometry within the Commonwealth would have on the Contract Spaces Program

Identifies \$775,000 in each year from Tobacco Settlement funds for the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

Provides General Fund support of \$217,400 in FY15 and \$478,500 in FY16 to support increased tuition costs at out-of-state institutions for the Contract spaces program. This will preserve the Program's current 164 veterinary slots and 44 optometry slots.

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

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

Kentucky Higher Education Assistance Authority

Maintains the current level of General Fund support for the College Access Program (\$58.8 million), Kentucky Tuition Grant Program (\$31.7 million), the Teacher Scholarship Program (\$1.7 million), the National Guard Tuition Assistance Program (\$4.9 million), and fully funds the KEES program.

Provides an additional \$750,000 of General Fund in each year for the College Access Program (CAP) and the Kentucky Tuition Grant (KTG) program.

Provides language requiring lottery revenues transferred to KHEAA in excess of the appropriated amounts for the College Access Program (CAP), Kentucky Tuition Grant Program (KTG), the Teacher Scholarship Program, and the National Guard Tuition Assistance Program to be allocated to CAP

and KTG. The language also requires excess funds above what is required to fully fund KEES to be transferred to the KEES Reserve Trust Fund.

Postsecondary Institutions

Restores 1 percent of the 2.5 percent base reduction to all postsecondary institutions which was proposed by the Governor.

Eastern Kentucky University (EKU)

Provides funding for the Community Operations Board for personnel and programmatic operations of the meeting, community areas and the performing arts center in the Business/Technology Center at EKU.

Morehead State University (MoSU)

Provides \$2.3 million in General Fund support in FY16 for a new Dual Credit Program.

Murray State University (MuSU)

Provides funding for the Breathitt Veterinary Diagnostic Center at Murray State University and prohibits the appropriation from being subject to any budget reduction.

University of Kentucky (UK)

Provides funding for the University of Kentucky Diagnostics Laboratories and prohibits the appropriation from being subject to any budget reduction.

University of Louisville (UofL)

Directs UofL and the Cabinet for Health and Family Services to study the effect of the reduction in contributions to the Quality and Charity Care Trust on the delivery of indigent care in Jefferson County.

Kentucky Community and Technical College System (KCTCS)

Provides restricted funds support of \$40.16 million in FY15 and \$40.75 million in FY16 for the Firefighters Foundation Program Fund.

Provides restricted funds support of \$500,000 in each year for the Firefighters Training Center Fund.

Prevents KCTCS from providing lower salary increases to KCTCS employees who are in UK's personnel system in order to offset money paid to UK for the cost of providing health insurance to these employees.

Allows KCTCS to enter into Guaranteed Energy Savings Performance Contracts for buildings owned by Paducah Junior College.

Allows KCTCS to implement a mandatory student fee not to exceed \$4 in FY15 and not to exceed \$8 thereafter. Requires the fee to be approved and implemented on a college-by-college basis, and be approved by each college's Board of Directors. Requires the fee to be used only for debt service on each college's agency bond project not to exceed 75 percent of the total project cost. Requires that KCTCS certify to the Finance and Administration Cabinet that the 25 percent local match has been raised prior to any bond issuance. Requires that the fee sunset upon the retirement of the project debt.

Precludes KCTCS from providing a housing allowance to the KCTCS System president beginning January 1, 2015.

Capital Projects

Authorizes institutional capital projects supported with Restricted Funds or Other Funds.

Provides General Fund support of \$2.9 million in FY15 and \$28.5 million in FY16 for debt service on \$475 million in new bonds for capital construction and asset preservation on institutional campuses.

Authorizes \$450.7 million in agency bonds for the 4-year institutions to support capital projects.

Authorizes \$145.5 million in agency bonds for KCTCS to support the number one capital project priority at each of the 16 campuses.

Authorizes a secondary pool of projects at each of the 16 KCTCS campuses that may be funded with agency bonds if the original project authorized for the bond cannot raise the 25 percent local match required by June 30, 2016. Projects identified in the secondary pool must also raise 25 percent of the total project cost to be eligible for funding.

M. Tourism, Arts and Heritage Cabinet

Office of the Secretary

Directs \$405,000 of Restricted Funds to Outdoor Drama and other Tourism Grants each year.

Requires the Cabinet to develop a statewide marketing plan for the Tourism, Meeting, and Convention Marketing Fund.

Department of Travel and Tourism

Provides \$50,000 in each fiscal year for the Bluegrass State Games.

Department of Parks

Provides \$4.0 million in Bond Funds in each year for the Parks Maintenance Pool.

Provides \$850,000 to move the boat dock at Rough River Dam to deeper water.

Historical Society

Provides \$50,000 of General Fund in each year to support Oral History grants.

Arts Council

Provides \$250,000 in FY15 to support the Marshall County Arts Commission Children's Theatre.

Kentucky Center for the Arts

Provides \$190,000 in each year for an extra 50 students to attend the Governor's School for the Arts.

General Fund Tobacco

Increases Tobacco funding to County accounts by \$5.85 million in FY15 and \$3.85 million in FY16.

Increases allocation to the Governor's Office of Agricultural Policy by \$6.9 million in FY15 and \$1.8 million in FY16.

Increases Tobacco funding to Natural Resources by \$2.0 million over the biennium.

Provides \$1.2 million over the biennium for Farms to Food Banks.

General Provisions

Amends the language provision relating to executive orders and requires that, if an executive order is not ratified, the Secretary of Finance shall return the accounts and funds to the budget unit or units in which it was placed by the 2014 General Assembly.

Amends the language provision relating to the Next Generation Highway fund to make transfers from the Kentucky Education Network subject to the approval of the Kentucky Board of Education and the Council on Postsecondary Education.

Adds a language provision prohibiting debt restructuring during the 2014-2016 fiscal biennium.

Adds a language provision limiting expenditures by the Governor, agency heads and constitutional officers to no more than 55% of appropriated funds in the first half of FY16.

Adds a language provision that any unexpended debt service be transferred to the Budget Reserve Trust Fund.

Adds a language provision stating that nothing in the enacted budget should be construed as an approval by the General Assembly of the operation of the Affordable Care Act in Kentucky.

Adds a language provision the no General Fund dollars are appropriated in the enacted budget for any expenditure in operating or maintaining the Health Benefit Exchange. The language provision also prohibits the Governor from expending any General Fund resources on any expenditure directly or associated with the Health Benefits Exchange.

Adds a language provision require that Medicaid eligibility and service levels return to the January 2013 levels if the Medicaid funding schedule for newly eligible individuals in 42 U.S.C. sec. 1396d(y)(1) is modified to require any additional state funding.

Adds a language provision that states that any funds received as a result of the Affordable Care Act shall not be used to permanently expand existing

programs or to permanently create new programs or in any way increase the requirements on the General Fund or the Road Fund.