

The Proposed Senate Committee Substitute makes the following changes HB 352/GA:

STATEWIDE

- Lowered General Fund debt service calculations to a 4.5% template rate.
- Reduced retirement contribution rates to conform to 2020 Regular Session SB 249.

GENERAL GOVERNMENT

- Provides no salary increment to the constitutional officers in each fiscal year.

Office of the Governor

- Adds \$39,000 in FY 21 and removes \$58,300 FY 22 in General Fund for operations.

Office of the State Budget Director

- Adds language requiring OSBD to provide the methodology, assumptions, data, and all other related materials used to project biennial offender population forecasts to the Interim Joint Committee on Appropriations and Revenue by November 1, 2021.
- Adds language requiring OSBD to provide the methodology, assumptions, data, and all other related materials used to calculate any avoided costs pursuant to the implementation of 2011 Ky. Acts Ch. 2 by November 1, 2021.
- Adds language requiring OSBD to provide a report to the Interim Joint Committee on Appropriations and Revenue detailing the anticipated costs of increasing the existing Facilities Security rate to \$36 per hour for every participating state-operated building by September 15, 2020.

Department of Veterans' Affairs

- Removes House language expressing the desire to dedicate a state veterans' nursing home in Magoffin County.
- Adds language requiring an 80% occupancy rate among the four existing Veterans' Centers before the General Assembly will consider funding future projects with the exception of the Bowling Green Veterans Center.

Kentucky Infrastructure Authority

- Removes language related to administrative fees on infrastructure for economic development fund projects and includes the language in the 2020 Revenue Bill.

Commission on Women

- Eliminates House language about redistribution of resources.
- Restores language notwithstanding statutory requirements from RS 2018 HB 200.

Department for Local Government

- Reduces General Fund support for Mary Kendall Homes and Gateway Juvenile Diversion by a total of \$184,400 in each fiscal year.

Local Government Economic Assistance Fund (LGEAF)

- Increases support from 70% of coal severance revenues to 80% of coal severance revenues

Local Government Economic Development Fund (LGEDF)

- Decreases support from 30% of coal severance revenues to 20% of coal severance revenues.
- Directs \$2 million in coal severance tax revenue to the Energy and Environment Cabinet to offset the cost of 25 mine inspectors.

Secretary of State

- Adds \$79,700 in FY 21 and \$74,400 in FY 22 of Restricted Funds for operations.

Attorney General

- Adds \$5,000 in FY 21 and \$172,600 in FY 22 of General Fund for operations.
- Removes \$2 million in FY 21 and \$2.5 million in FY 22 of General Fund for additional personnel.
- Adds debt service for a \$2 million General Fund bond project for technology equipment and software.
- Removes Restricted Funds transfers of \$1.2 million in FY 21 and \$300,000 in FY 22 from the KLEFPF to the Attorney General.
- Maintains statutory \$4,000 stipend and allows for the stipend to increase based on CPI.

- Adds language to direct the Attorney General and the Commissioner of the Kentucky State Police to identify a pathway for consolidation of the state's electronic crimes labs.

United Prosecutorial System

- Restores \$1.5 million General Fund for salary increases to the Commonwealth's Attorneys in each fiscal year.
- Adds \$50,400 in FY 21 and \$172,700 in FY 22 to restore statutory salary increment based on the Consumer Price Index (CPI) to Commonwealth's Attorneys.
- Restores \$420,000 General Fund in additional operating funding for County Attorneys in each fiscal year.
- Adds \$155,000 General Fund to restore statutory \$500 monthly expense allowance to County Attorneys.
- Adds \$65,900 in FY 21 and \$226,000 in FY 22 to restore statutory salary increment based on the Consumer Price Index (CPI) to County Attorneys.

Treasury

- Removes \$35,500 in FY 21 and \$80,300 in FY 22 of General Fund for operations.

Agriculture

- Adds \$753,700 in FY 21 and \$542,200 in FY 22 of General Fund for operations.
- Adds \$750,000 Restricted Funds in each fiscal year for vehicle replacement for the Department of Agriculture fleet.
- Adds language to restrict the use of the \$500,000 General Fund (Tobacco) appropriated to the Department of Agriculture for the Farms to Food Banks Program.
- Amends language to identify \$375,000 for County Fair Grants program in each fiscal year.

Auditor of Public Accounts

- Adds \$7,400 in FY 21 and removes \$66,400 in FY 22 of General Fund for operations.

- Removes \$2.0 million in FY 21 and \$2.5 million in FY 22 of General Fund for additional personnel and changes the rate the Auditor charges county governments from 75% back to the statutory 50%.

Kentucky Retirement Systems

- Removes language requiring the Kentucky Retirement Systems to notify certain officials of each branch of state government of their respective branch's completion of actuarial accrued liability contributions.
- Agrees with House to move General Fund support of \$384,000 in FY 21 and \$407,000 in FY 22 for the unfunded pension liability of the State Police Retirement System from the Legislative Retirement Plan.

School Facilities Construction Commission

- Reduces bond funds for Normal Offers of Assistance to \$58 million.
- Reduces expected Normal Offers of Assistance for the next biennium to \$58 million.
- Removes \$47.5 million in bond funds for Special Offers of Assistance to four schools at the top of the KFICS List.

Teachers' Retirement System

- Removes \$61.7 million in FY 21 for the single subsidy for medical insurance for post-2010 retirees.
- Redirects the ARC funding totaling \$551.1 million in FY 21 and \$579.2 million in FY 22 to the Permanent Pension Fund and adds language to require structural reform to the TRS in order for the system to receive the funds.

Judgments:

- Adds language to provide that the FY 22 appropriation to support the DRG Settlement shall lapse to the General Fund in the event of a General Fund revenue shortfall in FY 21.

Kentucky Communications Network Authority:

- Adds language to provide that KCNA shall not charge state agencies more than what is currently being charged for broadband services.

ECONOMIC DEVELOPMENT

- Reduces the three bond pools in Economic Development from \$10 million to \$5 million each and reduces the associated debt service in FY 22 by \$627,500 to reflect the new amounts of the bond pools.

DEPARTMENT OF EDUCATION

SEEK

- Increases the SEEK per-pupil base guarantee to \$4,161 in each fiscal year.
- Adds language directing \$6 of the per-pupil guarantee for textbooks/instructional materials.
- Of the \$85.7 million forced SEEK lapse from FY 20 that continues into FY 21, the entire amount remains in SEEK to cover the SEEK per-pupil increase and the cost of equalizing additional facility nickels.
- Directs any SEEK surplus in the biennium to lapse to the General Fund Surplus Account.
- Funds all school district recallable nickels levied as of January 1, 2020, up to three total nickels
 - This equalizes all nickels at 100% in the biennium.
 - Adds language to require the official revenue estimate to be reached before new nickel equalization funds are distributed in FY 21 and allows those funds to carryforward into FY 22.
- Removes funding for new growth and EFF nickel equalization.
- Removes language mandating a raise for local district certified staff.
- Removes language to allow school districts to transfer up to 25% of their capital funds to operating costs in each fiscal year.
- Adds language to require \$10 of the per-pupil guarantee in FY 21 be held in a trust account by KDE until the official revenue estimate has been reached.

Operations & Support Services

- Adds a reporting requirement for DataSeam.

Learning & Results Services

- Provides \$17.2 million in FY 21 for past due local district health insurance.
- Removes Instructional Materials from the list of Flex Focus programs that school districts have flexibility on with regards to funding levels.
- Adds language to limit raises provided to KSB and KSD certified staff to 1% or the JCPS salary increase, whichever is greater.
- Removes \$1.5 million in each year for KSB and KSD personnel and operating costs.
- Removes \$2.8 million in each fiscal year for Local Area Vocational Education Centers.
- Amends language to clarify the redistribution of resources among programs provides funding for classified staff raises.
- Amends language to clarify funding is provided on a reimbursement basis for mental health professionals to meet the requirements of Senate Bill 1 and prioritizes Medicaid matching funds as criteria to receive the reimbursement.
- Restores \$5 million in each year for the Preschool Partnership Grants program, and removes \$4.2 million in FY 22 that increased the eligibility threshold for 4-year-olds from 160% of the federal poverty line to 175%.
- Removes \$250,000 in each fiscal year for the Georgia Chaffee Teenage Parent Program.
- Removes \$200,000 in each fiscal year for the Kentucky Alliance of Boys & Girls Clubs.
- Removes \$143,800 in each fiscal year for Visually Impaired Preschool Services.
- Redirects \$1 million in each fiscal year for the Kentucky Academy for Equity in Teaching to KHEAA.
- Adds \$750,000 each fiscal year for Teach for America
- Adds \$500,000 in lottery funds each fiscal year for the JAG Program.
- Adds \$750,000 in each fiscal year for Save the Children.
- Adds \$291,600 in each fiscal year for Gifted and Talented programs.

- Adds language and \$1.5 million in lottery funds each fiscal year for a new early childhood literacy pilot project.
- Removes \$5 million for textbooks in each year and instead directs \$6 of the per-pupil guarantee to be used for textbooks/instructional materials.
- Adds language to identify \$3.95 million in FY 21 and \$3.49 million in FY 22 in General Fund for college admission exams and requires KDE to pay for those exams required by statute.

EDUCATION & WORKFORCE DEVELOPMENT CABINET

General Administration and Program Support

- Removes \$2 million in FY 22 for the Kentucky Adult Learner Pilot Program.
- Adds \$175,000 in each fiscal year for the Governor's School for Entrepreneurs and adds language to identify the full amount of \$362,700 General Fund in each fiscal year for the program.
- Adds language to identify \$100,000 in each fiscal year for the Hope Center.

Workforce Investment

- Adds \$575,000 in FY 21 and \$510,800 in FY 22 to fully leverage federal funds.
- Adds language to identify \$18 million in FY 21 and \$18 million in FY 22 in General Fund for Adult Education.
- Adds language to identify \$581,100 in FY 21 and \$581,800 in FY 22 in General Fund for the Office of Employer and Apprenticeship Services and requires a report detailing the use of the funds.

ENERGY AND ENVIRONMENT CABINET

Secretary

- Appropriates the full amount of Volkswagen Settlement funds to be expended in FY 21. Language specifies at least \$17 million shall be used to replace transit buses, no more than \$3 million for light-duty zero-emission vehicle supply

equipment, and up to \$278,600 for administrative costs. Purchases must meet the Consent Decree's necessary criteria and reduce NOx emissions.

Environmental Protection

- Adds language to allow Restricted Funds transfer of \$1.5 million in each fiscal year from the Petroleum Storage Tank and Environmental Assurance Fund to the Kentucky Abandoned Storage Tank and Orphan Well Reclamation Fund.

Natural Resources

- Increases Restricted Funds \$1.5 million in each fiscal year for the Kentucky Abandoned Storage Tank and Orphan Well Reclamation Fund.
- Reduces General Fund \$500,000 in each fiscal year to provide funds for the Safety Steward and Investigator positions within the Kentucky Horse Racing Commission in the Public Protection Cabinet.
- Provides \$2 million in General Fund each fiscal year from Coal Severance funds to support 25 mine inspector positions.

Kentucky Nature Preserves

- Restores Restricted Funds spending authority back the FY 20 base amount.

Public Service Commission

- Adds language to allow unexpended Restricted Funds within the Siting Board to become available in the 2020-2022 biennium.

FINANCE AND ADMINISTRATION

General Administration

- Amends language requiring annual reporting of permanently assigned vehicles within the state motor vehicle fleet.

County Costs

- Removes \$1.4 million of General Fund in each fiscal year to decrease Court Security Services compensation from \$10 to \$9 per hour of service.
- Provides \$283,700 in each FY to support restoration of sheriffs' expense allowance to statutory level.

Commonwealth Office of Technology

- Increases Restricted Fund appropriation by \$4.1 million in each FY to support the Kentucky Online Gateway.
- Reduces funds transfers by \$4.1 million in each FY from the Computer Services Fund to the General Fund.

Property Valuation Administrators

- Provides \$283,700 in each FY to support restoration of PVAs' expense allowance to statutory level.
- Removes language that provided that PVAs shall receive a 1% salary increment instead of the statutory CPI.

HEALTH AND FAMILY SERVICES CABINET

General Administration and Program Support

- Deletes language requiring the Cabinet to issue a Request for Proposal to incorporate best practices in the system design for the KASPER capital project.

Medicaid Benefits

- Removes \$1 million in General Fund and \$4.9 million in Federal Funds in each fiscal year for the KCHIP enrollment initiative.
- Reduced General Fund appropriation by \$10 million in each fiscal year and increased the Restricted Fund appropriation by \$10 million in each fiscal year.

Behavioral Health, Developmental and Intellectual Disabilities (BHDID)

- Reduces General Fund appropriation by \$13 million in each fiscal year for retirement assistance to the Community Mental Health Centers.

Public Health (DPH)

- Increases Tobacco Funds appropriation by \$200,000 in FY 22 for Smoking Cessation.
- Reduces General Fund appropriation by \$23.3 million in each fiscal year for retirement assistance to the local and district health departments.
- Increases General Fund appropriation by \$250,000 in each fiscal year for the Kentucky Poison Control Center.
- Reduces the General Fund appropriation by \$500,000 in each fiscal year for the Kentucky Pediatric Cancer Research Trust Fund.

Community Based Services

- Reduces the Tobacco Fund appropriation by \$650,000 in each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.
- Removes General Fund appropriation of \$4.4 million in FY 22 to provide child care assistance to families at or below 160% of the federal poverty level as determined annually by HHS.
- Removes General Fund appropriation of \$750,000 in each fiscal year to the Child Advocacy Centers.
- Removes General Fund support of \$1 million in each year for the Family Scholar House.
- Removes \$5.7 million in FY 21 and \$8.6 million in FY 22 to support recruitment and retention of social workers.
- Provides a salary increase of 2% for social workers and 4% for social worker supervisors.
- Includes General Fund support of \$2.2 million in FY 21 and \$4.4 million in FY 22 to increase supplemental payments for personal care homes which provides services to individuals diagnosed with mental illness or intellectual disability.

JUSTICE AND PUBLIC SAFETY CABINET

Justice Administration

- Establishes a reporting requirement for the Secretary of the Justice Cabinet, in coordination with the CEO of Operation UNITE, detailing the utilization of funding provided.
- Decreases General Fund support of \$182,500 in each fiscal year to Access to Justice.
- Establishes a reporting requirement for the Secretary of the Justice Cabinet, in coordination with the CEO of Volunteers of America Mid-States, detailing any cost avoidance associated with the Restorative Justice Program.

Criminal Justice Training

- Decreases KLEFPF spending authority to \$76.9 million in FY 21 and \$79 million in FY 22.
- Includes language for KLEFPF stipend increase to be tied to CPI, not to exceed 1.9% in each fiscal year, and to conform amounts to SB 249 by reducing Restricted Funds by \$2.2 million in FY 21 and \$1.6 million in FY 22.
- Includes language to notwithstanding existing statutes and Part III language to provide increased KLEFPF training incentive stipend payments for identified state law enforcement officers and allow for increases in Restricted Funds appropriations.
- Removes language to identify and transfer KLEFPF resources to State Police in the following amounts for the following initiatives:
 - Debt service in the amounts of \$308,000 in FY 21 and \$4.3 million in FY 22 for the Emergency Radio Replacement, Phase II capital project.
 - Salary increases for laboratory personnel in the amount of \$3.6 million in FY 21.
 - Rapid DNA chips in the amount of \$3 million in each fiscal year.
 - Service contracts for mass spectrometry instruments in the amount of \$180,000 in each fiscal year.
 - Purchase of two mass spectrometry instruments in the amount of \$700,000 in FY 21.

- Removes language to identify and transfer KLEFPF resources to the Office of the Attorney General for system upgrades and hardware purchases in the amount of \$1.2 million in FY 21 and \$300,000 in FY 22.
- Removes transfers of KLEFPF resources to General Fund to support debt service on General Fund bonds issued for State Police's Two-Way Radio System Replacement, Phase I in the amount of \$3.6 million in each fiscal year.

Department of Juvenile Justice

- Includes language to identify General Fund of \$500,000 in each fiscal year to be utilized for the Fiscal Incentive Program established by KRS 15A.062.

State Police

- Modifies language to identify telecommunicator in place of dispatcher and provides General Fund support of \$1.9 in each fiscal year for telecommunicator salary increases.
- Includes language to identify and provide General Fund support for debt service in the amounts of \$295,000 in FY 21 and \$4.1 million in FY 22 for the Emergency Radio Replacement, Phase II capital project.
- Reduces Restricted Funds support in the amounts of \$467,400 in FY 21 and \$198,400 in FY 22 for KLEFPF stipend increase tied to CPI, not to exceed 1.9% in each fiscal year, and conforms amounts to SB 249.
- Removes Restricted Funds support from the KLEFPF and replaces with General Fund for the following initiatives:
 - Salary increases for laboratory personnel in the amount of \$3.6 million in FY 21.
 - Rapid DNA chips in the amount of \$3 million in each fiscal year.
 - Service contracts for mass spectrometry instruments in the amount of \$180,000 in each fiscal year.
- Authorizes the purchase of two mass spectrometry instruments in the amount of \$700,000 in FY 21 in Part II, Capital Projects using General Fund.

Corrections – Adult Correctional Institutions

- Provides language identifying the General Assembly's intent to provide inpatient/residential treatment services and job training to justice-involved individuals to reduce recidivism while promoting public safety.

Corrections – Local Jail Support

- Includes language identifying that it is the intent of the General Assembly to incentivize county jails to provide evidence-based programming to state inmates.
- Removes language and provides General Fund support of \$155,000 in each fiscal year to fully restore the \$300/month Jailers Allowance.

LABOR CABINET

Workers' Claims

- Restores \$1.4 million each fiscal year in Restricted Funds to partially support the vacancy additional budget request.

Workers' Compensation Funding Commission

- Restores \$1.4 million each fiscal year in Restricted Funds to allow the transfer of funds to support the Workers' Claims vacancy additional budget request.

POSTSECONDARY EDUCATION

Council on Postsecondary Education

- Adds Tobacco Funds of \$650,000 in FY 21 and \$450,000 in FY 22 for Spinal Cord and Head Injury research at UK and UofL.
- Adds language clarifying that bonds for the Postsecondary Education Resurgence Fund can only be purchased if General Fund receipts reach the CFG estimate and removes language automatically reauthorizing the bonds in the Resurgence Fund.

Kentucky Higher Education Assistance Authority

- Removes \$2.2 million in FY 21 and \$2.8 million in FY 22 from the Dual Credit Scholarship and maintains the KCTCS credit hour rate at the statutory 33.3%.
- Adds \$600,000 in each fiscal year for a Teacher Loan Forgiveness Program.

- Removes \$900,000 in FY 21 and \$300,000 in FY 22 from the College Access Program (CAP).
- Identifies the first \$3 million of excess lottery revenues to CAP and KTG, then any additional excess lottery revenue is transferred to the Budget Reserve Trust Fund.
- Transfers \$1.0 million in each fiscal year for the Kentucky Academy for Equity in Teaching program from KDE to KHEAA.

Postsecondary Institutions Generally

- Removes \$20.9 million in each fiscal year in pension funding from the institutions to conform to SB 249.

Eastern Kentucky University

- Adds debt service on \$8 million in General Fund bonds for aviation program equipment and facilities.

Morehead State University

- Adds \$250,000 in FY 21 for installation of a Jet Propulsion Laboratory antenna.

Murray State University

- Accelerates repairs to the Biology Building into FY 20.

Northern Kentucky University

- Adds language allowing NKU to retain the proceeds from sales of university property in Covington/Park Hills.

University of Kentucky

- Adds \$500,000 in each fiscal year for the Supported Higher Education Project and includes it in the Mandated Programs at UK.
- Modifies the fund source for the \$28 million project for Sanders-Brown Center on Aging, funding the project with half Bond Funds and half third-party funding.

University of Louisville

- Removes \$250,000 in each fiscal year from the Ordered Liberty program.

Western Kentucky University

- Adds \$237,400 in FY 21 and \$486,700 in FY 22 for the Gatton Academy of Science and Mathematics.

KCTCS

- Maintains statutory \$4,000 stipend for professional firefighters and allows for the stipend to increase based on CPI, up to 1.9% in each fiscal year.
- Adds \$1.25 million in each year in Restricted Funds for PTSD/PTSI programs.
- Adds two Restricted Funds capital projects totaling \$6.4 million.

Postsecondary Education Performance Fund

- Adds \$16.4 million in FY 21 and \$9.1 million in FY 22 to the Performance Fund, for a total of \$40 million in FY 21 and \$50 million in FY 22.

PUBLIC PROTECTION CABINET

Kentucky Horse Racing Commission

- Adds \$500,000 of General Fund in each fiscal year and adds language to support a Safety Steward and additional investigator positions.

Housing, Buildings, and Construction

- Adds language to allow local governments to review plans and provide inspections of school buildings at the discretion of local school districts.

TOURISM, ARTS AND HERITAGE CABINET

Secretary

- Includes language to support Tourism Grants for the Kentucky Mountain Regional Recreation Authority, Jacob Spears Licking River Water Trail, the Judge Joseph Holt House, EP Tom Sawyer Park Tennis/Pickleball Courts, and the Trail of Tears Pow Wow.
- Provides \$100,000 in each fiscal year in General Funds for the Kentucky Center for African American Heritage.

Parks

- Provides sufficient funding to support a CPI-adjusted stipend over statutory \$4,000 and reduces Restricted Funds by \$3,100 in FY 21 and \$9,200 in FY 22 to conform.

Horse Park Commission

- Provides sufficient funding to support a CPI-adjusted stipend over statutory \$4,000 and reduces Restricted Funds by \$400 in FY 21 and \$1,200 in FY 22 to conform.

Fish and Wildlife Resources

- Provides sufficient funding to support a CPI-adjusted stipend over statutory \$4,000 and reduces Restricted Funds by \$7,500 in FY 21 and \$22,300 in FY 22 to conform.

PART III - GENERAL PROVISIONS

- Adds Public Service Commission as an exemption to Restricted Fund interim increases.
- Amends language to direct the State Treasurer to decide all questions that arise in interpreting the Executive and Transportation budget bills.
- Removes language allowing local school districts to adopt and KDE to approve a working budget that includes less than two percent of the total budget in reserves.
- Amends language to require the State Treasurer to approve the use of state aircraft and that documentation regarding state aircraft usage be subject to the Kentucky Open Records Act.
- Removes language regarding jailer canteen accounts.
- Removes language regarding daylight saving time.
- Removes language regarding SEEK Funding Working Group.
- Removes language regarding Kentucky State Capitol Campus Restoration and Security Working Group.

PART IV - STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY

- Amends salary increment language to suspend the 1% increment in FY 22 if receipts for FY 21 do not meet or exceed the official December CFG estimate as modified by the 2020 General Assembly.
- Amends retirement contribution language to conform to 20 RS SB 249.

- Adds language to state the General Assembly's intention for all full-time employees to work 40 hours per week in the 2022-2024 fiscal biennium.

PART VII - GENERAL FUND SURPLUS EXPENDITURE PLAN

- Amends the surplus expenditure plan to allow surplus moneys to first pay NGEs and then all remaining funds be deposited to the BRTF.