

1 AN ACT amending the 2016-2018 executive branch biennial budget, making an  
2 appropriation therefor, and declaring an emergency.

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

4 ➔Section 1. 2016 Kentucky Acts Chapter 149, Part I, Operating Budget; A.  
5 General Government; 29. Teachers' Retirement System, at page 1054, is amended to read  
6 as follows:

7 **29. TEACHERS' RETIREMENT SYSTEM**

|                     | <b>2016-17</b> | <b>2017-18</b> |
|---------------------|----------------|----------------|
| 8 General Fund      | 779,248,000    | 744,837,200    |
| 10 Restricted Funds | 12,934,000     | 13,515,000     |
| 11 TOTAL            | 792,182,000    | 758,352,200    |

12 **(1) State Medical Insurance Fund Financing:** Notwithstanding KRS 161.420  
13 and 161.550, a portion of the state employer contribution in a sufficient amount shall be  
14 allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State  
15 Accumulation Fund.

16 **(2) Additional Employer Contribution for Pension Fund:** Included in the  
17 above General Fund appropriation is \$453,869,600 in fiscal year 2016-2017 and  
18 \$430,056,700 in fiscal year 2017-2018 to be applied to the unfunded pension liability of  
19 the Kentucky Teachers' Retirement System, of which \$9,598,200 in fiscal year 2016-2017  
20 and \$19,288,600 in fiscal year 2017-2018 represent lesser debt service funding  
21 requirements for bonds previously issued for the Kentucky Teachers' Retirement System.

22 **(3) Debt Service:** Included in the above General Fund appropriation is  
23 \$106,838,400 in fiscal year 2016-2017 and \$97,148,000 in fiscal year 2017-2018 for debt  
24 service on previously issued bonds.

25 **(4) State Annual Appropriations Deficit:** Pursuant to KRS 161.550(6), the  
26 Kentucky Teachers' Retirement System has identified a \$24,613,400 deficit for fiscal  
27 years 2013-2014 and 2014-2015. A portion of this deficit shall be funded from

1 \$11,624,800 from the state medical insurance fund stabilization contribution for fiscal  
2 year 2015-2016 within the General Fund appropriation specified in 2014 Ky. Acts ch.  
3 117, Part I, A., 29., and identified as the excess amount of the state medical insurance  
4 fund stabilization contribution by the Kentucky Teachers' Retirement System. Included  
5 in the above General Fund appropriation is \$12,988,600 in fiscal year 2016-2017 for the  
6 remaining portion of the deficit.

7       **(5) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year  
8 an amount not greater than four percent of the receipts of the state accumulation fund  
9 shall be set aside in the expense fund or expended for the administration of the retirement  
10 system.

11       **(6) Amortization of Sick Leave:** Included in the above General Fund  
12 appropriation is \$5,623,500 in fiscal year 2016-2017 and \$11,660,200 in fiscal year 2017-  
13 2018 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick  
14 leave, for members retiring during the 2016-2018 biennium.

15       **(7) Contribution for Retiree Medical Insurance:** Included in the above General  
16 Fund appropriation is \$46,545,800 in fiscal year 2016-2017 and \$53,948,400 in fiscal  
17 year 2017-2018 to support the state's contribution for the cost of retiree health insurance  
18 for members not eligible for Medicare, who have retired since July 1, 2010, pursuant to  
19 KRS 161.550.

20       **(8) Direct Appropriation for Pension Liability:** Included in the above General  
21 Fund appropriation is \$44,668,000 in each fiscal year to be applied to the unfunded  
22 pension liability of the Kentucky Teachers' Retirement System.

23       **(9) Dependent Subsidy for Retirees under age 65: Notwithstanding KRS**  
24 **161.675(4)(a) and (b), from July 1, 2017, through June 30, 2018, for all retirees under**  
25 **the age of 65 who participate in the Kentucky Group Health Insurance Program**  
26 **through the Kentucky Teachers' Retirement System, the Kentucky Teachers'**  
27 **Retirement System Board of Trustees shall have the authority to pay the same**

1 dependent subsidy that Executive Branch agencies pay for their active employees who  
 2 have similar coverage. The dependent subsidy is not subject to KRS 161.714. If the  
 3 Board of Trustees provides the dependent subsidy for Plan Year 2018, the Board shall  
 4 submit a report to the Interim Joint Committee on Appropriations and Revenue stating  
 5 the cost of such action for those retirees who retired before July 1, 2010, and the cost  
 6 of such action for those retirees who retired on or after July 1, 2010, and providing the  
 7 effect on the actuarial unfunded liability of the system. If the report is not submitted by  
 8 September 15, 2017, the authority to pay the dependent subsidy shall be voided for Plan  
 9 Year 2018.

10       ➔Section 2. 2016 Kentucky Acts Chapter 149, Part I, Operating Budget; C.  
 11 Department of Education; 1. Support Education Excellence in Kentucky (SEEK), at pages  
 12 1056 to 1058, is amended to read as follows:

13 **1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)**  
 14 **PROGRAM**

|                       | <b>2016-17</b> | <b>2017-18</b> |
|-----------------------|----------------|----------------|
| 16       General Fund | 3,035,747,400  | 3,024,776,100  |

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

19       **(2) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above  
 20 General Fund appropriation to the base SEEK Program is intended to provide a base  
 21 guarantee of \$3,981 per student in average daily attendance in fiscal year 2016-2017 and  
 22 \$3,981 per student in average daily attendance in fiscal year 2017-2018 as well as to meet  
 23 the other requirements of KRS 157.360.

24       Funds appropriated to the SEEK Program shall be allotted to school districts in  
 25 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall  
 26 not exceed the appropriations for this purpose, except as provided in this Act. The total  
 27 appropriation for the SEEK Program shall be measured by, or construed as, estimates of

1 the state expenditures required by KRS 157.310 to 157.440. If the required expenditures  
2 exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon  
3 the written request of the Commissioner of Education and with the approval of the  
4 Governor, may increase the appropriation by such amount as may be available and  
5 necessary to meet, to the extent possible, the required expenditures under the cited  
6 sections of the Kentucky Revised Statutes, but any increase of the total appropriation to  
7 the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter  
8 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of  
9 money required under KRS 157.310 to 157.440, allotments to local school districts may  
10 be reduced in accordance with KRS 157.430. Notwithstanding KRS 45.229, any  
11 unexpended SEEK funds shall not lapse and shall carry forward into fiscal year 2017-  
12 2018 to be used for pupil transportation and distributed in accordance with KRS  
13 157.370~~[be transferred to the Kentucky Teachers' Retirement System to be applied to the~~  
14 ~~system's unfunded pension liability].~~

15       **(3) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the  
16 above General Fund appropriation is \$2,101,558,200 in fiscal year 2016-2017 and  
17 \$2,089,985,500 in fiscal year 2017-2018 for the base SEEK Program as defined by KRS  
18 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in  
19 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall  
20 not exceed the appropriations for this purpose except as provided in this Act.  
21 Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK  
22 Program is \$214,752,800 in each fiscal year for pupil transportation.

23       **(4) Tier I Component:** Included in the above General Fund appropriation is  
24 \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 for the  
25 Tier I component as established by KRS 157.440.

26       **(5) Vocational Transportation:** Included in the above General Fund  
27 appropriation is \$2,416,900 in each fiscal year for vocational transportation.

1           **(6) Secondary Vocational Education:** Included in the above General Fund  
2 appropriation is \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year  
3 2017-2018 to provide secondary vocational education in state-operated vocational  
4 schools.

5           **(7) Teachers' Retirement System Employer Match:** Included in the above  
6 General Fund appropriation is \$388,817,000 in fiscal year 2016-2017 and \$397,482,500  
7 in fiscal year 2017-2018 to enable local school districts to provide the employer match for  
8 qualified employees as provided for by KRS 161.550.

9           **(8) Salary Supplements for Nationally Certified Teachers:** Notwithstanding  
10 KRS 157.395, included in the above General Fund appropriation is \$2,750,000 in each  
11 fiscal year for the purpose of providing salary supplements for public school teachers  
12 attaining certification by the National Board for Professional Teaching Standards.  
13 Notwithstanding the provisions of KRS 157.395, if the appropriation is insufficient to  
14 provide the mandated salary supplement for teachers who have obtained this certification,  
15 the Department of Education is authorized to pro rata reduce the supplement.

16           **(9) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before  
17 March 1 of each year, the Commissioner of Education shall determine the exact amount  
18 of the public common school fund to which each district is entitled, and the remainder of  
19 the amount due each district for the year shall be distributed in equal installments  
20 beginning the first month after completion of final calculation and for each successive  
21 month thereafter.

22           **(10) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its  
23 adjustment factors that are not needed for the base or a particular adjustment factor may  
24 be allocated to other adjustment factors, if funds for that adjustment factor are not  
25 sufficient.

26           **(11) Facilities Support Program of Kentucky/Equalized Nickel Levies:**  
27 Included in the above General Fund appropriation is \$80,109,500 in fiscal year 2016-

1 2017 and \$78,002,400 in fiscal year 2017-2018 to provide facilities equalization funding  
2 pursuant to KRS 157.440 and 157.620.

3 **(12) Growth Levy Equalization Funding:** Included in the above General Fund  
4 appropriation is \$17,234,200 in fiscal year 2016-2017 and \$16,414,200 in fiscal year  
5 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and  
6 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

7 **(13) Retroactive Equalized Facility Funding:** Included in the above General  
8 Fund appropriation is \$16,377,200 in fiscal year 2016-2017 and \$15,973,300 in fiscal  
9 year 2017-2018 to provide equalized facility funding pursuant to KRS 157.440 and  
10 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In  
11 addition, a local board of education that levied a tax rate subject to recall by January 1,  
12 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that  
13 committed the receipts to debt service, new facilities, or major renovations of existing  
14 facilities shall be eligible for equalization funds from the state at 150 percent of the  
15 statewide average per pupil assessment. Revenue to generate the five cent equivalent levy  
16 may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS  
17 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was  
18 dedicated to facilities funding at the time of the levy. The equalization funds shall be used  
19 as provided in KRS 157.440(1)(b). For the 2016-2018 fiscal biennium, school districts  
20 that levied the tax rate subject to recall prior to January 1, 2014, shall be equalized at 100  
21 percent of the calculated equalization funding, and school districts that levied the tax rate  
22 subject to recall after January 1, 2014, and before January 1, 2016, and began collecting  
23 the tax by fiscal year 2016-2017, shall be equalized at 25 percent of the calculated  
24 equalization funding in each fiscal year. It is the intent of the 2016 General Assembly that  
25 any local school district receiving partial equalization under this subsection in the 2016-  
26 2018 fiscal biennium shall receive full calculated equalization in the 2018-2020 fiscal  
27 biennium and thereafter.

1           **(14) Equalized Facility Funding:** Included in the above General Fund  
2 appropriation is \$6,829,600 in fiscal year 2016-2017 and \$6,658,300 in fiscal year 2017-  
3 2018 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to  
4 districts meeting the eligibility requirements of KRS 157.621(3) and (4).

5           **(15) BRAC Equalized Facility Funding:** Included in the above General Fund  
6 appropriation is \$1,832,000 in fiscal year 2016-2017 and \$1,764,100 in fiscal year 2017-  
7 2018 to provide equalized facility funding to school districts meeting the eligibility  
8 requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

9           **(16) Equalization Funding for Critical Construction Needs Schools:** Included  
10 in the above General Fund appropriation is \$5,639,300 in fiscal year 2016-2017 and  
11 \$5,532,800 in fiscal year 2017-2018 to school districts in accordance with 2010 (1st  
12 Extra. Sess.) Ky. Acts ch. 1, Part I, C., 4., (18).

13           **(17) Hold-Harmless Guarantee:** A modified hold-harmless guarantee is  
14 established in fiscal biennium 2016-2018 which provides that every local school district  
15 shall receive at least the same amount of Support Education Excellence in Kentucky  
16 (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds  
17 appropriated to the SEEK Program are insufficient to provide the amount of money  
18 required under KRS 157.310 to 157.440, and allotments to local school districts are  
19 reduced in accordance with KRS 157.430, allocations to school districts subject to this  
20 provision shall not be reduced.

21           **(18) Residential Youth-at-Risk Programs:** In accordance with KRS 157.360, no  
22 funds from the SEEK Program shall be distributed to the programs operated by the  
23 Kentucky Guard Youth Challenge Division of the Department of Military Affairs.  
24 Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary,  
25 any nonresident school district providing educational services to students enrolled in  
26 programs operated by the Kentucky Guard Youth Challenge Division of the Department  
27 of Military Affairs shall be paid for those services from the General Fund appropriation in

1 Part I, A., 8. of this Act.

2 **(19) Additional SEEK Funding:** If the General Fund appropriation contained in  
3 2014 Ky. Acts ch. 117, Part I, C., 1. is not sufficient to fully fund the SEEK Program,  
4 including any adjustments pursuant to KRS 157.360 in fiscal year 2015-2016, or if the  
5 above General Fund appropriation is not sufficient to fully fund the SEEK Program,  
6 including any adjustments pursuant to KRS 157.360 in fiscal year 2016-2017 or fiscal  
7 year 2017-2018, the Kentucky Department of Education may request up to \$10,000,000  
8 in each fiscal year, which shall be deemed a necessary government expense and shall be  
9 paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust  
10 Fund Account (KRS 48.705).

11 **(20) Public Charter Schools: For fiscal year 2017-2018:**

12 **(a) A public charter school shall serve as a school of location within its local**  
13 **education agency;**

14 **(b) Attendance for a student enrolled in a public charter school who resides**  
15 **within the boundaries of the local school district where the public charter school is**  
16 **located shall be included and reported in the local school district's Superintendent's**  
17 **Annual Attendance Report and any other reports used for enrollment and attendance**  
18 **purposes required to be submitted to the Kentucky Department of Education. This data**  
19 **shall be used to calculate funding for the local school district pursuant to KRS 157.360**  
20 **and 157.440(1)(a);**

21 **(c) A local school district where a public charter school is located shall transfer**  
22 **the public charter school's portion of the local school district's funding calculated**  
23 **pursuant to KRS 157.360. The public charter school's portion shall be allocated in the**  
24 **same manner as the school allocation model used by the local school district based on**  
25 **applicable data provided by the public charter school. A report detailing the formula**  
26 **used for public charter schools and the local school district's non-charter schools shall**  
27 **be transmitted to the Kentucky Board of Education, the Secretary of the Education and**

1 Workforce Development Cabinet, the Legislative Research Commission, and the  
2 authorizer within 30 days of its adoption by the local school board, after which the  
3 Kentucky Board of Education may find the formula used by the local school district for  
4 public charter schools deficient and request a revision thereof within 90 days.

5 The following funds shall not be included in the funds allocated to the public  
6 charter school:

7 1. Local capital outlay funds that are restricted in use pursuant to KRS  
8 157.420(4), 157.440(1)(b), and 157.621; or other financing mechanisms for new  
9 construction and renovation projects for school facilities;

10 2. Local funds raised pursuant to KRS 157.440(2)(a);

11 3. Transportation funds calculated pursuant to KRS 157.360(2)(c), as outlined  
12 in paragraph (d) of this subsection; and

13 4. Three percent of the total funding allocated in paragraph (c) of this  
14 subsection, which shall be retained by the authorizer if the authorizer is a local school  
15 district or transferred to the authorizer if the authorizer is not a local school district. If  
16 the Kentucky Board of Education approves a public charter school on appeal from  
17 another authorizer, the Kentucky Board of Education shall receive 25 percent of any  
18 authorizer fee during the period of the charter;

19 (d) If a local school district provides transportation to students attending a  
20 public charter school under terms agreed upon by the local school district and the  
21 public charter school in the charter contract, the local school district shall not be  
22 required to transfer the transportation funds described in paragraph (c)3. of this  
23 subsection. If a local school district does not provide transportation to students  
24 attending a public charter school, the transportation funds described in paragraph  
25 (c)3. of this subsection shall be transferred to the public charter school. The amount of  
26 funds transferred shall be calculated by multiplying the total amount of transportation  
27 funds the local school district receives pursuant to KRS 157.360(2)(c) by a fraction, the

1 numerator of which equals the number of students attending the public charter school  
2 who would otherwise be transported by the local school district, and the denominator  
3 of which equals the total number of students transported by the local school district;

4 (e) Public charter schools shall receive any education funds derived from  
5 occupational license fees on a proportionate per-pupil basis;

6 (f) Funding for a public charter school that is authorized by a collaborative of  
7 one or more local school districts shall be determined by the collaborative agreement.

8 A copy of the collaborative agreement and the allocation formula used for each  
9 participating local school district's non-charter schools shall be transmitted to the  
10 Kentucky Board of Education, the Secretary of the Education and Workforce  
11 Development Cabinet, the Legislative Research Commission, and the authorizer within  
12 30 days of its adoption by the local school board, after which the Kentucky Board of  
13 Education may find the funding plan contained in the collaborative agreement  
14 deficient and request a revision thereof within 90 days;

15 (g) A student enrolled in a public charter school that is a Regional  
16 Achievement Academy who resides outside the boundaries of the local school district  
17 where the Regional Achievement Academy is located but within the Regional  
18 Achievement Zone shall be included and reported in the local school district of  
19 residence's Superintendent's Annual Attendance Report and any other reports used for  
20 enrollment and attendance purposes required to be submitted to the Kentucky  
21 Department of Education. This data shall be used to calculate funding for the local  
22 school district of residence pursuant to KRS 157.360 and 157.440(1)(a);

23 (h) A local school district that is located within a Regional Achievement Zone  
24 shall transfer the public charter school's portion of the local school district's funding  
25 calculated pursuant to KRS 157.360. The public charter school's portion shall be  
26 allocated in the same manner as the school allocation model used by the local school  
27 district based on applicable data provided by the public charter school. A report

1 detailing the formula used for public charter schools and the local school district's  
2 non-charter schools shall be transmitted to the Kentucky Board of Education, the  
3 Secretary of the Education and Workforce Development Cabinet, the Legislative  
4 Research Commission, and the authorizer within 30 days of its adoption by the local  
5 school board, after which the Kentucky Board of Education may find the formula used  
6 by the local school district for public charter schools deficient and request a revision  
7 thereof within 90 days.

8 The following funds shall not be included in the funds allocated to the Regional  
9 Achievement Academy:

10 1. Local capital outlay funds that are restricted in use pursuant to KRS  
11 157.420(4), 157.440(1)(b), and 157.621, or other financing mechanisms for new  
12 construction and renovation projects for school facilities;

13 2. Local funds raised pursuant to KRS 157.440(2)(a);

14 3. Transportation funds calculated pursuant to KRS 157.360(2)(c), as outlined  
15 in paragraph (i) of this subsection; and

16 4. Three percent of the total funding allocated in paragraph (h) of this  
17 subsection, which shall be retained by the authorizer if the authorizer is a local school  
18 district, or transferred to the authorizer or authorizing collaborative and distributed to  
19 the participating local school districts in the collaborative as determined by the  
20 collaborative agreement if the authorizer is a collaborative of two or more local school  
21 districts, or transferred to the authorizer if the authorizer is not a local school district.  
22 If the Kentucky Board of Education approves a public charter school on appeal from  
23 another authorizer, the Kentucky Board of Education shall receive 25 percent of any  
24 authorizer fee during the period of the charter;

25 (i) Transportation for students in a public charter school located within a  
26 Regional Achievement Zone shall be provided as determined by the authorizing local  
27 school district or collaborative as determined by the collaborative agreement. If a local

1 school district that is a participant in the authorizing collaborative provides  
2 transportation to students attending a public charter school in a Regional Achievement  
3 Zone under terms agreed upon by the local school district and the public charter  
4 school in the charter contract, the local school district shall not be required to transfer  
5 to the public charter school the transportation funds described in paragraph (h)3. of  
6 this subsection. If a local school district that is a participant in a collaborative does not  
7 provide transportation to students attending a public charter school, the transportation  
8 funds described in paragraph (h)3. of this subsection shall be transferred to the local  
9 school district providing the transportation, if applicable, or to the Regional  
10 Achievement Academy if no local school district provides transportation. The amount  
11 of funds transferred shall be calculated by multiplying the total amount of  
12 transportation funds the local school district receives pursuant to KRS 157.360(2)(c) by  
13 a fraction, the numerator of which equals the number of students attending the public  
14 charter school who would otherwise be transported by the local school district, and the  
15 denominator of which equals the total number of students transported by the local  
16 school district. If a local school district is not a participant in the collaborative  
17 authorizing the public charter school in a Regional Achievement Zone, the local  
18 school district shall not be required to transfer to the public charter school the  
19 transportation funds described in paragraph (h)3. of this subsection;

20 (j) Funds transferred for purposes of public charter schools shall be  
21 transferred throughout the school year according to a schedule to be determined by the  
22 Kentucky Board of Education. A failure to transfer required funds shall result in a fine  
23 to the entity required to transfer the funds of not less than five percent of the total  
24 funding per funding period for every five days late on funds transfers, which shall be  
25 transferred to the public charter school;

26 (k) Funds transferred pursuant to this subsection shall be transferred to:

27 1. The public charter school if the local school district is the authorizer;

1        2. The Regional Achievement Academy if a Regional Achievement Zone  
2 collaborative is the authorizer; or

3        3. The authorizer if a local school district or Regional Achievement Zone  
4 collaborative is not the authorizer of the public charter school;

5        (l) The Kentucky Board of Education shall promulgate administrative  
6 regulations governing the transfer of funds between local school districts, authorizers,  
7 and public charter schools, and the imposition of fines for late funds transfers;

8        (m) A public charter school shall be eligible for federal and state competitive  
9 grants and shall not be excluded from an opportunity to participate as an independent  
10 educational entity as long as the available grants align with the grade levels included  
11 in the public charter school and the other criteria established for the respective grants;

12        (n) A public charter school shall receive a proportionate share of moneys  
13 generated under federal and state categorical aid programs for students that are  
14 eligible for the aid and attending the public charter school. A local school district shall  
15 ensure that a public charter school with rapidly expanding enrollment is treated  
16 equitably in the calculation and disbursement of all federal and state categorical aid  
17 program funding. Each public charter school that receives such aid shall comply with  
18 all reporting requirements to receive such aid; and

19        (o) The Commissioner of Education shall apply for all federal funding that  
20 supports charter school initiatives for which a state must be the applicant and shall  
21 cooperate with a public charter school in its efforts to seek federal funding.

22        (21) Public Charter School Employees: For fiscal year 2017-2018:

23        (a) 1. Public charter school employees shall participate in the Teachers'  
24 Retirement System or the County Employees Retirement System, as determined by their  
25 eligibility for participation in the appropriate system and provided the public charter  
26 school satisfies the criteria set by the Internal Revenue Service to participate in a  
27 governmental retirement plan;

1        2. Teachers and other certified personnel shall make any required employee  
2 contributions to the Teachers' Retirement System under KRS 161.220 to 161.716;

3        3. Classified employees who are members of the County Employees  
4 Retirement System shall make any required employee contributions to the County  
5 Employees Retirement System under KRS 78.510 to 78.852; and

6        4. A public charter school shall make any required employer contributions to  
7 the Teachers' Retirement System under KRS 161.220 to 161.716 and the County  
8 Employees Retirement System under KRS 78.510 to 78.852 in the same manner and  
9 level as local school districts;

10        (b) A public charter school employee shall not be required to be a member of  
11 any collective bargaining agreement;

12        (c) A public charter school shall participate in the Kentucky Employees Health  
13 Plan on the same basis as a local school district;

14        (d) Any state appropriation for retirement, health, or life insurance benefits  
15 made on behalf of a local public school employee shall also be made on behalf of a  
16 public charter school employee;

17        (e) A local school board shall not require any employee of the local school  
18 district to be employed in a public charter school or any student enrolled in the local  
19 school district to attend a public charter school;

20        (f) A local school board shall not harass, threaten, discipline, discharge,  
21 retaliate, or in any manner discriminate against any local school district employee  
22 involved directly or indirectly with an application to establish a public charter school;  
23 and

24        (g) For the purposes of calculating sick leave credit under KRS 161.220 to  
25 161.716, teachers and other certified personnel shall not accumulate more days of sick  
26 leave during their employment with a public charter school than they would have  
27 otherwise accumulated as a certified employee of the local school district in which the

1 *public charter school is located.*

2       ➔Section 3. 2016 Kentucky Acts Chapter 149, Part I, Operating Budget; C.  
3 Department of Education; 3. Learning and Results Services; (20) Use of Local District  
4 Capital Funds, at page 1064, is amended to read as follows:

5       **(20) Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and  
6 (6), 157.440, and 157.621, a local board of education may submit a request to the  
7 Commissioner of Education to utilize any capital funds, regardless of the source, for  
8 general operating expenses in fiscal year 2016-2017 without forfeiting the district's  
9 eligibility to participate in the School Facilities Construction Commission Program. Prior  
10 to August 1, 2016, the Kentucky Board of Education shall approve guidelines to be  
11 followed in considering such requests from local boards of education *for fiscal year*  
12 *2016-2017. Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local*  
13 *board of education may submit a request to the Commissioner of Education to utilize*  
14 *any capital funds, regardless of the source, for general operating expenses in fiscal*  
15 *year 2017-2018 without forfeiting the district's eligibility to participate in the School*  
16 *Facilities Construction Commission Program, except that the Commissioner of*  
17 *Education shall not approve any capital funds request that exceeds 50% of a local*  
18 *board of education's current trailing three-year average. Prior to August 1, 2017, the*  
19 *Kentucky Board of Education shall approve guidelines to be followed in considering*  
20 *such requests from local boards of education for fiscal year 2017-2018.* ~~Prior to~~  
21 ~~December 15, 2016, the Kentucky Board of Education shall approve a recommendation to~~  
22 ~~the General Assembly on the local school district use of capital funds in fiscal year 2017-~~  
23 ~~2018, which shall be provided to the Interim Joint Committee on Appropriations and~~  
24 ~~Revenue.]~~

25       ➔Section 4. 2016 Kentucky Acts Chapter 149, Part I, Operating Budget; E.  
26 Energy and Environment Cabinet; 1. Secretary, at page 1067, is amended to read as  
27 follows:

1   **1.   SECRETARY**

|                          | <b>2016-17</b> | <b>2017-18</b> |
|--------------------------|----------------|----------------|
| 3       General Fund     | 3,029,300      | 3,059,400      |
| 4       Restricted Funds | 2,021,000      | 1,967,900      |
| 5       Federal Funds    | 810,900        | 856,300        |
| 6       TOTAL            | 5,861,200      | 5,883,600      |

7       **(1) Administrative Support:** Notwithstanding KRS 224.60-130, 224.60-140,  
8       and 224.60-145, the Secretary may use Restricted Funds to support the Environmental  
9       Quality Commission. The use of these funds shall not exceed \$225,100 in fiscal year  
10      2016-2017 and \$233,600 in fiscal year 2017-2018.

11      **(2) Volkswagen Mitigation Trust Agreement: All funds received from the**  
12      **environmental mitigation trust established by Volkswagen pursuant to the partial**  
13      **consent decree shall be held in a trust and agency account. These funds shall not be**  
14      **expended or appropriated without the express authority of the General Assembly.**

15      ➔Section 5. There is hereby appropriated to the Council on Postsecondary  
16      Education supplemental General Fund moneys in the amount of \$298,000 in fiscal year  
17      2017-2018 to fully fund 164 veterinary medicine and 44 optometry slots in the Contract  
18      Spaces Program.

19      ➔Section 6. 2016 Kentucky Acts Chapter 149, Part II, Capital Projects Budget; J.  
20      Postsecondary Education; 8. University of Kentucky, at page 1122, is amended by  
21      inserting the following after project 192.:

22      **193. Lease - Warren County - College of Medicine 1**

23      ➔Section 7. 2016 Kentucky Acts Chapter 149, Part II, Capital Projects Budget; J.  
24      Postsecondary Education; 9. University of Louisville, at page 1124, is amended by  
25      inserting the following after project 055.:

26      **056. Jefferson County - Student Housing 1 – Lease**

27      ➔Section 8. Whereas the provisions of this Act provide ongoing support for

1 programs funded in the 2016-2018 executive branch biennial budget, an emergency is  
2 declared to exist, and this Act takes effect upon its passage and approval by the Governor  
3 or upon its otherwise becoming law.