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LEGISLATIVE INTERIM CULMINATES IN HOUSE BUDGET FILED FRIDAY

House proposal includes record funding for education, increases for human services, infrastructure, and focus on justice needs

FRANKFORT, KY - Record funding for education, a continued commitment to the state's budget reserve trust fund, and pay increases for the Kentucky State Police, state employees, social workers, and educators highlight a spending plan filed Friday by House Appropriation and Revenue Chair Jason Petrie.

Gov. Andy Beshear is expected to make his budget speech and presentation next week. However, given the Republican supermajority in both the House and Senate, the Republican proposal is likely to be the guiding document as the Legislature begins the budget-crafting process between now and the end of the session in April.

Petrie filed the legislative package after months of committee hearings, meetings with state agencies and input from public and private service providers. The document also returns to a two-year budgeting process rather than the one-year budgets done the last two years because of uncertainties over revenues and spending needs created by the pandemic.

The legislation filed Friday allocates more than \$51 billion in state and federal dollars annually and includes three separate bills that provide funding for the executive, and judicial branches of government as well as the transportation spending plan. The proposed version of the executive branch budget, HB 1, allocates more than \$31 billion in each fiscal year, \$13.9 billion of which is general fund dollars.

"Our budget review subcommittees have been meeting since late spring to identify not only our priorities but also the realities our state faces. Ultimately, these bills provide a solid, responsible approach consistent with our state's needs and obligations and our philosophy that we must carefully consider every allocation we make," Petrie said. "I appreciate the work of those who participated and invite further input as these bills start the process and move through both chambers of the legislature."

Petrie was quick to point out that the bills continue the House Majority Caucus's efforts to improve educational opportunities for Kentucky's children. HB 1 also includes a record amount of funding for schools with the intent of allowing local districts to increase pay for classroom personnel.

"We've continued to hear local districts need help providing raises, so we made a concerted effort to get resources to them. This budget proposal includes another record-high commitment to per pupil funding, allocates considerable funding for transportation costs, and doubles kindergarten funding to pay for the entire day," Petrie added. "We chose to allocate resources to local districts and allow them to create their own plans for raises since many have already used other sources of revenue to do so. Of course, we will also be monitoring as local districts make decisions about how to spend this money, as well as the millions in federal funding they have received to help students recover from learning loss and other issues associated with the pandemic and the state's shutdown."

Representative Brandon Reed, who serves as Vice Chair of the House Appropriations and Revenue Committee, is the primary cosponsor of HB 1, HB 241, and HB 244.

"For far too long Kentucky state government has looked at the budget as an opportunity to win votes and curry favor. That hasn't been our approach and it certainly is not with this budget. While some would ask that we use one-time federal funds to make recurring commitments we would be paying for long after the federal funding to pay for them has ended. We're committed to continuing work to provide clean drinking water, internet access, and meeting our pension obligations," Reed added. "These are basic and fundamental concerns."

Highlights from the proposed spending plans include:

K-12 Education Funding

- Increases the Base SEEK guarantee to a record high dollar amount of \$4,100 in the first fiscal year and \$4,200 in the second fiscal year. Every dollar SEEK is increased translates into an additional investment of \$800,000 in public school districts.
- Doubles state funding for full-day kindergarten in both fiscal years to cover the entire cost
- Increases transportation funding from approximately 51% to a minimum of 70%, with some districts at 100%
- Increases funding to eligible Family Resource and Youth Services Centers (FRYSCS) from approximately \$184 to \$220, totaling \$12 million additional in each year
- Fully funds Kentucky Teachers Retirement System at the actuarially required contribution rather than that required by law. The statutorily required contribution would be \$438 million, this plan allocates an estimated \$1.067 billion in the first year and \$1.084 billion in the second year.
- Pays off all past teacher cost of living adjustments and sick leave payouts to KTRS, totaling \$479 million
- Fully funds the state portion of health insurance for retired teachers under the age of 65
- Fully funds vocational education transportation at an additional \$5.4 million
- Provides certified speech pathologists and audiologists the same pay subsidy as certified teachers

Postsecondary Education

- Provides \$50 million additional in each year to the performance based funding model available to the University of Kentucky, University of Louisville, Western Kentucky University, Murray State

University, Northern Kentucky University, Morehead State University, and Kentucky Community and Technical Colleges.

- Funds a new health care workforce initiative at \$20 million in each year of the budget
- Fully funds the subsidy necessary to pay portion of retirement benefits owed under HB 8/2021RS
- Provides a total of \$350 million in each year of the budget to create asset preservation funds at each public postsecondary institution and KCTCS to maintain buildings and facilities. Funds will be available to these institutions based on the square footage of facilities model established in the performance-based model.
- Fully funds a Workforce Participation Trust Fund at every KCTCS institution
- Funds endowment matches at the University of Kentucky and University of Louisville at \$15 million in each year to incentivize research (Bucks for Brains)
- Provides an additional \$42 million in each year for anticipated growth in each year for the College Access Program (CAP), Kentucky Tuition Grant Program, and Work Ready Scholarship Program

Health and Family Services

- Provides necessary funding to implement the Public Health Transformation Act (HB 129/2020) to ensure public health departments are financially able to continue serving communities
- Allocates \$2.5 million to Area Health Educational Centers
- Raises the salary and institutes a retention payment for social workers totaling approximately, this is a \$25.6 million increase in the first year and a \$61.7 million increase in the second year
- Funds 100 additional social worker positions in each year of the budget for a total of 200 and provides a method of tracking the implementation of increased staffing
- Raises the reimbursement rate of 1915c (Michelle P, Home and Community Based Services) waiver services by 10% in each year of the budget
- Fully funds the increase in the nursing home reimbursement rate
- Provides for a pilot program to offer mental health services to rural communities through a mobile crisis service expansion
- Ensures funding for Medicaid growth and a reduction in the federal reimbursement, totaling approximately \$1.024 billion in FY 23-24

Justice

- Provides a \$15,000 pay increase to Kentucky State Police (KSP) Troopers and Motor Vehicle Inspectors
- Provides an \$8,000 pay increase to telecommunicators
- Provides more than a \$1 million in increased funding to the Office of the Medical Examiner
- Allocates funding for a pay increase for forensic lab personnel and replacement equipment
- Provides funding for additional personnel in the Office of the Attorney General, Commonwealth, and County Attorneys offices
- Provides a 6% raise to deputy circuit court clerks
- Allocates \$215 million to the KSP retirement fund to reduce the employer contribution rate from 141% per employee to 100%
- Funds the purchase of integrated body camera systems for the KSP
- Provides for the third phase of a radio purchase for KSP
- Allocates \$28.5 million for a training center at the Department of Criminal Justice Training at Eastern Kentucky University
- Increases the county jail per diem by \$4 to \$35.34

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- Provides \$38 million from the General Fund to finish the implementation of electronic filing in courts

Transportation/Infrastructure

- Provides \$200 million for the required state match for the federal infrastructure package
- Includes \$50 million in each year for a special grant to help local governments with road maintenance
- Provides \$10 million in each year for a grant pool available to the state's 52 general aviation airports
- Replaces over \$180 million in allocations formerly charged to the road fund with general fund dollars and moves that amount to the Maintenance Account

General Government

- Provides a 6% raise for public employees in the FY 22-23 and requires the Secretary of Personnel to develop a plan to revise the classification and compensation for funding in the second year
- Allocates \$350 million in American Rescue Plan Act (ARPA) funding towards clean water and wastewater projects to be allocated to each county by population
- Returns the unemployment insurance fund to pre-pandemic levels by allocating \$312 million in ARPA funds
- Eliminates the practice of bonding to pay for maintenance and repair projects through agency maintenance pools
- Provides cash, not bonds, for capital projects that are less than \$3 million
- Allocates a total of \$10 million towards a population-based grant pool under the Department of Local Government that would allow each Representative and Senator to award grants to local governments, educational units, and quasi-governmental agencies
- Funds the operation of the Bowling Green Veterans Nursing Home
- Provides \$500,000 in each year of the budget for the Raising Hope Initiative, a farmer suicide prevention program that will be moved to the Department of Agriculture

Economic Development

- Provides additional funding for Bluegrass State Skills Program
- Allocates \$10 million in each year for a Rural Product Development Initiative for business site development

Pensions

- Fully funds the actuarially required contribution for the Kentucky Retirement System at \$1.2 billion per year
- Fully funds the actuarially required contribution for the Kentucky Teachers Retirement System at an estimated \$1.067 billion in the first year and \$1.084 billion in the second year. (\$629 million in the first year and \$646 million more in the second year)
- Provides \$215 million to the Kentucky State Police Retirement Fund to reduce the employer contribution rate from 141% to 100%
- Funds the HB 8 subsidy for regional postsecondary institutions at \$2.2 million to ensure universities to pay their actual share of pension debt

House Speaker David Osborne applauded the work done under Petrie and Reed’s leadership, “This budget, crafted under the leadership of Chairman Petrie, Vice Chair Reed, and our Appropriations and Revenue subcommittee chairs, is a responsible spending plan that not only meets today’s needs but leaves us far better prepared for the future. We are in a strong financial position, but our economy is still in a precarious position. I know there are those calling for us to spend federal dollars as fast as we receive them, but you can’t spend the same dollar twice – we have to get it right the first time.”

Budget bills are traditionally assigned to the House Appropriations and Revenue Committee for consideration. Governor Andy Beshear is expected to make his budget recommendations available to lawmakers during a Budget Address on January 13.

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