

Labor

Labor

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,744,100	5,101,500	5,183,400	5,201,000	5,244,300
State Salary and Compensation	17,000				
Budget Reduction-General Fund	-90,000				
Total General Fund	4,671,100	5,101,500	5,183,400	5,201,000	5,244,300
Restricted Funds					
Balance Forward	19,995,612	23,548,734	9,941,200	622,900	1,281,100
Current Receipts	100,080,972	86,738,332	103,646,200	116,188,800	118,211,500
Non-Revenue Receipts	87,493,166	97,746,871	99,656,700	108,954,200	110,074,700
Fund Transfers	-93,504				
Total Restricted Funds	207,476,247	208,033,937	213,244,100	225,765,900	229,567,300
Federal Fund					
Balance Forward	137,438				
Current Receipts	3,349,115	3,783,604	4,162,900	3,666,300	3,666,300
Non-Revenue Receipts	-22,814	-18,986	-16,800	-16,800	-16,800
Total Federal Fund	3,463,738	3,764,618	4,146,100	3,649,500	3,649,500
TOTAL SOURCE OF FUNDS	215,611,086	216,900,054	222,573,600	234,616,400	238,461,100
EXPENDITURES BY CLASS					
Personnel Costs	124,263,149	134,946,084	143,301,500	152,164,800	154,593,300
Operating Expenses	5,087,305	5,907,515	7,263,800	7,580,000	7,571,900
Grants Loans Benefits	62,437,212	63,880,859	71,012,100	73,400,500	75,389,900
Capital Outlay	272,102	2,224,476	140,000	190,000	190,000
TOTAL EXPENDITURES	192,059,768	206,958,934	221,717,400	233,335,300	237,745,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,668,516	5,101,500	4,950,100	5,201,000	5,244,300
Restricted Funds	183,927,514	198,092,816	212,621,200	224,484,800	228,851,300
Federal Fund	3,463,738	3,764,618	4,146,100	3,649,500	3,649,500
TOTAL EXPENDITURES	192,059,768	206,958,934	221,717,400	233,335,300	237,745,100
EXPENDITURES BY UNIT					
Secretary	3,689,674	4,030,635	4,603,600	4,736,700	4,780,500
General Administration and Program Support	5,757,252	5,817,179	6,608,000	6,373,100	6,403,400
Workplace Standards	73,485,468	75,216,513	84,297,800	87,217,900	89,327,500
Workers' Claims	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800
Occupational Safety and Health Review Commission	676,003	688,041	770,900	806,500	813,100
Workers' Compensation Funding Commission	93,477,907	102,750,418	107,398,000	115,325,100	117,379,800
TOTAL EXPENDITURES	192,059,768	206,958,934	221,717,400	233,335,300	237,745,100

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory

Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

	Labor Secretary				
	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	337,859	249,023	283,900		
Current Receipts	1,553	2,367	2,300	2,300	2,300
Non-Revenue Receipts	3,491,000	3,892,919	4,128,800	4,594,600	4,638,400
Total Restricted Funds	3,830,412	4,144,309	4,415,000	4,596,900	4,640,700
Federal Fund					
Current Receipts	108,285	170,265	188,600	139,800	139,800
Total Federal Fund	108,285	170,265	188,600	139,800	139,800
TOTAL SOURCE OF FUNDS	3,938,698	4,314,574	4,603,600	4,736,700	4,780,500
EXPENDITURES BY CLASS					
Personnel Costs	3,260,721	3,513,795	3,942,700	4,025,500	4,069,300
Operating Expenses	428,953	516,840	660,900	711,200	711,200
TOTAL EXPENDITURES	3,689,674	4,030,635	4,603,600	4,736,700	4,780,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,581,389	3,860,370	4,415,000	4,596,900	4,640,700
Federal Fund	108,285	170,265	188,600	139,800	139,800
TOTAL EXPENDITURES	3,689,674	4,030,635	4,603,600	4,736,700	4,780,500
EXPENDITURES BY UNIT					
Secretary	3,689,674	4,030,635	4,603,600	4,736,700	4,780,500
TOTAL EXPENDITURES	3,689,674	4,030,635	4,603,600	4,736,700	4,780,500

The Secretary of Labor manages and administers the duties of the Cabinet.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and group self-insurers.

	Labor				
	General Administration and Program Support				
SOURCE OF FUNDS	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
General Fund					
Regular Appropriation	2,993,600	3,312,200	3,358,900	3,193,600	3,219,000
State Salary and Compensation	10,400				
Total General Fund	3,004,000	3,312,200	3,358,900	3,193,600	3,219,000
Restricted Funds					
Balance Forward	1,358,765	1,332,411	1,263,700	622,900	516,700
Current Receipts	69,596	1,406			
Non-Revenue Receipts	2,685,575	2,385,581	2,686,100	2,999,900	2,797,100
Fund Transfers	-93,504				
Total Restricted Funds	4,020,432	3,719,397	3,949,800	3,622,800	3,313,800
Federal Fund					
Balance Forward	1,595				
Current Receipts	64,911	50,573	75,200	75,200	75,200
Non-Revenue Receipts	-1,275	-1,281	-1,800	-1,800	-1,800
Total Federal Fund	65,231	49,292	73,400	73,400	73,400
TOTAL SOURCE OF FUNDS	7,089,663	7,080,890	7,382,100	6,889,800	6,606,200
EXPENDITURES BY CLASS					
Personnel Costs	5,123,340	4,878,596	5,437,300	5,234,300	5,270,200
Operating Expenses	615,748	938,582	1,170,700	1,138,800	1,133,200
Capital Outlay	18,164				
TOTAL EXPENDITURES	5,757,252	5,817,179	6,608,000	6,373,100	6,403,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,004,000	3,312,200	3,207,700	3,193,600	3,219,000
Restricted Funds	2,688,021	2,455,686	3,326,900	3,106,100	3,111,000
Federal Fund	65,231	49,292	73,400	73,400	73,400
TOTAL EXPENDITURES	5,757,252	5,817,179	6,608,000	6,373,100	6,403,400
EXPENDITURES BY UNIT					
Office of General Admin & Program Support	5,081,614	5,228,424	5,959,500	5,798,500	5,845,300
Support Shared Services					
Inspector General Shared Services	675,638	588,754	648,500	574,600	558,100
TOTAL EXPENDITURES	5,757,252	5,817,179	6,608,000	6,373,100	6,403,400

Attached to the Labor Cabinet for administrative purposes, General Administration and Program Support for Shared Services includes the Office of Administrative and Program Support for Shared Services and the Office of Inspector General for Shared Services. Both offices provide the Public Protection Cabinet, Labor Cabinet and Energy and Environment Cabinet agencies with the centralized administrative resources necessary to carry out their mission.

The Office of Administrative and Program Support for Shared Services serves as a central point of contact for fiscal, personnel, payroll, budget and operations for the three Cabinets. The Division of Information Services within the Office of Administrative and Program Support for Shared Services is a central point of contact for information technology services for the Public Protection Cabinet and Energy and Environment Cabinet.

The Office of Inspector General for Shared Services is the lead investigative agency for the three Cabinets.

**Labor
Workplace Standards**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,750,500	1,789,300	1,824,500	2,007,400	2,025,300
State Salary and Compensation	6,600				
Budget Reduction-General Fund	-90,000				
Total General Fund	1,667,100	1,789,300	1,824,500	2,007,400	2,025,300
Restricted Funds					
Balance Forward	4,388,122	2,600,804	3,893,900		
Current Receipts	1,260,721	798,314	800,000	800,000	800,000
Non-Revenue Receipts	65,482,692	70,376,893	73,977,400	80,974,200	83,065,900
Total Restricted Funds	71,131,534	73,776,010	78,671,300	81,774,200	83,865,900
Federal Fund					
Balance Forward	135,843				
Current Receipts	3,175,918	3,562,766	3,899,100	3,451,300	3,451,300
Non-Revenue Receipts	-21,540	-17,706	-15,000	-15,000	-15,000
Total Federal Fund	3,290,222	3,545,061	3,884,100	3,436,300	3,436,300
TOTAL SOURCE OF FUNDS	76,088,856	79,110,371	84,379,900	87,217,900	89,327,500
EXPENDITURES BY CLASS					
Personnel Costs	9,281,680	9,692,222	11,081,100	11,375,700	11,496,700
Operating Expenses	1,588,240	1,643,432	2,204,600	2,391,700	2,390,900
Grants Loans Benefits	62,437,212	63,880,859	71,012,100	73,400,500	75,389,900
Capital Outlay	178,337			50,000	50,000
TOTAL EXPENDITURES	73,485,468	75,216,513	84,297,800	87,217,900	89,327,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,664,516	1,789,300	1,742,400	2,007,400	2,025,300
Restricted Funds	68,530,731	69,882,152	78,671,300	81,774,200	83,865,900
Federal Fund	3,290,222	3,545,061	3,884,100	3,436,300	3,436,300
TOTAL EXPENDITURES	73,485,468	75,216,513	84,297,800	87,217,900	89,327,500
EXPENDITURES BY UNIT					
Employment Standards	1,664,516	1,789,300	1,742,400	2,007,400	2,025,300
Workers' Compensation Funds	62,929,823	64,413,154	71,513,400	74,005,600	76,002,500
Occupational Safety and Health	8,489,747	8,561,836	10,578,600	10,745,700	10,837,600
Commissioner's Office	401,382	452,222	463,400	459,200	462,100
TOTAL EXPENDITURES	73,485,468	75,216,513	84,297,800	87,217,900	89,327,500

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, 343, and 388.

The Department is comprised of the Division of Occupational Safety and Health Compliance; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training; and the Division of Workers' Compensation Funds.

The Division of Workers' Compensation Funds is responsible for the administration and legal representation of the Special Fund and Coal Workers' Pneumoconiosis Fund and the maintenance of records regarding the payment of workers' compensation injury claims by these funds.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are returned to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the

Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Employment Standards, Apprenticeship and Mediation is responsible for enforcing areas of Kentucky labor laws including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training and mediation.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Employment Standards, Apprenticeship and Mediation Services.

Policy

The Budget of the Commonwealth provides \$250,000 General Fund appropriation in each fiscal year for the Apprenticeship program.

**Labor
Workers' Claims**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,213,610	642,159	1,318,000		
Current Receipts	192,012	205,874	200,000	200,000	200,000
Non-Revenue Receipts	14,210,000	18,926,000	16,521,100	18,676,000	18,840,800
Total Restricted Funds	15,615,622	19,774,033	18,039,100	18,876,000	19,040,800
TOTAL SOURCE OF FUNDS	15,615,622	19,774,033	18,039,100	18,876,000	19,040,800
EXPENDITURES BY CLASS					
Personnel Costs	12,710,469	13,736,187	15,047,100	15,747,800	15,912,300
Operating Expenses	2,187,393	2,495,486	2,852,000	2,988,200	2,988,500
Capital Outlay	75,602	2,224,476	140,000	140,000	140,000
TOTAL EXPENDITURES	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800
TOTAL EXPENDITURES	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800
EXPENDITURES BY UNIT					
Workers' Claims	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800
TOTAL EXPENDITURES	14,973,463	18,456,148	18,039,100	18,876,000	19,040,800

The Department of Workers' Claims operates under the authority of KRS Chapters 11, 342, and 336. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department has four divisions. The Division of Claims Processing processes injury claims. The Division of Information and Research collects, stores and retrieves data and disseminates information for the Department. The Division of Security and Compliance handles electronic filings for coverage, enforcement investigations and self-insurance issues. The Division of Ombudsman and Workers' Compensation Specialist Services provides services to employees, employers, insurance carriers, and medical providers.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

The Workers' Compensation Advisory Council and the Workers' Compensation Nominating Commission established by KRS Chapter 342 are attached to the Department for administrative purposes.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Occupational Safety and Health Review Commission

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	42,038	77,264	77,100		
Current Receipts	30	22			
Non-Revenue Receipts	711,200	687,900	693,800	806,500	813,100
Total Restricted Funds	753,268	765,186	770,900	806,500	813,100
TOTAL SOURCE OF FUNDS	753,268	765,186	770,900	806,500	813,100
EXPENDITURES BY CLASS					
Personnel Costs	630,787	642,095	725,400	761,600	768,200
Operating Expenses	45,217	45,947	45,500	44,900	44,900
TOTAL EXPENDITURES	676,003	688,041	770,900	806,500	813,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	676,003	688,041	770,900	806,500	813,100
TOTAL EXPENDITURES	676,003	688,041	770,900	806,500	813,100
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	676,003	688,041	770,900	806,500	813,100
TOTAL EXPENDITURES	676,003	688,041	770,900	806,500	813,100

The Kentucky Occupational Safety and Health Review Commission is an independent quasi judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor					
Workers' Compensation Funding Commission					
SOURCE OF FUNDS	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
Restricted Funds					
Balance Forward	12,655,220	18,647,072	3,104,600		764,400
Current Receipts	98,557,060	85,730,348	102,643,900	115,186,500	117,209,200
Non-Revenue Receipts	912,700	1,477,580	1,649,500	903,000	-80,600
Total Restricted Funds	112,124,979	105,855,000	107,398,000	116,089,500	117,893,000
TOTAL SOURCE OF FUNDS	112,124,979	105,855,000	107,398,000	116,089,500	117,893,000
EXPENDITURES BY CLASS					
Personnel Costs	93,256,153	102,483,189	107,067,900	115,019,900	117,076,600
Operating Expenses	221,754	267,228	330,100	305,200	303,200
TOTAL EXPENDITURES	93,477,907	102,750,418	107,398,000	115,325,100	117,379,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	93,477,907	102,750,418	107,398,000	115,325,100	117,379,800
TOTAL EXPENDITURES	93,477,907	102,750,418	107,398,000	115,325,100	117,379,800
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,654,998	1,764,289	1,995,900	2,084,000	2,100,400
Benefit Reserve	88,322,909	94,377,443	98,346,700	103,005,200	103,027,900
KCWP Fund	3,500,000	6,608,685	7,055,400	10,235,900	12,251,500
TOTAL EXPENDITURES	93,477,907	102,750,418	107,398,000	115,325,100	117,379,800

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. These funds are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Employment Standards, Apprenticeship and Mediation; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will

transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Personnel

Personnel

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,557,800	959,600	959,600	873,200	873,200
State Salary and Compensation	-4,500,000				
Budget Reduction-General Fund	-5,030				
Total General Fund	1,052,770	959,600	959,600	873,200	873,200
Restricted Funds					
Balance Forward	18,878,816	20,184,927	18,332,200	16,016,800	14,175,500
Current Receipts	51,539,282	51,858,285	51,806,500	54,769,200	55,449,400
Non-Revenue Receipts	9,899,121	9,529,197	7,267,800	7,571,300	7,601,800
Fund Transfers	-3,074,800	-4,460,080			
Total Restricted Funds	77,242,419	77,112,329	77,406,500	78,357,300	77,226,700
TOTAL SOURCE OF FUNDS	78,295,189	78,071,929	78,366,100	79,230,500	78,099,900
EXPENDITURES BY CLASS					
Personnel Costs	51,676,103	52,462,588	55,005,400	57,502,000	58,764,600
Operating Expenses	5,365,493	6,124,256	6,191,700	6,487,200	7,032,900
Grants Loans Benefits	1,053,069	959,900	916,700	873,500	873,500
Capital Outlay	15,596	193,037	192,300	192,300	192,300
TOTAL EXPENDITURES	58,110,261	59,739,782	62,306,100	65,055,000	66,863,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,052,769	959,600	916,400	873,200	873,200
Restricted Funds	57,057,492	58,780,182	61,389,700	64,181,800	65,990,100
TOTAL EXPENDITURES	58,110,261	59,739,782	62,306,100	65,055,000	66,863,300
EXPENDITURES BY UNIT					
General Operations	26,326,670	27,762,148	28,028,200	29,586,000	30,320,800
Public Employees Deferred Compensation Authority	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700
Workers' Compensation Benefits and Reserve	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600
State Group Health Insurance Fund	1,052,769	959,600	916,400	873,200	873,200
TOTAL EXPENDITURES	58,110,261	59,739,782	62,306,100	65,055,000	66,863,300

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

**Personnel
General Operations**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,187,405	1,466,848	1,081,700	493,200	688,000
Current Receipts	18,046,792	19,917,914	20,026,900	22,059,500	22,779,700
Non-Revenue Receipts	10,034,121	9,919,197	7,412,800	7,721,300	7,756,800
Fund Transfers	-2,474,800	-2,460,080			
Total Restricted Funds	27,793,517	28,843,879	28,521,400	30,274,000	31,224,500
TOTAL SOURCE OF FUNDS	27,793,517	28,843,879	28,521,400	30,274,000	31,224,500
EXPENDITURES BY CLASS					
Personnel Costs	21,351,393	22,006,434	22,274,000	23,555,000	23,744,800
Operating Expenses	4,974,977	5,562,377	5,561,600	5,838,400	6,383,400
Grants Loans Benefits	300	300	300	300	300
Capital Outlay		193,037	192,300	192,300	192,300
TOTAL EXPENDITURES	26,326,670	27,762,148	28,028,200	29,586,000	30,320,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	26,326,670	27,762,148	28,028,200	29,586,000	30,320,800
TOTAL EXPENDITURES	26,326,670	27,762,148	28,028,200	29,586,000	30,320,800
EXPENDITURES BY UNIT					
General Administration	2,579,512	2,760,174	2,974,400	3,263,500	3,296,100
Governmental Service Center	897,603	998,500	893,700	1,416,700	1,433,800
Employee Relations	1,505,746	1,640,479	1,691,900	1,773,800	1,791,100
Employee Insurance	8,439,732	9,560,918	9,578,600	9,803,600	9,856,900
Personnel Administration	12,904,077	12,802,076	12,889,600	13,328,400	13,942,900
TOTAL EXPENDITURES	26,326,670	27,762,148	28,028,200	29,586,000	30,320,800

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, the Governmental Services Center, and the Center for Strategic Innovation.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; life insurance benefits for state employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility of maintaining the employee performance management system.

The Center for Strategic Innovation is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of three divisions: the Division of Employee Management, the Division of Career Opportunities, and the Division of Technology Services. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan. The Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are two divisions organized under the department: the Division of Insurance Administration and the Division of Financial and Data Services.

Policy

Included in the above Restricted Fund appropriation in each fiscal year is \$2,692,600 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

Personnel
Public Employees Deferred Compensation Authority

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	7,836,753	9,602,872	10,637,500	10,133,100	9,352,300
Current Receipts	8,878,940	8,862,424	8,729,600	8,609,700	8,569,700
Non-Revenue Receipts	-67,500	-70,000	-72,500	-75,000	-77,500
Total Restricted Funds	16,648,193	18,395,296	19,294,600	18,667,800	17,844,500
TOTAL SOURCE OF FUNDS	16,648,193	18,395,296	19,294,600	18,667,800	17,844,500
EXPENDITURES BY CLASS					
Personnel Costs	6,683,610	7,317,499	8,690,600	8,830,500	8,855,700
Operating Expenses	346,115	440,345	470,900	485,000	485,000
Capital Outlay	15,596				
TOTAL EXPENDITURES	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700
TOTAL EXPENDITURES	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700
TOTAL EXPENDITURES	7,045,321	7,757,844	9,161,500	9,315,500	9,340,700

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

Personnel					
Workers' Compensation Benefits and Reserve					
	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	8,854,658	9,115,207	6,613,000	5,390,500	4,135,200
Current Receipts	24,613,551	23,077,947	23,050,000	24,100,000	24,100,000
Non-Revenue Receipts	-67,500	-320,000	-72,500	-75,000	-77,500
Fund Transfers	-600,000	-2,000,000			
Total Restricted Funds	32,800,708	29,873,154	29,590,500	29,415,500	28,157,700
TOTAL SOURCE OF FUNDS	32,800,708	29,873,154	29,590,500	29,415,500	28,157,700
EXPENDITURES BY CLASS					
Personnel Costs	23,641,100	23,138,656	24,040,800	25,116,500	26,164,100
Operating Expenses	44,401	121,533	159,200	163,800	164,500
TOTAL EXPENDITURES	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600
TOTAL EXPENDITURES	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600
TOTAL EXPENDITURES	23,685,501	23,260,189	24,200,000	25,280,300	26,328,600

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel

State Group Health Insurance Fund

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,057,800	959,600	959,600	873,200	873,200
Budget Reduction-General Fund	-5,030				
Total General Fund	1,052,770	959,600	959,600	873,200	873,200
TOTAL SOURCE OF FUNDS	1,052,770	959,600	959,600	873,200	873,200
EXPENDITURES BY CLASS					
Grants Loans Benefits	1,052,769	959,600	916,400	873,200	873,200
TOTAL EXPENDITURES	1,052,769	959,600	916,400	873,200	873,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,052,769	959,600	916,400	873,200	873,200
TOTAL EXPENDITURES	1,052,769	959,600	916,400	873,200	873,200
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	1,052,769	959,600	916,400	873,200	873,200
TOTAL EXPENDITURES	1,052,769	959,600	916,400	873,200	873,200

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the Kentucky Employees' Health Plan.

Postsecondary Education

Postsecondary Education

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,175,796,000	1,152,437,600	1,164,420,400	1,160,851,100	1,173,458,600
State Salary and Compensation	19,400				
Special Appropriation		5,459,000			
Current Year Appropriation	1,800,000		1,400,000		
Continuing Approp-General Fund	10,097,852	6,828,517	9,725,000		
Budget Reduction-General Fund	-383,632				
Mandated Allotments		637,800			
Total General Fund	1,187,329,620	1,165,362,917	1,175,545,400	1,160,851,100	1,173,458,600
Tobacco Fund					
Tobacco Settlement - Phase I	4,887,800	6,072,500	4,707,500	5,806,100	6,276,100
Special Appropriation			1,365,000		
Continuing Approp-Tob Settlement	743,010	284,172	537,000		
Other	3,730,819				
Total Tobacco Fund	9,361,630	6,356,672	6,609,500	5,806,100	6,276,100
Restricted Funds					
Balance Forward	7,512,850	5,416,378	6,630,400	5,368,400	4,790,000
Current Receipts	3,833,768,145	4,301,145,363	5,218,035,600	5,563,815,900	5,942,919,400
Non-Revenue Receipts	14,022,731	12,523,980	13,890,000	13,779,000	13,779,000
Fund Transfers		-500,000			
Total Restricted Funds	3,855,303,727	4,318,585,720	5,238,556,000	5,582,963,300	5,961,488,400
Federal Fund					
Balance Forward		233,764	172,500	400	
Current Receipts	809,584,086	797,376,524	901,765,000	930,822,400	961,234,000
Non-Revenue Receipts	-343,708		-172,100		
Total Federal Fund	809,240,378	797,610,288	901,765,400	930,822,800	961,234,000
TOTAL SOURCE OF FUNDS	5,861,235,354	6,287,915,597	7,322,476,300	7,680,443,300	8,102,457,100
EXPENDITURES BY CLASS					
Personnel Costs	3,224,999,340	3,400,566,366	3,524,193,800	3,689,612,200	3,875,883,800
Operating Expenses	1,376,575,302	1,479,622,001	2,216,783,300	2,352,139,700	2,542,494,000
Grants Loans Benefits	798,485,285	787,710,215	1,207,036,000	1,252,355,600	1,290,936,200
Debt Service	114,715,669	125,286,958	148,134,600	155,090,800	154,088,700
Capital Outlay	182,225,807	192,401,202	203,131,100	217,055,000	236,026,600
TOTAL EXPENDITURES	5,697,001,403	5,985,586,743	7,299,278,800	7,666,253,300	8,099,429,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,177,567,001	1,155,637,886	1,157,716,700	1,151,451,100	1,173,458,600
Tobacco Fund	5,346,638	5,819,714	6,609,500	5,806,100	6,276,100
Restricted Funds	3,708,872,849	4,030,565,838	5,233,187,600	5,578,173,300	5,958,460,600
Federal Fund	809,006,614	797,410,605	901,765,000	930,822,800	961,234,000
TOTAL EXPENDITURES	5,700,793,103	5,989,434,043	7,299,278,800	7,666,253,300	8,099,429,300
EXPENDITURES BY UNIT					
Council on Postsecondary Education	71,127,715	68,683,278	72,204,100	69,075,800	69,591,700
Kentucky Higher Education Assistance Authority	228,286,151	228,506,610	246,713,200	264,306,000	280,529,500
Postsecondary Education Institutions	5,401,379,237	5,692,244,155	6,980,361,500	7,332,871,500	7,749,308,100
TOTAL EXPENDITURES	5,700,793,103	5,989,434,043	7,299,278,800	7,666,253,300	8,099,429,300

Postsecondary Education
Council on Postsecondary Education

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	43,933,000	45,489,900	42,913,500	41,226,200	41,268,000
State Salary and Compensation	19,400				
Continuing Approp-General Fund	1,643,595	1,163,317	1,196,500		
Budget Reduction-General Fund	-383,632				
Total General Fund	45,212,363	46,653,217	44,110,000	41,226,200	41,268,000
Tobacco Fund					
Tobacco Settlement - Phase I	4,187,800	4,972,500	3,607,500	4,706,100	5,176,100
Special Appropriation			1,365,000		
Continuing Approp-Tob Settlement	442,006				
Other	3,428,533				
Total Tobacco Fund	8,058,339	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds					
Balance Forward	2,866,191	1,760,760	1,381,500	1,070,400	737,400
Current Receipts	2,555,832	1,042,839	599,000	599,000	643,000
Non-Revenue Receipts	2,074,107	3,793,131	4,109,000	4,109,000	4,109,000
Fund Transfers		-500,000			
Total Restricted Funds	7,496,129	6,096,729	6,089,500	5,778,400	5,489,400
Federal Fund					
Balance Forward		114,948			
Current Receipts	16,944,061	13,451,114	18,102,500	18,102,500	18,102,500
Non-Revenue Receipts	-115,619				
Total Federal Fund	16,828,442	13,566,062	18,102,500	18,102,500	18,102,500
TOTAL SOURCE OF FUNDS	77,595,274	71,288,509	73,274,500	69,813,200	70,036,000
EXPENDITURES BY CLASS					
Personnel Costs	18,510,990	16,917,891	17,788,200	17,340,600	17,880,700
Operating Expenses	2,806,160	2,525,369	2,098,500	2,049,800	2,040,500
Grants Loans Benefits	49,810,565	46,274,248	52,317,400	49,685,400	49,670,500
Debt Service		2,940,500			
Capital Outlay		25,270			
TOTAL EXPENDITURES	71,127,715	68,683,278	72,204,100	69,075,800	69,591,700
EXPENDITURES BY FUND SOURCE					
General Fund	44,049,045	45,456,699	44,110,000	41,226,200	41,268,000
Tobacco Fund	4,629,806	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds	5,735,369	4,715,131	5,019,100	5,041,000	5,045,100
Federal Fund	16,713,494	13,538,948	18,102,500	18,102,500	18,102,500
TOTAL EXPENDITURES	71,127,715	68,683,278	72,204,100	69,075,800	69,591,700
EXPENDITURES BY UNIT					
Agency Operations	7,050,541	7,390,243	7,966,800	7,532,300	7,574,100
Licensure	303,576	339,450	354,300	483,100	487,200
Pass Through Programs	9,350,121	9,983,036	10,459,700	10,425,200	10,425,200
Federal Programs	6,697,266	4,777,279	5,780,500	5,780,500	5,780,500
Strategic Investment and Incentive Funding Program	47,726,211	46,193,269	47,642,800	44,854,700	45,324,700
TOTAL EXPENDITURES	71,127,715	68,683,278	72,204,100	69,075,800	69,591,700

The Council on Postsecondary Education coordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council licenses private non-profit and proprietary bachelor's degree-granting institutions and operates Kentucky's adult education system, bringing all of Kentucky's postsecondary and adult education providers under one agency.

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary and adult education;
- administration of the statewide adult education and literacy program; and
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,736,078	6,871,962	7,012,000	6,884,400	6,926,200
State Salary and Compensation	19,400				
Other		12,000			
Total General Fund	6,755,478	6,883,962	7,012,000	6,884,400	6,926,200
Restricted Funds					
Balance Forward	520,299	647,167	194,000	87,200	87,300
Current Receipts	421,930	553,182	448,000	448,000	492,000
Fund Transfers		-500,000			
Total Restricted Funds	942,229	700,349	642,000	535,200	579,300
Federal Fund					
Non-Revenue Receipts			400,000	200,000	200,000
Total Federal Fund			400,000	200,000	200,000
TOTAL SOURCE OF FUNDS	7,697,707	7,584,311	8,054,000	7,619,600	7,705,500
EXPENDITURES BY CLASS					
Personnel Costs	5,718,614	5,983,664	6,825,200	6,484,200	6,535,300
Operating Expenses	1,311,926	1,361,310	1,141,600	1,048,100	1,038,800
Grants Loans Benefits	20,000	20,000			
Capital Outlay		25,270			
TOTAL EXPENDITURES	7,050,541	7,390,243	7,966,800	7,532,300	7,574,100
EXPENDITURES BY FUND SOURCE					
General Fund	6,755,478	6,883,962	7,012,000	6,884,400	6,926,200
Restricted Funds	295,063	506,281	554,800	447,900	447,900
Federal Fund			400,000	200,000	200,000
TOTAL EXPENDITURES	7,050,541	7,390,243	7,966,800	7,532,300	7,574,100

Agency Operations include all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, adult education, technology resources and on-line learning; funding for science and technology initiatives; minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

**Postsecondary Education
Council on Postsecondary Education**

Licensure

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	165,122	37,038			
Total General Fund	165,122	37,038			
Restricted Funds					
Balance Forward	741,997	1,001,843	1,187,500	983,200	650,100
Current Receipts	398,300	488,100	150,000	150,000	150,000
Total Restricted Funds	1,140,297	1,489,943	1,337,500	1,133,200	800,100
TOTAL SOURCE OF FUNDS	1,305,419	1,526,981	1,337,500	1,133,200	800,100
EXPENDITURES BY CLASS					
Personnel Costs	303,576	339,450	349,600	433,600	437,700
Operating Expenses			4,700	49,500	49,500
TOTAL EXPENDITURES	303,576	339,450	354,300	483,100	487,200
EXPENDITURES BY FUND SOURCE					
General Fund	165,122	37,038			
Restricted Funds	138,454	302,412	354,300	483,100	487,200
TOTAL EXPENDITURES	303,576	339,450	354,300	483,100	487,200

This unit manages the licensure of both independent non-profit and for-profit postsecondary institutions that grant baccalaureate degrees and higher in the Commonwealth of Kentucky. It also approves new degree programs offered by these institutions. Initial licensing and renewal fees are based on the total number of students and the years licensed in the state.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,931,900	6,088,600	6,349,700	6,315,200	6,315,200
Budget Reduction-General Fund	-383,632				
Other		-12,000			
Total General Fund	5,548,268	6,076,600	6,349,700	6,315,200	6,315,200
Restricted Funds					
Balance Forward		111,750			
Current Receipts	-107	1,557	1,000	1,000	1,000
Non-Revenue Receipts	3,913,710	3,793,131	4,109,000	4,109,000	4,109,000
Total Restricted Funds	3,913,603	3,906,438	4,110,000	4,110,000	4,110,000
TOTAL SOURCE OF FUNDS	9,461,871	9,983,038	10,459,700	10,425,200	10,425,200
EXPENDITURES BY CLASS					
Operating Expenses	3,000	2,860	5,000	5,000	5,000
Grants Loans Benefits	9,347,121	9,980,176	10,454,700	10,420,200	10,420,200
TOTAL EXPENDITURES	9,350,121	9,983,036	10,459,700	10,425,200	10,425,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,548,268	6,076,598	6,349,700	6,315,200	6,315,200
Restricted Funds	3,801,853	3,906,438	4,110,000	4,110,000	4,110,000
TOTAL EXPENDITURES	9,350,121	9,983,036	10,459,700	10,425,200	10,425,200
EXPENDITURES BY UNIT					
Contract Spaces	4,888,068	5,418,998	5,680,100	5,680,100	5,680,100
Professional Education Preparation Program	265,100	251,900	251,900	238,900	238,900
Minority Student College Prep Program	185,200	176,000	176,000	167,000	167,000
State Autism Training Center	132,400	125,800	125,800	119,300	119,300
SREB Doctoral Scholars Program	71,500	67,900	67,900	64,400	64,400
Pass Through - Other	6,000	36,000	48,000	45,500	45,500
Cancer Research Instns Mtchg Fd	3,801,853	3,906,438	4,110,000	4,110,000	4,110,000
TOTAL EXPENDITURES	9,350,121	9,983,036	10,459,700	10,425,200	10,425,200

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day to day operations.

The **Contract Spaces Program** provides Kentucky students with access to professional programs in veterinary medicine and optometry through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. For optometry students spaces are available at the Southern College of Optometry, University of Alabama, Indiana University, and the Kentucky College of Optometry. Contract fees guarantee a fixed number of spaces in the out-of-state academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions – UK and U of L - provide a dollar for dollar match from external sources.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the University of Pikeville to conduct pre freshman workshops, undergraduate workshops, student assessment conferences, and MCAT/DAT test assistance with tutoring and summer job placement.

The **Governor's Minority Student College Preparation Program** was established in 1988 to provide academic enrichment activities for middle school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 550 middle and junior high school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals to deliver services to children diagnosed with autism spectrum disorders.

The **Southern Regional Education Board Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states. Kentucky has 35 students currently in the program, including 8 at U of L and 9 at UK. Of the 81 students who have already graduated, 22 are currently employed in Kentucky.

The **Washington Internship Program** provides scholarships for students who spend a semester in Washington, DC in work-study programs in international relations, journalism, law, medicine, public relations, business, the arts, science and technology, education or counseling.

Policy

The [Budget of the Commonwealth](#) provides General Fund support of \$5,680,100 in each fiscal year for the Contract Spaces program. Optometry students who have started their professional education at one of the out-of-state institutions may continue to receive support, and students offered slots for the 2016-2017 academic year may receive support. The Council may contract for the remaining slots for the 2016-2017 academic year with the Kentucky College of Optometry for the same supplement available at the out-of-state institutions.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	-111,263	4,260			
Current Receipts	6,812,789	4,777,308	5,780,500	5,780,500	5,780,500
Total Federal Fund	6,701,526	4,781,568	5,780,500	5,780,500	5,780,500
TOTAL SOURCE OF FUNDS	6,701,526	4,781,568	5,780,500	5,780,500	5,780,500
EXPENDITURES BY CLASS					
Personnel Costs	3,740,558	2,979,673	3,399,300	3,475,100	3,490,000
Operating Expenses	531,585	476,851	456,000	456,000	456,000
Grants Loans Benefits	2,425,124	1,320,755	1,925,200	1,849,400	1,834,500
TOTAL EXPENDITURES	6,697,266	4,777,279	5,780,500	5,780,500	5,780,500
EXPENDITURES BY FUND SOURCE					
Federal Fund	6,697,266	4,777,279	5,780,500	5,780,500	5,780,500
TOTAL EXPENDITURES	6,697,266	4,777,279	5,780,500	5,780,500	5,780,500

The Council on Postsecondary Education administers two federal programs in addition to the Adult Education related grants: Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take courses that prepare them to succeed in college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,099,900	32,492,300	29,551,800	28,026,600	28,026,600
Continuing Approp-General Fund	1,643,595	1,163,317	1,196,500		
Total General Fund	32,743,495	33,655,617	30,748,300	28,026,600	28,026,600
Tobacco Fund					
Tobacco Settlement - Phase I	4,187,800	4,972,500	3,607,500	4,706,100	5,176,100
Special Appropriation			1,365,000		
Continuing Approp-Tob Settlement	442,006				
Other	3,428,533				
Total Tobacco Fund	8,058,339	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds					
Balance Forward	1,603,895				
Current Receipts	1,735,709				
Non-Revenue Receipts	-1,839,604				
Total Restricted Funds	1,500,000				
Federal Fund					
Balance Forward	111,263	110,688			
Current Receipts	10,131,272	8,673,806	12,322,000	12,322,000	12,322,000
Non-Revenue Receipts	-115,619		-400,000	-200,000	-200,000
Total Federal Fund	10,126,916	8,784,494	11,922,000	12,122,000	12,122,000
TOTAL SOURCE OF FUNDS	52,428,750	47,412,611	47,642,800	44,854,700	45,324,700
EXPENDITURES BY CLASS					
Personnel Costs	8,748,243	7,615,105	7,214,100	6,947,700	7,417,700
Operating Expenses	959,648	684,348	491,200	491,200	491,200
Grants Loans Benefits	38,018,320	34,953,317	39,937,500	37,415,800	37,415,800
Debt Service		2,940,500			
TOTAL EXPENDITURES	47,726,211	46,193,269	47,642,800	44,854,700	45,324,700
EXPENDITURES BY FUND SOURCE					
General Fund	31,580,177	32,459,101	30,748,300	28,026,600	28,026,600
Tobacco Fund	4,629,806	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds	1,500,000				
Federal Fund	10,016,228	8,761,668	11,922,000	12,122,000	12,122,000
TOTAL EXPENDITURES	47,726,211	46,193,269	47,642,800	44,854,700	45,324,700
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	4,629,806	4,972,500	4,972,500	4,706,100	5,176,100
Technology Initiative Trust Fund	5,788,800	4,075,300	4,075,300	3,865,000	3,865,000
Physical Facilities Trust Fund		2,940,500			
Adult Education and Literacy Funding Program	30,045,105	27,448,969	31,549,000	29,738,800	29,738,800
Science and Technology Funding Program	5,717,900	5,288,300	5,578,300	5,152,900	5,152,900
Special Initiatives Funding Program	1,544,600	1,467,700	1,467,700	1,391,900	1,391,900
TOTAL EXPENDITURES	47,726,211	46,193,269	47,642,800	44,854,700	45,324,700

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Research Challenge Trust Fund and the Technology Initiative Trust Fund, as well as three programs established by the Council through the budget process: : the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary

institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

Adult Education and Literacy Funding Program

Adult Education and Literacy aims to improve the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations. Every Kentucky county has a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. By statute, funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Research Challenge Trust Fund

Tobacco Settlement – Phase I funds support competitive grants to researchers at the Brown Cancer Center at U of L and the Markey Cancer at UK. Funds are granted by the lung cancer research governance board established in KRS 164.476 to fund research into the causes, detection and treatment of lung cancer.

Science and Technology Funding Program

The Science and Technology Funding program supports the initiatives established by the Kentucky Innovation Act in KRS 164.6011 through 164.6043. The **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978, leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, modeled on the National Science Foundation, makes investments in peer-reviewed science and engineering research. The **Knowledge-Based Economy Academic Program** supports postsecondary education programs in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Special Initiatives Funding Program

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 in the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

Technology Initiative Trust Fund

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

Policy

Notwithstanding KRS 45.229, unexpended General Funds for the Adult Education and Literacy and the Science and Technology funding programs do not lapse but instead are carried forward to the next fiscal year.

Notwithstanding KRS 164.476(1), \$800,000 in each fiscal year from Tobacco Settlement funds is allocated to the Ovarian Cancer Screening Outreach Program at the University of Kentucky from the Lung Cancer Research Trust Fund.

Postsecondary Education
Kentucky Higher Education Assistance Authority

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	190,288,300	201,841,200	205,302,000	240,244,000	245,244,000
Current Year Appropriation	1,800,000		1,400,000		
Continuing Approp-General Fund	8,454,257	5,665,200	8,528,500		
Total General Fund	200,542,557	207,506,400	215,230,500	240,244,000	245,244,000
Tobacco Fund					
Tobacco Settlement - Phase I	700,000	1,100,000	1,100,000	1,100,000	1,100,000
Continuing Approp-Tob Settlement	301,004	284,172	537,000		
Other	302,286				
Total Tobacco Fund	1,303,290	1,384,172	1,637,000	1,100,000	1,100,000
Restricted Funds					
Balance Forward	4,646,660	3,655,618	5,248,900	4,298,000	4,052,600
Current Receipts	19,398,456	21,427,383	19,054,500	22,412,800	23,012,600
Non-Revenue Receipts	11,948,625	8,730,850	9,781,000	9,670,000	9,670,000
Total Restricted Funds	35,993,740	33,813,850	34,084,400	36,380,800	36,735,200
Federal Fund					
Balance Forward		118,815	172,500	400	
Current Receipts	700,745	59,296	59,300	33,400	33,800
Non-Revenue Receipts	-228,089		-172,100		
Total Federal Fund	472,656	178,111	59,700	33,800	33,800
TOTAL SOURCE OF FUNDS	238,312,244	242,882,533	251,011,600	277,758,600	283,113,000
EXPENDITURES BY CLASS					
Personnel Costs	14,835,631	15,866,190	15,883,300	16,196,000	16,233,700
Operating Expenses	3,056,061	2,211,023	2,884,600	2,841,700	2,841,700
Grants Loans Benefits	208,807,485	209,124,250	226,763,200	244,086,500	260,271,600
Debt Service	744,905	742,327	744,900	744,600	745,300
Capital Outlay	842,069	562,819	437,200	437,200	437,200
TOTAL EXPENDITURES	228,286,151	228,506,610	246,713,200	264,306,000	280,529,500
EXPENDITURES BY FUND SOURCE					
General Fund	194,877,356	198,977,887	215,230,500	230,844,000	245,244,000
Tobacco Fund	716,832	847,214	1,637,000	1,100,000	1,100,000
Restricted Funds	32,338,123	28,675,966	29,786,400	32,328,200	34,151,700
Federal Fund	353,840	5,543	59,300	33,800	33,800
TOTAL EXPENDITURES	228,286,151	228,506,610	246,713,200	264,306,000	280,529,500
EXPENDITURES BY UNIT					
General Administration and Support	19,071,627	18,912,450	19,500,000	19,769,500	19,807,900
College Access Program	62,343,527	60,894,646	67,167,100	68,306,200	63,503,300
Kentucky Coal County College Completion Program	1,229,956	1,834,725	2,000,000	5,000,000	5,000,000
Work Study Program	394,211	356,824	400,000	400,000	400,000
Kentucky Tuition Grant	30,032,465	28,529,245	32,503,400	37,609,000	35,022,900
Workforce Development and Training					
Teacher Scholarships	1,812,559	1,834,353	1,804,200	2,090,200	2,090,300
Ky National Guard Tuition	4,733,992	5,532,396	6,454,000	7,448,100	7,448,100
Osteopathic Medicine Scholarship	872,500	445,000	600,000	606,000	626,000
Ky Educational Excellence Scholarships	104,897,439	107,715,684	111,993,300	114,658,300	117,272,300

EXPENDITURES BY UNIT

Early Childhood Development Scholarships	716,832	847,214	1,690,400	1,153,400	1,153,400
Kentucky's Affordable Prepaid Tuition (KAPT)	407,039	469,904	450,000	450,000	450,000
Coal County Scholarship for Pharmacy Students	576,300	483,750	800,000	585,000	625,000
Early Graduation Scholarship Certificate			575,000	575,000	575,000
Work Ready Scholarship					15,900,000
Dual Credit Scholarship				5,000,000	10,000,000
Other Programs	1,197,704	650,418	775,800	655,300	655,300
TOTAL EXPENDITURES	228,286,151	228,506,610	246,713,200	264,306,000	280,529,500

The mission of the Kentucky Higher Education Assistance Authority (KHEAA) is to increase educational attainment by providing student financial aid and other assistance to Kentuckians preparing for and attending college. KHEAA administers state grants, scholarships, work study and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates college planning and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 26 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship, or repay their tuition grants.

The Coal County Pharmacy Scholarship Program provides tuition awards to eligible students at Kentucky colleges who agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship, or repay their tuition grants.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Go Higher Grant program provides a financial incentive for non-traditional students who are enrolled on a less than full time basis and are therefore ineligible for most aid programs.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

The Kentucky Coal County College Completion Scholarship is awarded to coal county residents who have earned at least 60 credit hours toward a bachelor's degree and are enrolled at least half-time at a postsecondary institution located in a coal-producing county.

The Early Graduation Scholarship is awarded to students who graduate high school in three years. It can be used at any public or non-profit, independent institution the academic year immediately following graduation and is equal to one-half of the state portion of the average statewide per pupil guaranteed base funding level (SEEK allowance).

Policy

The Budget of the Commonwealth includes a current year appropriation of \$1,400,000 in General Fund for the Kentucky National Guard Tuition Award. The budget also provides \$2,500,000 in additional General Fund in fiscal year 2016-2017 and in fiscal year 2017-2018 to support increased enrollments of Guard members.

The Budget of the Commonwealth includes a current year appropriation of \$754,500 in restricted funds for outreach programs formerly supported by a Federal grant and for administrative expenses.

Notwithstanding KRS 154A.130(4), the Budget of the Commonwealth provides General Fund of \$105,320,100 in fiscal year 2016-2017 and \$106,149,200 in fiscal year 2017-2018 for the Kentucky Educational Excellence Scholarships (KEES). Included in the restricted funds appropriation is \$9,338,200 in fiscal year 2016-2017 and \$11,123,100 in fiscal year 2017-2018 for KEES.

The Budget of the Commonwealth provides that lottery receipts in excess of the official estimate of the Consensus Forecasting Group, other than unclaimed prizes, that are received by the Commonwealth in any fiscal year will be transferred to the Kentucky Higher Education Assistance Authority and appropriated for the College Access and Kentucky Tuition Grant programs.

Postsecondary Education
Postsecondary Education Institutions

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	941,574,700	905,106,500	916,204,900	879,380,900	886,946,600
Special Appropriation		5,459,000			
Mandated Allotments		637,800			
Total General Fund	941,574,700	911,203,300	916,204,900	879,380,900	886,946,600
Restricted Funds					
Current Receipts	3,811,813,857	4,278,675,141	5,198,382,100	5,540,804,100	5,919,263,800
Total Restricted Funds	3,811,813,857	4,278,675,141	5,198,382,100	5,540,804,100	5,919,263,800
Federal Fund					
Current Receipts	791,939,280	783,866,114	883,603,200	912,686,500	943,097,700
Total Federal Fund	791,939,280	783,866,114	883,603,200	912,686,500	943,097,700
TOTAL SOURCE OF FUNDS	5,545,327,837	5,973,744,555	6,998,190,200	7,332,871,500	7,749,308,100
EXPENDITURES BY CLASS					
Personnel Costs	3,191,652,719	3,367,782,285	3,490,522,300	3,656,075,600	3,841,769,400
Operating Expenses	1,370,713,081	1,474,885,609	2,211,800,200	2,347,248,200	2,537,611,800
Grants Loans Benefits	539,867,235	532,311,717	927,955,400	958,583,700	980,994,100
Debt Service	113,970,764	121,604,131	147,389,700	154,346,200	153,343,400
Capital Outlay	181,383,738	191,813,113	202,693,900	216,617,800	235,589,400
TOTAL EXPENDITURES	5,397,587,537	5,688,396,855	6,980,361,500	7,332,871,500	7,749,308,100
EXPENDITURES BY FUND SOURCE					
General Fund	938,640,600	911,203,300	898,376,200	879,380,900	886,946,600
Restricted Funds	3,670,799,357	3,997,174,741	5,198,382,100	5,540,804,100	5,919,263,800
Federal Fund	791,939,280	783,866,114	883,603,200	912,686,500	943,097,700
TOTAL EXPENDITURES	5,401,379,237	5,692,244,155	6,980,361,500	7,332,871,500	7,749,308,100
EXPENDITURES BY UNIT					
Eastern Kentucky University	344,065,000	355,464,600	365,372,100	370,495,300	374,271,700
Kentucky State University	69,221,637	64,075,755	63,290,400	63,949,600	64,949,600
Morehead State University	231,270,200	232,963,300	256,613,700	264,773,700	269,691,700
Murray State University	178,577,800	185,224,000	190,485,500	194,310,700	197,412,400
Northern Kentucky University	208,634,200	224,407,900	237,629,200	240,618,600	246,649,300
University of Kentucky	2,396,309,400	2,620,435,500	3,362,799,000	3,642,388,900	3,948,549,200
University of Louisville	1,016,118,800	1,035,548,100	1,224,788,500	1,248,709,500	1,271,432,200
Western Kentucky University	328,506,400	336,035,100	395,072,000	399,811,800	404,451,200
Kentucky Community and Technical College System	628,675,800	638,089,900	884,311,100	907,813,400	928,956,400
Postsecondary Education Performance Fund					42,944,400
TOTAL EXPENDITURES	5,401,379,237	5,692,244,155	6,980,361,500	7,332,871,500	7,749,308,100

**Postsecondary Education
Eastern Kentucky University**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	67,673,700	68,033,800	68,033,800	64,972,300	61,723,700
Total General Fund	67,673,700	68,033,800	68,033,800	64,972,300	61,723,700
Restricted Funds					
Current Receipts	189,694,300	199,291,100	195,249,400	201,038,500	207,018,900
Total Restricted Funds	189,694,300	199,291,100	195,249,400	201,038,500	207,018,900
Federal Fund					
Current Receipts	86,697,000	88,139,700	103,449,600	104,484,500	105,529,100
Total Federal Fund	86,697,000	88,139,700	103,449,600	104,484,500	105,529,100
TOTAL SOURCE OF FUNDS	344,065,000	355,464,600	366,732,800	370,495,300	374,271,700
EXPENDITURES BY CLASS					
Personnel Costs	172,271,400	184,048,100	179,385,000	182,722,700	186,159,100
Operating Expenses	77,527,100	68,890,300	64,933,800	64,466,900	62,487,900
Grants Loans Benefits	89,021,400	93,593,000	111,502,300	113,577,000	115,712,900
Debt Service	2,474,700	2,524,300	7,594,600	7,735,900	7,881,500
Capital Outlay	2,770,400	6,408,900	1,956,400	1,992,800	2,030,300
TOTAL EXPENDITURES	344,065,000	355,464,600	365,372,100	370,495,300	374,271,700
EXPENDITURES BY FUND SOURCE					
General Fund	67,673,700	68,033,800	66,673,100	64,972,300	61,723,700
Restricted Funds	189,694,300	199,291,100	195,249,400	201,038,500	207,018,900
Federal Fund	86,697,000	88,139,700	103,449,600	104,484,500	105,529,100
TOTAL EXPENDITURES	344,065,000	355,464,600	365,372,100	370,495,300	374,271,700
EXPENDITURES BY UNIT					
Instruction	92,879,700	94,707,400	93,447,800	92,048,800	89,583,400
Research	1,550,200	904,300	1,056,600	1,044,900	1,058,500
Public Service	44,811,600	46,913,400	51,059,900	54,360,300	55,045,100
Libraries	4,929,900	5,481,600	3,567,400	5,529,900	5,694,300
Academic Support	20,089,100	20,308,700	21,137,500	20,487,100	21,096,400
Student Services	18,581,500	19,709,800	21,657,800	19,940,200	20,525,700
Institutional Support	28,507,800	36,266,900	32,410,200	36,640,300	37,722,900
Operation and Maintenance of Plant	18,261,800	19,000,400	23,350,100	19,167,000	19,737,200
Scholarships and Fellowships	70,135,600	74,975,900	85,013,700	83,715,300	85,134,500
Mandatory Transfers	1,716,000		7,509,000		
Non-Mandatory Transfers	21,265,800	13,308,300	750,900	13,464,100	13,859,500
Auxilliary Enterprises	21,336,000	23,887,900	24,411,200	24,097,400	24,814,200
TOTAL EXPENDITURES	344,065,000	355,464,600	365,372,100	370,495,300	374,271,700

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with approximately 16,000 students. In addition to the main campus in Richmond, ECU operates regional campuses at Corbin, Danville, Manchester and Somerset.

Baccalaureate degree programs are offered in liberal arts and sciences, business and technology, education, health sciences, and the university's program of distinction, justice and public safety. Each academic program requires students to demonstrate effective communication, creativity and critical thinking skills.

Advanced degrees are offered in education, psychology and technology, and doctoral programs in educational leadership, nursing practice and occupational therapy.

Phase 2 of ECU's science building, which will house biology and geosciences, will open in Fall 2017, making it the largest science facility on any campus in Kentucky.

**Postsecondary Education
Kentucky State University**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,537,400	23,429,600	23,429,600	26,729,600	26,729,600
Total General Fund	23,537,400	23,429,600	23,429,600	26,729,600	26,729,600
Restricted Funds					
Current Receipts	27,098,857	21,002,241	20,545,300	18,220,000	19,220,000
Total Restricted Funds	27,098,857	21,002,241	20,545,300	18,220,000	19,220,000
Federal Fund					
Current Receipts	18,585,380	19,643,914	19,315,500	19,000,000	19,000,000
Total Federal Fund	18,585,380	19,643,914	19,315,500	19,000,000	19,000,000
TOTAL SOURCE OF FUNDS	69,221,637	64,075,755	63,290,400	63,949,600	64,949,600
EXPENDITURES BY CLASS					
Personnel Costs	39,461,919	38,023,985	37,233,600	38,971,400	39,542,700
Operating Expenses	19,836,181	17,556,909	17,667,900	16,926,600	17,255,500
Grants Loans Benefits	8,542,435	7,268,917	7,117,900	6,819,200	6,907,400
Debt Service	321,364	285,331	350,000	350,000	350,000
Capital Outlay	1,059,738	940,613	921,000	882,400	894,000
TOTAL EXPENDITURES	69,221,637	64,075,755	63,290,400	63,949,600	64,949,600
EXPENDITURES BY FUND SOURCE					
General Fund	23,537,400	23,429,600	23,429,600	26,729,600	26,729,600
Restricted Funds	27,098,857	21,002,241	20,545,300	18,220,000	19,220,000
Federal Fund	18,585,380	19,643,914	19,315,500	19,000,000	19,000,000
TOTAL EXPENDITURES	69,221,637	64,075,755	63,290,400	63,949,600	64,949,600
EXPENDITURES BY UNIT					
Instruction	12,765,912	12,125,446	11,258,000	10,788,300	11,147,000
Research	5,508,360	6,017,057	6,049,500	5,797,200	5,871,800
Public Service	7,780,834	7,638,359	7,417,600	7,108,100	7,199,500
Academic Support	2,438,777	3,020,699	3,032,900	2,906,300	2,943,600
Student Services	7,279,017	6,315,386	5,882,100	5,636,700	5,709,200
Institutional Support	13,882,638	11,458,791	13,134,900	15,886,800	16,048,700
Operation and Maintenance of Plant	4,680,295	5,229,721	6,302,300	6,039,300	6,117,000
Scholarships and Fellowships	9,222,533	7,612,001	8,020,500	7,685,800	7,784,700
Auxilliary Enterprises	5,663,271	4,658,295	2,192,600	2,101,100	2,128,100
TOTAL EXPENDITURES	69,221,637	64,075,755	63,290,400	63,949,600	64,949,600

Like other comprehensive universities, Kentucky State University was founded as a training school for teachers. An historically black university, it is also a land grant institution charged with educating and improving the lives of Kentucky's rural residents. The Cooperative Extension Program complements the research activities of the divisions of agriculture and natural resources, aquaculture, environmental studies and sustainable systems, food and animal science and family and consumer science and provides an avenue for technology transfer of research findings that are relevant to Kentuckians, especially those with limited resources living in rural areas.

In addition to its teaching and agriculture departments, KSU offers traditional liberal arts courses, business, computer science, public administration, nursing and pre-professional education for medicine, dentistry, law, engineering and other fields. Kentucky State provides an opportunity for students, including non-traditional students, who otherwise would not have access to college education.

Policy

Included in the above General Fund appropriation is an additional \$3,300,000 in each fiscal year to fully fund the state match required for the Federal land grant program.

The Budget of the Commonwealth requires Kentucky State University to prepare a four-year management and improvement plan with annual goals and measurable metrics that indicate progress toward achievement of those goals. The plan, goals and performance standards are subject to approval by the Council on Postsecondary Education. A progress report is to be submitted to the Interim Joint Committee on Appropriations and Revenue by December 1, 2016 and by each December 1 thereafter.

**Postsecondary Education
Morehead State University**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	41,560,200	41,039,500	43,339,500	41,969,200	39,899,700
Total General Fund	41,560,200	41,039,500	43,339,500	41,969,200	39,899,700
Restricted Funds					
Current Receipts	99,156,900	103,003,700	114,426,500	120,719,600	125,861,500
Total Restricted Funds	99,156,900	103,003,700	114,426,500	120,719,600	125,861,500
Federal Fund					
Current Receipts	90,553,100	88,920,100	99,714,500	102,084,900	103,930,500
Total Federal Fund	90,553,100	88,920,100	99,714,500	102,084,900	103,930,500
TOTAL SOURCE OF FUNDS	231,270,200	232,963,300	257,480,500	264,773,700	269,691,700
EXPENDITURES BY CLASS					
Personnel Costs	89,590,200	90,319,200	96,094,700	102,472,600	106,729,300
Operating Expenses	30,125,300	30,133,700	35,974,800	35,883,100	36,135,600
Grants Loans Benefits	97,557,300	96,681,500	102,592,800	104,567,600	104,933,800
Debt Service	7,467,100	7,122,000	8,522,900	8,522,900	8,522,900
Capital Outlay	6,530,300	8,706,900	13,428,500	13,327,500	13,370,100
TOTAL EXPENDITURES	231,270,200	232,963,300	256,613,700	264,773,700	269,691,700
EXPENDITURES BY FUND SOURCE					
General Fund	41,560,200	41,039,500	42,472,700	41,969,200	39,899,700
Restricted Funds	99,156,900	103,003,700	114,426,500	120,719,600	125,861,500
Federal Fund	90,553,100	88,920,100	99,714,500	102,084,900	103,930,500
TOTAL EXPENDITURES	231,270,200	232,963,300	256,613,700	264,773,700	269,691,700
EXPENDITURES BY UNIT					
Instruction	46,025,900	45,372,100	45,829,800	46,849,400	46,404,700
Research	1,559,500	1,466,300	5,131,800	4,449,100	3,593,700
Public Service	6,093,000	7,152,600	9,232,000	8,909,600	9,813,000
Libraries	3,306,900	3,474,900	3,499,200	3,627,600	3,753,200
Academic Support	12,286,900	11,280,400	11,924,400	13,307,100	13,215,200
Student Services	16,964,200	17,560,700	19,062,700	19,359,200	19,964,200
Institutional Support	15,058,400	16,903,400	17,058,700	17,670,400	18,308,900
Operation and Maintenance of Plant	10,704,100	11,583,600	10,350,400	10,750,700	11,141,700
Scholarships and Fellowships	97,557,300	96,681,500	102,431,800	106,517,900	108,953,600
Mandatory Transfers	3,985,100	3,634,800	3,594,600	3,733,600	3,869,400
Non-Mandatory Transfers	159,200	753,000	9,300,700	9,660,400	10,011,700
Auxilliary Enterprises	17,569,700	17,100,000	19,197,600	19,938,700	20,662,400
TOTAL EXPENDITURES	231,270,200	232,963,300	256,613,700	264,773,700	269,691,700

Morehead State University enrolled 10,839 students for the fall semester of 2015, including 60 high school juniors enrolled in the inaugural class of the Craft Academy for Excellence in Science and Mathematics.

Morehead's in-state undergraduate tuition is low compared to state peer institutions, and it enrolls the largest percentage of Pell-eligible students. The University strives to provide high quality education while increasing efficiency and productivity. Morehead was the first Kentucky institution to offer a complete degree program on-line.

Morehead's program of distinction is space science. Morehead faculty and undergraduate students have collaborated with students and scientists from around the world to build and launch satellites to explore and carry on important investigations in space. A 21-meter tracking antenna is located on the campus.

Policy

The Budget of the Commonwealth provides an additional \$580,000 each year for the Craft Academy for Excellence in Science and Mathematics.

Postsecondary Education
Murray State University

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,005,800	48,025,100	48,025,100	45,864,000	43,570,800
Total General Fund	48,005,800	48,025,100	48,025,100	45,864,000	43,570,800
Restricted Funds					
Current Receipts	112,742,000	118,664,000	124,728,800	129,754,600	135,149,500
Total Restricted Funds	112,742,000	118,664,000	124,728,800	129,754,600	135,149,500
Federal Fund					
Current Receipts	17,830,000	18,534,900	18,692,100	18,692,100	18,692,100
Total Federal Fund	17,830,000	18,534,900	18,692,100	18,692,100	18,692,100
TOTAL SOURCE OF FUNDS	178,577,800	185,224,000	191,446,000	194,310,700	197,412,400
EXPENDITURES BY CLASS					
Personnel Costs	108,956,300	115,958,600	117,638,500	122,664,300	125,766,000
Operating Expenses	51,314,600	48,946,700	50,005,400	50,005,400	50,005,400
Grants Loans Benefits	11,740,600	13,248,100	13,488,700	12,288,100	12,288,100
Debt Service	4,335,900	5,061,600	7,312,200	7,312,200	7,312,200
Capital Outlay	2,230,400	2,009,000	2,040,700	2,040,700	2,040,700
TOTAL EXPENDITURES	178,577,800	185,224,000	190,485,500	194,310,700	197,412,400
EXPENDITURES BY FUND SOURCE					
General Fund	48,005,800	48,025,100	47,064,600	45,864,000	43,570,800
Restricted Funds	112,742,000	118,664,000	124,728,800	129,754,600	135,149,500
Federal Fund	17,830,000	18,534,900	18,692,100	18,692,100	18,692,100
TOTAL EXPENDITURES	178,577,800	185,224,000	190,485,500	194,310,700	197,412,400
EXPENDITURES BY UNIT					
Instruction	61,028,200	65,098,700	66,480,000	70,305,200	73,406,900
Research	1,769,700	1,977,800	1,855,000	1,855,000	1,855,000
Public Service	8,296,800	7,873,900	7,857,300	7,857,300	7,857,300
Libraries	3,330,300	2,877,300	3,001,300	3,001,300	3,001,300
Academic Support	7,218,500	7,252,700	7,287,100	7,287,100	7,287,100
Student Services	15,345,900	16,085,700	16,885,800	16,885,800	16,885,800
Institutional Support	19,798,400	21,012,000	21,514,000	21,514,000	21,514,000
Operation and Maintenance of Plant	27,125,300	25,042,500	25,044,500	25,044,500	25,044,500
Scholarships and Fellowships	11,439,500	13,231,700	14,109,600	14,109,600	14,109,600
Mandatory Transfers	4,335,900	5,061,600	7,178,400	7,178,400	7,178,400
Non-Mandatory Transfers	3,519,000	3,179,500	1,494,000	1,494,000	1,494,000
Auxilliary Enterprises	15,370,300	16,530,600	17,778,500	17,778,500	17,778,500
TOTAL EXPENDITURES	178,577,800	185,224,000	190,485,500	194,310,700	197,412,400

Murray State University's 53.1 percent graduation rate is the best among Kentucky's comprehensive universities, as is the retention rate of 72.4 percent. In addition to the main campus in Calloway County, Murray operates regional campuses at Paducah, Madisonville, Hopkinsville, Henderson and Fort Campbell. Cooperation agreements with local community and technical colleges make it possible for students in those locations to earn a four-year degree in education, business, social work or nursing. MSU faculty also provide instructional support for the University of Kentucky's engineering program in Paducah.

In addition to teacher education programs, Murray State University also offers baccalaureate and masters degrees in business, health sciences, agriculture, liberal arts, sciences, engineering and technology. The program of distinction is telecommunications systems management (TSM) and is available at the main campus as well as on-line. About 60% of the students in the TSM Masters degree program are studying on-line. MSU also has an acclaimed on-line MBA program, the largest in the Commonwealth.

**Postsecondary Education
Northern Kentucky University**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,835,100	48,537,600	48,537,600	46,353,400	48,875,200
Total General Fund	46,835,100	48,537,600	48,537,600	46,353,400	48,875,200
Restricted Funds					
Current Receipts	144,864,100	159,247,000	173,213,000	177,415,800	180,924,700
Total Restricted Funds	144,864,100	159,247,000	173,213,000	177,415,800	180,924,700
Federal Fund					
Current Receipts	16,935,000	16,623,300	16,849,400	16,849,400	16,849,400
Total Federal Fund	16,935,000	16,623,300	16,849,400	16,849,400	16,849,400
TOTAL SOURCE OF FUNDS	208,634,200	224,407,900	238,600,000	240,618,600	246,649,300
EXPENDITURES BY CLASS					
Personnel Costs	141,395,400	147,459,900	138,715,600	141,142,900	141,408,100
Operating Expenses	36,208,500	39,243,200	48,331,200	48,610,300	54,265,800
Grants Loans Benefits	17,761,400	18,036,000	35,196,700	35,416,100	35,416,100
Debt Service	7,845,000	11,385,300	12,430,900	12,430,900	12,440,900
Capital Outlay	5,423,900	8,283,500	2,954,800	3,018,400	3,118,400
TOTAL EXPENDITURES	208,634,200	224,407,900	237,629,200	240,618,600	246,649,300
EXPENDITURES BY FUND SOURCE					
General Fund	46,835,100	48,537,600	47,566,800	46,353,400	48,875,200
Restricted Funds	144,864,100	159,247,000	173,213,000	177,415,800	180,924,700
Federal Fund	16,935,000	16,623,300	16,849,400	16,849,400	16,849,400
TOTAL EXPENDITURES	208,634,200	224,407,900	237,629,200	240,618,600	246,649,300
EXPENDITURES BY UNIT					
Instruction	76,841,200	74,236,600	77,356,300	80,345,700	86,376,400
Research	1,530,500	1,671,000	1,296,000	1,296,000	1,296,000
Public Service	13,882,400	13,423,900	11,430,700	11,430,700	11,430,700
Libraries	5,935,400	6,033,900	6,186,700	6,186,700	6,186,700
Academic Support	16,494,200	18,145,100	18,403,300	18,403,300	18,403,300
Student Services	21,927,900	26,639,400	21,703,500	21,703,500	21,703,500
Institutional Support	26,332,200	27,753,300	29,810,100	29,810,100	29,810,100
Operation and Maintenance of Plant	16,606,800	17,128,200	18,983,600	18,983,600	18,983,600
Scholarships and Fellowships	13,643,800	12,883,900	30,244,800	30,244,800	30,244,800
Mandatory Transfers	3,301,400	6,220,700	6,210,800	6,210,800	6,210,800
Non-Mandatory Transfers	3,692,300	3,296,500	55,900	55,900	55,900
Auxilliary Enterprises	8,446,100	16,975,400	15,947,500	15,947,500	15,947,500
TOTAL EXPENDITURES	208,634,200	224,407,900	237,629,200	240,618,600	246,649,300

Northern Kentucky University is the only one of Kentucky's comprehensive universities that did not start as an institution for training teachers. NKU began as a community college under the University of Kentucky and became an autonomous institution by an act of the General Assembly in 1968. Upper division courses were offered beginning in 1971, the same year that Salmon P. Chase College of Law merged with what was then known as Northern Kentucky State College. Today there are over 15,000 students enrolled. Although about one-third are non-residents, the Kentuckians among them come from 106 of the state's 120 counties. Boone, Kenton and Campbell counties in northern Kentucky account for 7,533 students. Due to limited dormitory space, 86% of undergraduates commute.

Between 45% and 50% of NKU's first time, full-time students are first generation college-goers. The university seeks to provide support services that make it possible for all members of its diverse student body to succeed. Academic advisors use a web-based system to proactively identify students who are "off path" for timely degree

completion and suggest changes to guide students to a degree. Another particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. Gateway2NKU maintains 39 program pathways for seamless transfer between the institutions. Social work pathway participants, for example, graduate in three semesters after transfer to NKU

Policy

The Budget of the Commonwealth provides an additional \$5,334,200 in General Fund in fiscal year 2017-2018 to address disparities in the allocation of state appropriations among the comprehensive postsecondary education institutions.

**Postsecondary Education
University of Kentucky**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	283,869,300	274,152,300	279,611,300	267,028,800	253,677,400
Special Appropriation		5,459,000			
Total General Fund	283,869,300	279,611,300	279,611,300	267,028,800	253,677,400
Restricted Funds					
Current Receipts	2,050,408,400	2,410,554,600	2,859,905,700	3,133,535,600	3,439,190,500
Total Restricted Funds	2,050,408,400	2,410,554,600	2,859,905,700	3,133,535,600	3,439,190,500
Federal Fund					
Current Receipts	203,046,200	211,770,000	228,874,200	241,824,500	255,681,300
Total Federal Fund	203,046,200	211,770,000	228,874,200	241,824,500	255,681,300
TOTAL SOURCE OF FUNDS	2,537,323,900	2,901,935,900	3,368,391,200	3,642,388,900	3,948,549,200
EXPENDITURES BY CLASS					
Personnel Costs	1,488,527,000	1,601,075,300	1,543,222,600	1,659,113,900	1,778,638,500
Operating Expenses	701,391,600	811,083,100	1,407,021,000	1,536,802,500	1,699,037,600
Grants Loans Benefits	42,108,600	32,901,500	186,593,500	197,883,100	207,195,800
Debt Service	54,599,500	59,976,600	76,173,200	84,327,800	83,169,400
Capital Outlay	109,682,700	115,399,000	149,788,700	164,261,600	180,507,900
TOTAL EXPENDITURES	2,396,309,400	2,620,435,500	3,362,799,000	3,642,388,900	3,948,549,200
EXPENDITURES BY FUND SOURCE					
General Fund	283,869,300	279,611,300	274,019,100	267,028,800	253,677,400
Restricted Funds	1,909,393,900	2,129,054,200	2,859,905,700	3,133,535,600	3,439,190,500
Federal Fund	203,046,200	211,770,000	228,874,200	241,824,500	255,681,300
TOTAL EXPENDITURES	2,396,309,400	2,620,435,500	3,362,799,000	3,642,388,900	3,948,549,200
EXPENDITURES BY UNIT					
Instruction	273,000,300	288,046,700	424,724,600	704,314,500	1,010,474,800
Research	251,452,600	250,185,900	324,009,400	324,009,400	324,009,400
Public Service	344,139,300	434,507,700	398,112,100	398,112,100	398,112,100
Libraries	23,519,300	23,366,200	26,486,400	26,486,400	26,486,400
Academic Support	71,249,300	74,662,500	89,496,900	89,496,900	89,496,900
Student Services	36,677,700	38,565,600	43,668,000	43,668,000	43,668,000
Institutional Support	50,110,100	56,657,800	172,351,500	172,351,500	172,351,500
Operation and Maintenance of Plant	62,139,700	61,888,700	80,682,600	80,682,600	80,682,600
Scholarships and Fellowships	42,108,600	32,901,500	186,593,500	186,593,500	186,593,500
Mandatory Transfers	13,638,600	15,436,800	19,921,900	19,921,900	19,921,900
Non-Mandatory Transfers	8,260,500	22,024,800			
Auxilliary Enterprises	203,392,000	222,090,400	227,489,100	227,489,100	227,489,100
Hospitals	1,016,621,400	1,100,100,900	1,369,263,000	1,369,263,000	1,369,263,000
TOTAL EXPENDITURES	2,396,309,400	2,620,435,500	3,362,799,000	3,642,388,900	3,948,549,200

The University of Kentucky is Commonwealth's flagship institution of higher education. It is one of the nation's top research universities and also has an important land grant mission for a state where agriculture is a major economic sector. UK is one of only seven universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. It also maintains professional programs in dentistry, architecture, business, economics, education and social professions.

In fall 2015 UK enrolled 30,704 students, including 82% of last year's freshman class who returned as sophomores, the highest retention rate ever.

The University campus is undergoing dramatic physical change. The Academic Science Building, constructed with a contribution of \$65 million from UK Athletics, will open later this year. Renovation of the Gatton College of Business and Economics that will increase the footprint of the building by 40% is being paid for entirely by private philanthropy. In partnership with EdR 6,500 new beds have been constructed for on-campus housing, with 2015 applications at 132% of capacity. Up to 2,500 additional beds are planned. The new UK Student Center is under construction, aided by a \$20 million donation.

University researchers employ 8,114 Kentuckians who generate over \$21 million in state and local taxes annually. Currently on-going investigations include problems of aging, cancer, cardiovascular and neuro-generative diseases; renewable fuels and plant-based alternatives for industrial manufacturing; drug development and delivery system design; plant bio-tech; equine health; and materials for medical devices and implants.

**Postsecondary Education
University of Louisville**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	166,212,300	139,076,900	140,416,300	132,818,400	126,177,500
Mandated Allotments		637,800			
Total General Fund	166,212,300	139,714,700	140,416,300	132,818,400	126,177,500
Restricted Funds					
Current Receipts	763,029,500	811,249,900	974,383,300	1,002,343,000	1,030,921,100
Total Restricted Funds	763,029,500	811,249,900	974,383,300	1,002,343,000	1,030,921,100
Federal Fund					
Current Receipts	89,811,100	84,583,500	112,770,400	113,548,100	114,333,600
Total Federal Fund	89,811,100	84,583,500	112,770,400	113,548,100	114,333,600
TOTAL SOURCE OF FUNDS	1,019,052,900	1,035,548,100	1,227,570,000	1,248,709,500	1,271,432,200
EXPENDITURES BY CLASS					
Personnel Costs	644,045,400	661,352,000	714,876,300	732,266,900	742,977,500
Operating Expenses	297,897,500	300,942,000	339,230,600	347,100,400	359,112,500
Grants Loans Benefits	32,916,800	37,468,200	129,417,300	129,417,300	129,417,300
Debt Service	22,901,000	19,147,800	18,835,700	17,496,300	17,496,300
Capital Outlay	18,358,100	16,638,100	22,428,600	22,428,600	22,428,600
TOTAL EXPENDITURES	1,016,118,800	1,035,548,100	1,224,788,500	1,248,709,500	1,271,432,200
EXPENDITURES BY FUND SOURCE					
General Fund	163,278,200	139,714,700	137,634,800	132,818,400	126,177,500
Restricted Funds	763,029,500	811,249,900	974,383,300	1,002,343,000	1,030,921,100
Federal Fund	89,811,100	84,583,500	112,770,400	113,548,100	114,333,600
TOTAL EXPENDITURES	1,016,118,800	1,035,548,100	1,224,788,500	1,248,709,500	1,271,432,200
EXPENDITURES BY UNIT					
Instruction	298,191,500	295,126,500	371,273,400	395,533,800	418,256,500
Research	150,622,100	147,968,000	146,088,800	147,088,800	147,088,800
Public Service	110,084,300	125,753,800	110,576,200	110,576,200	110,576,200
Libraries	14,620,100	15,679,400	20,632,700	20,632,700	20,632,700
Academic Support	100,353,100	114,514,300	141,721,500	141,721,500	141,721,500
Student Services	30,421,800	31,710,800	32,840,900	32,840,900	32,840,900
Institutional Support	76,545,400	77,379,500	97,066,000	97,066,000	97,066,000
Operation and Maintenance of Plant	61,663,600	63,124,800	52,242,000	52,242,000	52,242,000
Scholarships and Fellowships	41,776,700	33,765,400	131,329,900	131,329,900	131,329,900
Mandatory Transfers	20,206,700	16,590,800	18,835,700	17,496,300	17,496,300
Non-Mandatory Transfers		9,772,000			
Auxilliary Enterprises	94,245,300	103,525,000	102,181,400	102,181,400	102,181,400
Hospitals	17,388,200	637,800			
TOTAL EXPENDITURES	1,016,118,800	1,035,548,100	1,224,788,500	1,248,709,500	1,271,432,200

The University of Louisville is Kentucky's metropolitan research university, with missions of teaching, research and service. Located in the state's largest city, U of L operates on three campuses: the historic Belknap Campus, the Health Sciences Campus in downtown Louisville's medical complex, and the Shelby Campus in suburban Jefferson County. U of L enrolled 22,599 students in the fall of 2015, including 2,736 freshmen with an average ACT composite score of 25.5. In addition, 79.4 percent of last fall's freshman class returned. The six-year graduation rate is now 52.9 percent.

U of L researchers received almost \$137 million in grant funding in 2015. The University focuses on translational research, new knowledge and discoveries that can improve people's lives now. The Nucleus facility downtown was developed with innovative tax-increment financing to incubate and accelerate business entities that provide

the bridges from the academy into the larger world. The FirstBuild micro-factory on the Belknap campus designs and builds the next generation of home appliances in collaboration with GE Appliances and Local Motors. Medical research focuses on treatment of pediatric spinal cord injuries, biodefense and emerging infectious diseases, and cancer. Development continues at the Shelby Campus where a conference center and hotel are planned.

Policy

The Budget of the Commonwealth provides \$1,000,000 in Restricted Funds each fiscal year from the Attorney General's settlement of the suit against Johnson and Johnson, et al., regarding the off-label marketing of the drug Risperdal to support genomic research in conjunction with the Medicaid program.

**Postsecondary Education
Western Kentucky University**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,425,200	72,649,400	74,649,400	72,040,200	70,823,600
Total General Fund	72,425,200	72,649,400	74,649,400	72,040,200	70,823,600
Restricted Funds					
Current Receipts	217,066,300	226,421,100	283,104,600	288,960,600	294,816,600
Total Restricted Funds	217,066,300	226,421,100	283,104,600	288,960,600	294,816,600
Federal Fund					
Current Receipts	39,014,900	36,964,600	38,811,000	38,811,000	38,811,000
Total Federal Fund	39,014,900	36,964,600	38,811,000	38,811,000	38,811,000
TOTAL SOURCE OF FUNDS	328,506,400	336,035,100	396,565,000	399,811,800	404,451,200
EXPENDITURES BY CLASS					
Personnel Costs	199,110,700	209,428,000	190,661,000	193,940,000	199,696,000
Operating Expenses	56,893,300	55,476,700	96,364,800	95,196,600	95,832,100
Grants Loans Benefits	24,881,500	23,403,800	85,400,400	88,012,400	86,242,300
Debt Service	14,026,200	16,101,200	16,170,200	16,170,200	16,170,200
Capital Outlay	33,594,700	31,625,400	6,475,600	6,492,600	6,510,600
TOTAL EXPENDITURES	328,506,400	336,035,100	395,072,000	399,811,800	404,451,200
EXPENDITURES BY FUND SOURCE					
General Fund	72,425,200	72,649,400	73,156,400	72,040,200	70,823,600
Restricted Funds	217,066,300	226,421,100	283,104,600	288,960,600	294,816,600
Federal Fund	39,014,900	36,964,600	38,811,000	38,811,000	38,811,000
TOTAL EXPENDITURES	328,506,400	336,035,100	395,072,000	399,811,800	404,451,200
EXPENDITURES BY UNIT					
Instruction	109,799,900	110,196,300	117,712,000	121,701,800	126,341,200
Research	6,757,100	7,145,900	6,160,600	6,160,600	6,160,600
Public Service	16,308,300	15,190,200	16,843,500	17,593,500	17,593,500
Libraries	5,878,000	6,050,100	8,706,100	8,706,100	8,706,100
Academic Support	18,286,300	19,613,300	18,087,900	18,087,900	18,087,900
Student Services	34,299,900	33,688,200	37,269,000	37,269,000	37,269,000
Institutional Support	30,722,900	40,545,500	43,564,100	43,564,100	43,564,100
Operation and Maintenance of Plant	26,862,900	28,284,900	37,322,400	37,322,400	37,322,400
Scholarships and Fellowships	25,371,400	23,969,700	74,614,900	74,614,900	74,614,900
Non-Mandatory Transfers	26,452,200	25,609,200	12,044,500	12,044,500	12,044,500
Auxilliary Enterprises	27,767,500	25,741,800	22,747,000	22,747,000	22,747,000
TOTAL EXPENDITURES	328,506,400	336,035,100	395,072,000	399,811,800	404,451,200

Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with over 20,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro and Elizabethtown. In addition to its traditional mission to train teachers and education leaders for the schools in its service area, WKU provides academic programs in liberal arts and sciences, business, engineering, health sciences and agriculture.

WKU offers 1,700 courses on-line in 80 complete academic programs at the undergraduate and graduate level.

WKU is the home of the Gatton Academy of Mathematics and Science for exceptional Kentucky high school juniors and seniors. The Academy was named the number one high school in the United States in 2012 and 2013 by Newsweek.

Last year 600 WKU students participated in study abroad in 39 countries. WKU students also enjoy a global experience through the presence of faculty and fellow students recruited from around the world. The Confucius

Institute expands knowledge and strengthens ties with China through language education and arts and cultural programming.

Policy

The Budget of the Commonwealth provides an additional \$2,588,000 from the General Fund in fiscal year 2017-2018 to address disparities in the allocation of state appropriations among the comprehensive postsecondary education institutions.

Included in the above General Fund appropriation is \$750,000 in each fiscal year for the Kentucky Mesonet, a research-grade environmental monitoring network that offers reliable weather and climate data for use by first responders, local utility providers, transportation and agriculture industries.

Postsecondary Education
Kentucky Community and Technical College System

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	191,455,700	190,162,300	190,162,300	181,605,000	172,524,700
Total General Fund	191,455,700	190,162,300	190,162,300	181,605,000	172,524,700
Restricted Funds					
Current Receipts	207,753,500	229,241,500	452,825,500	468,816,400	486,161,000
Total Restricted Funds	207,753,500	229,241,500	452,825,500	468,816,400	486,161,000
Federal Fund					
Current Receipts	229,466,600	218,686,100	245,126,500	257,392,000	270,270,700
Total Federal Fund	229,466,600	218,686,100	245,126,500	257,392,000	270,270,700
TOTAL SOURCE OF FUNDS	628,675,800	638,089,900	888,114,300	907,813,400	928,956,400
EXPENDITURES BY CLASS					
Personnel Costs	308,294,400	320,117,200	472,695,000	482,780,900	477,907,800
Operating Expenses	99,519,000	102,613,000	152,270,700	152,256,400	163,479,400
Grants Loans Benefits	215,337,200	209,710,700	256,645,800	270,602,900	282,880,400
Capital Outlay	1,733,500	1,801,700	2,699,600	2,173,200	4,688,800
TOTAL EXPENDITURES	624,884,100	634,242,600	884,311,100	907,813,400	928,956,400
EXPENDITURES BY FUND SOURCE					
General Fund	191,455,700	190,162,300	186,359,100	181,605,000	172,524,700
Restricted Funds	207,753,500	229,241,500	452,825,500	468,816,400	486,161,000
Federal Fund	229,466,600	218,686,100	245,126,500	257,392,000	270,270,700
TOTAL EXPENDITURES	628,675,800	638,089,900	884,311,100	907,813,400	928,956,400
EXPENDITURES BY UNIT					
Instruction	176,269,200	183,268,400	273,362,000	296,164,300	315,807,300
Public Service	30,644,900	32,069,600	48,559,100	49,259,100	50,759,100
Libraries	6,428,600	6,746,900	10,284,300	10,284,300	10,284,300
Academic Support	28,644,400	29,650,500	43,640,200	43,640,200	43,640,200
Student Services	48,064,100	49,145,700	69,744,300	69,744,300	69,744,300
Institutional Support	62,032,500	63,271,800	84,431,500	84,431,500	84,431,500
Operation and Maintenance of Plant	61,063,000	64,043,400	97,438,700	97,438,700	97,438,700
Scholarships and Fellowships	215,529,100	209,893,600	256,851,000	256,851,000	256,851,000
TOTAL EXPENDITURES	628,675,800	638,089,900	884,311,100	907,813,400	928,956,400

The Kentucky Community and Technical College System was created in 1997 by the merger of the technical college system in the Cabinet for Workforce Development and the community college system then under the direction of the University of Kentucky. There are 16 community and technical colleges operating at more than 70 locations across the state, with more than 92,000 students enrolled.

The mission of KCTCS is to be a gateway to affordable, high quality postsecondary education. The system maintains an open admissions policy and a robust menu of developmental courses. In addition to industry-specific training leading to portable credentials, the colleges offer a two year academic curriculum designed to transfer to all of Kentucky's four-year institutions.

KCTCS operates 77 on-line programs leading to associate degrees and certificates. The system is Kentucky's largest provider of workforce training, reaching nearly 53,000 employees annually. Last year, KCTCS prepared 80% of the firefighters who were trained in the state and awarded almost 70% of the total allied health credentials earned.

KCTCS administers the Kentucky Board of Emergency Medical Services and the Kentucky Fire Commission.

Policy

Restricted funds in the amount of \$47,300,300 in fiscal year 2017 and \$46,358,100 in fiscal year 2018 are provided for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.250(1), supplemental payments to each qualified professional firefighter shall be \$4,000 in each fiscal year. Notwithstanding KRS 95A.262(2), the aid payment to each volunteer fire department shall be \$11,000 in each fiscal year.

Notwithstanding KRS 95A.262(3), restricted funds of \$500,000 in each year are provided for the Firefighters Training Center Fund.

The Kentucky Community and Technical College System may establish a mandatory student fee, not to exceed \$8 per credit hour, to be used exclusively for debt service on \$145,500,000 in agency bonds issued for the BuildSmart projects. The fee shall be used only to pay debt service and shall cease to be assessed when the bonds used to finance the projects are retired.

Postsecondary Education
Postsecondary Education Performance Fund

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation					42,944,400
Total General Fund					<u>42,944,400</u>
TOTAL SOURCE OF FUNDS					42,944,400
EXPENDITURES BY CLASS					
Personnel Costs					42,944,400
TOTAL EXPENDITURES					<u>42,944,400</u>
EXPENDITURES BY FUND SOURCE					
General Fund					42,944,400
TOTAL EXPENDITURES					<u>42,944,400</u>
EXPENDITURES BY UNIT					
Postsecondary Education Performance Fund					42,944,400
TOTAL EXPENDITURES					<u>42,944,400</u>

In the Kentucky Postsecondary Education Improvement Act of 1997, the General Assembly declared that the welfare and well-being of the citizens of the Commonwealth depend on the development of a well-educated and highly trained workforce, and that such education and training is necessary to allow the citizens to achieve a standard of living above the national average. The General Assembly went on describe an integrated system of postsecondary education that would provide that education and training by the year 2020.

Since then the public postsecondary institutions have improved in raising the level of educational attainment of Kentucky's citizens, although not yet to the level of the national average. Education outcomes are not sufficiently aligned with current and future employer needs. To achieve that stated goal, Kentucky must educate and train more of its people, including more of those from low-income families, more members of minority groups, more rural residents, and more working adults who left school prematurely.

Policy

To both increase momentum and improve outcomes in educating and training Kentucky's workforce, a new mechanism must be set in place to create more effective incentives for achievement by Kentucky's public postsecondary education institutions. The Budget of the Commonwealth provides \$42,944,400 from the General Fund in fiscal year 2017-2018 for the Postsecondary Education Performance Fund. This amount represents five percent of the recommended total General Fund appropriations for eight of the nine public postsecondary education institutions.

Distributions to the institutions from the Performance Fund will be based on achievement of performance goals and metrics enacted by the General Assembly as recommended by the Postsecondary Education Working Group. The Working Group is to develop a comprehensive funding model for the allocation of General Fund appropriations for institutional operations; its recommendations are to be reported to the Governor and the Interim Joint Committee on Education by December 1, 2016.

Public Protection

Public Protection

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,814,300	5,200,400	7,322,000	7,102,700	7,172,300
State Salary and Compensation	25,300				
Budget Reduction-General Fund	-67,500				
Total General Fund	6,772,100	5,200,400	7,322,000	7,102,700	7,172,300
Restricted Funds					
Balance Forward	64,678,776	69,153,582	70,279,200	65,424,500	53,715,700
Current Receipts	87,438,947	91,680,972	92,899,100	93,645,000	95,247,500
Non-Revenue Receipts	19,501,248	20,604,938	21,046,500	24,461,600	24,281,100
Fund Transfers	-28,007,125	-31,450,000	-28,450,000	-30,850,000	-30,850,000
Total Restricted Funds	143,611,846	149,989,493	155,774,800	152,681,100	142,394,300
Federal Fund					
Balance Forward	8,541		1,300		
Current Receipts	1,016,819	941,694	1,447,400	1,369,400	1,295,700
Total Federal Fund	1,025,360	941,694	1,448,700	1,369,400	1,295,700
TOTAL SOURCE OF FUNDS	151,414,099	156,126,794	164,545,500	161,153,200	150,862,300
EXPENDITURES BY CLASS					
Personnel Costs	52,385,415	53,831,052	62,221,300	67,274,900	68,055,300
Operating Expenses	9,573,711	10,504,505	12,413,200	13,364,800	13,204,600
Grants Loans Benefits	20,004,874	20,643,084	23,082,900	25,215,400	25,815,400
Capital Outlay	266,923	867,561	1,074,200	1,582,400	1,295,200
Construction	1,627				
TOTAL EXPENDITURES	82,232,549	85,846,201	98,791,600	107,437,500	108,370,500
EXPENDITURES BY FUND SOURCE					
General Fund	6,744,132	5,200,400	6,992,600	7,102,700	7,172,300
Restricted Funds	74,458,264	79,710,186	90,350,300	98,965,400	99,902,500
Federal Fund	1,030,153	935,616	1,448,700	1,369,400	1,295,700
TOTAL EXPENDITURES	82,232,549	85,846,201	98,791,600	107,437,500	108,370,500
EXPENDITURES BY UNIT					
Secretary	5,128,906	5,532,256	6,201,200	6,574,100	6,625,700
Boxing and Wrestling Authority	121,197	129,305	169,100	161,300	161,800
Alcoholic Beverage Control	5,220,329	5,533,899	6,360,700	7,733,400	7,746,400
Charitable Gaming	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200
Board of Claims/Crime Victims' Compensation	2,055,305	2,106,549	2,068,700	1,977,500	1,910,500
Financial Institutions	9,081,154	9,531,790	10,984,400	12,274,100	12,678,500
Horse Racing Commission	24,410,808	25,231,455	29,026,100	31,661,800	32,293,400
Housing, Buildings and Construction	17,709,253	19,237,687	21,194,900	23,392,800	23,197,500
Insurance	15,052,259	15,160,250	18,846,600	19,498,200	19,560,700
Tax Appeals	422,140	464,300	450,600	450,000	453,800
TOTAL EXPENDITURES	82,232,549	85,846,201	98,791,600	107,437,500	108,370,500

The Public Protection Cabinet is charged with the supervision and regulation of industries. The Cabinet has five departments and one office: Alcoholic Beverage Control, Financial Institutions, Housing, Buildings and Construction, Insurance, Charitable Gaming and Office of Occupations and Professions. The Cabinet also has four boards/commissions attached for administrative purposes only: Kentucky Horse Racing Commission, Boxing & Wrestling Authority, Board of Claims/Crime Victims Compensation Board and Board of Tax Appeals. The Office of the Secretary also includes the Office of Communications and Public Outreach and the Office of Legal Services.

**Public Protection
Secretary**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	267,400	277,900	283,100	276,400	279,700
Total General Fund	267,400	277,900	283,100	276,400	279,700
Restricted Funds					
Balance Forward	1,331,063	1,941,978	1,768,200	894,700	429,300
Current Receipts	1,231,021	1,309,401	1,284,000	1,274,000	1,274,000
Non-Revenue Receipts	4,341,400	3,771,264	3,773,300	4,558,300	5,117,300
Fund Transfers	-100,000				
Total Restricted Funds	6,803,484	7,022,643	6,825,500	6,727,000	6,820,600
TOTAL SOURCE OF FUNDS	7,070,884	7,300,543	7,108,600	7,003,400	7,100,300
EXPENDITURES BY CLASS					
Personnel Costs	4,525,996	4,920,606	5,436,800	5,808,300	5,866,400
Operating Expenses	602,910	611,650	764,400	725,800	719,300
Capital Outlay				40,000	40,000
TOTAL EXPENDITURES	5,128,906	5,532,256	6,201,200	6,574,100	6,625,700
EXPENDITURES BY FUND SOURCE					
General Fund	267,400	277,900	270,400	276,400	279,700
Restricted Funds	4,861,506	5,254,356	5,930,800	6,297,700	6,346,000
TOTAL EXPENDITURES	5,128,906	5,532,256	6,201,200	6,574,100	6,625,700
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	4,002,618	4,378,791	4,794,200	5,105,500	5,146,000
Occupations and Professions	1,126,288	1,153,465	1,407,000	1,468,600	1,479,700
TOTAL EXPENDITURES	5,128,906	5,532,256	6,201,200	6,574,100	6,625,700

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for guiding Departmental agencies in policy and program implementation and is responsible for operating each agency in the most efficient and cost effective manner possible while maintaining a high quality of service to the general public as well as the businesses, trades, and professionals it licenses and regulates.

**Public Protection
Boxing and Wrestling Authority**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	252,108	266,095	239,800	173,200	114,000
Current Receipts	135,185	102,992	102,500	102,100	102,100
Total Restricted Funds	387,292	369,087	342,300	275,300	216,100
TOTAL SOURCE OF FUNDS	387,292	369,087	342,300	275,300	216,100
EXPENDITURES BY CLASS					
Personnel Costs	98,312	108,592	124,200	122,600	123,100
Operating Expenses	22,885	20,713	44,900	38,700	38,700
TOTAL EXPENDITURES	121,197	129,305	169,100	161,300	161,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	121,197	129,305	169,100	161,300	161,800
TOTAL EXPENDITURES	121,197	129,305	169,100	161,300	161,800
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	121,197	129,305	169,100	161,300	161,800
TOTAL EXPENDITURES	121,197	129,305	169,100	161,300	161,800

The Boxing and Wrestling Authority, pursuant to KRS Chapter 229, is the sole authority over professional boxing, wrestling and amateur and professional mixed martial arts bouts in Kentucky. The five-member board directs, manages and controls all professional boxing, sparring, exhibitions, wrestling matches, amateur and professional mixed martial arts bouts. Moreover, the authority has jurisdiction over all licenses to hold boxing, sparring, wrestling matches, exhibitions, amateur and professional mixed martial arts bouts for prizes or purses where an admission fee is received. The Authority administers all licenses to contestants, wrestlers or boxers, judges, managers, physicians, referees, timekeepers, and trainers and provides oversight of all persons who participate in the boxing, sparring, wrestling matches, exhibitions or mixed martial arts. The Authority is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Alcoholic Beverage Control**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	698,300	607,800	618,100	587,100	591,700
Total General Fund	698,300	607,800	618,100	587,100	591,700
Restricted Funds					
Balance Forward	2,778,345	3,089,141	3,473,100	3,406,500	1,966,900
Current Receipts	6,178,326	6,651,627	6,786,000	6,301,000	6,538,000
Non-Revenue Receipts	-790,400	-641,621	-382,200	-294,300	-334,800
Fund Transfers	-555,100	-700,000	-700,000	-300,000	-300,000
Total Restricted Funds	7,611,170	8,399,148	9,176,900	9,113,200	7,870,100
TOTAL SOURCE OF FUNDS	8,309,470	9,006,948	9,795,000	9,700,300	8,461,800
EXPENDITURES BY CLASS					
Personnel Costs	4,455,713	4,265,614	5,082,200	5,652,200	5,680,300
Operating Expenses	759,307	1,201,807	1,178,500	1,950,200	1,935,100
Grants Loans Benefits				131,000	131,000
Capital Outlay	5,309	66,478	100,000		
TOTAL EXPENDITURES	5,220,329	5,533,899	6,360,700	7,733,400	7,746,400
EXPENDITURES BY FUND SOURCE					
General Fund	698,300	607,800	590,300	587,100	591,700
Restricted Funds	4,522,029	4,926,099	5,770,400	7,146,300	7,154,700
TOTAL EXPENDITURES	5,220,329	5,533,899	6,360,700	7,733,400	7,746,400
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,840,037	5,130,005	5,943,300	7,315,900	7,326,600
Tobacco Enforcement	380,292	403,893	417,400	417,500	419,800
TOTAL EXPENDITURES	5,220,329	5,533,899	6,360,700	7,733,400	7,746,400

The Department of Alcoholic Beverage Control (ABC), pursuant to KRS Chapters 241-244, enforces laws relating to the manufacture, sale, transportation, storage, and advertising of alcoholic beverages. The agency does not collect taxes.

The Commissioner of the Department serves as both the agency's administrative officer and the Chairman of the Alcoholic Beverage Control Board, which also includes the directors of the Malt Beverage and Distilled Spirits divisions. The Secretary of the Public Protection Cabinet, with the approval of the Governor, appoints all three board members.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued due to violation of alcoholic beverage laws. The ABC Board also conducts hearings for and appeals from an applicant whose license is refused by city or county administrators.

The Department has enforcement officers assigned throughout the state who conduct investigations, make regular inspections, and otherwise monitor compliance with ABC laws.

The Department also implements laws, pursuant to KRS 438.300 – 438.330, relating to the use, display, sell or distribution of tobacco products with an emphasis on persons under the age of 18.

Policy

An additional \$290,000 from Restricted Funds is provided each fiscal year for the Department's portion of the operating expenses of the One-Stop Business Portal.

The Budget of the Commonwealth includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for ABC Investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Charitable Gaming**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	485,937	787,651	1,391,900	1,420,600	1,354,700
Current Receipts	3,332,913	3,522,913	3,518,000	3,622,100	3,824,700
Non-Revenue Receipts				26,300	26,200
Total Restricted Funds	3,818,850	4,310,565	4,909,900	5,069,000	5,205,600
TOTAL SOURCE OF FUNDS	3,818,850	4,310,565	4,909,900	5,069,000	5,205,600
EXPENDITURES BY CLASS					
Personnel Costs	2,645,824	2,460,574	2,927,100	3,151,100	3,191,000
Operating Expenses	382,580	447,832	559,700	560,700	548,700
Grants Loans Benefits		2,500	2,500	2,500	2,500
Capital Outlay	1,200	7,806			
Construction	1,594				
TOTAL EXPENDITURES	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200
TOTAL EXPENDITURES	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200
EXPENDITURES BY UNIT					
Charitable Gaming	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200
TOTAL EXPENDITURES	3,031,198	2,918,712	3,489,300	3,714,300	3,742,200

The Department of Charitable Gaming, pursuant to KRS Chapter 238, is charged with the licensure and regulation of charitable organizations, facilities, distributors, and manufacturers involved with charitable gaming in the Commonwealth. The agency performs inspections, issues licenses, conducts audits and criminal investigations of charitable gaming establishments.

Policy

The Budget of the Commonwealth includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for Investigators. These funds are available from the Kentucky Law Enforcement Foundation Program Fund.

Public Protection
Board of Claims/Crime Victims' Compensation Board

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	600,000	696,400	708,900	773,400	785,400
State Salary and Compensation	11,800				
Total General Fund	611,800	696,400	708,900	773,400	785,400
Restricted Funds					
Balance Forward	233,809	325,981	364,600	218,200	127,700
Current Receipts	1,025,479	998,774	895,300	867,200	840,200
Total Restricted Funds	1,259,287	1,324,755	1,259,900	1,085,400	967,900
Federal Fund					
Current Receipts	510,198	450,000	350,000	246,400	157,200
Total Federal Fund	510,198	450,000	350,000	246,400	157,200
TOTAL SOURCE OF FUNDS	2,381,286	2,471,155	2,318,800	2,105,200	1,910,500
EXPENDITURES BY CLASS					
Personnel Costs	1,168,393	1,247,399	1,316,600	1,369,900	1,383,900
Operating Expenses	650,536	611,152	495,100	350,600	269,600
Grants Loans Benefits	236,375	247,997	257,000	257,000	257,000
TOTAL EXPENDITURES	2,055,305	2,106,549	2,068,700	1,977,500	1,910,500
EXPENDITURES BY FUND SOURCE					
General Fund	611,800	696,400	677,000	773,400	785,400
Restricted Funds	933,306	960,149	1,041,700	957,700	967,900
Federal Fund	510,198	450,000	350,000	246,400	157,200
TOTAL EXPENDITURES	2,055,305	2,106,549	2,068,700	1,977,500	1,910,500
EXPENDITURES BY UNIT					
Board of Claims	532,261	558,730	617,200	637,200	644,800
Crime Victims' Board	1,523,044	1,547,819	1,451,500	1,340,300	1,265,700
TOTAL EXPENDITURES	2,055,305	2,106,549	2,068,700	1,977,500	1,910,500

The Board of Claims, pursuant to KRS 44.086(2) and (3), is the only forum through which a citizen may sue the state for alleged negligence. Per 2006 Kentucky Acts Chapter 252, awards of less than \$5,000 are paid from funds of the state agency determined to be at fault. Awards over \$5,000 are paid from appropriations from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$200,000 and there is a cap of \$350,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, pursuant to KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim to the Board is five years. The Crime Victims' Compensation Board is funded through an allocation of 3.4 percent of the state court cost fees.

The Board of Claims and the Crime Victims' Compensation Board are composed of the same five members appointed by the Governor. Both entities share staff services provided by the agency. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Financial Institutions**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	9,143,002	7,140,667	7,347,600	6,110,700	4,584,700
Current Receipts	16,594,920	17,245,791	16,913,600	17,456,500	18,298,000
Non-Revenue Receipts	-1,166,100	-1,007,200	-1,166,100	-1,208,400	-1,429,800
Fund Transfers	-8,350,000	-6,500,000	-6,000,000	-5,500,000	-5,500,000
Total Restricted Funds	16,221,821	16,879,257	17,095,100	16,858,800	15,952,900
TOTAL SOURCE OF FUNDS	16,221,821	16,879,257	17,095,100	16,858,800	15,952,900
EXPENDITURES BY CLASS					
Personnel Costs	7,498,365	7,849,591	9,081,700	10,150,200	10,543,700
Operating Expenses	1,551,266	1,678,950	1,897,700	2,112,400	2,123,300
Grants Loans Benefits	3,250	3,250	5,000	11,500	11,500
Capital Outlay	28,274				
TOTAL EXPENDITURES	9,081,154	9,531,790	10,984,400	12,274,100	12,678,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	9,081,154	9,531,790	10,984,400	12,274,100	12,678,500
TOTAL EXPENDITURES	9,081,154	9,531,790	10,984,400	12,274,100	12,678,500
EXPENDITURES BY UNIT					
Administrative Services	1,454,256	1,503,738	1,739,900	1,825,900	1,841,700
Securities	1,599,908	1,591,477	1,665,100	1,765,400	1,779,400
Depository Institutions	3,795,140	4,024,229	4,906,100	5,877,200	6,229,900
Non-Depository Institutions	2,231,851	2,412,347	2,673,300	2,805,600	2,827,500
TOTAL EXPENDITURES	9,081,154	9,531,790	10,984,400	12,274,100	12,678,500

The Department of Financial Institutions, pursuant to KRS Chapter 286, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. A Commissioner appointed by the Governor heads the Department.

The Commissioner's Office is responsible for the overall management of the agency. The Public Information Officer is part of the Commissioner's office and is responsible for all communications with the media and handling the department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration of securities issuances in the state. The Division registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct entities involved in the securities industry that is operating within Kentucky.

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

**Public Protection
Horse Racing Commission**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,660,000	698,700	2,738,600	2,623,000	2,647,200
Total General Fund	2,660,000	698,700	2,738,600	2,623,000	2,647,200
Restricted Funds					
Balance Forward	27,575,936	28,623,529	27,077,200	25,279,100	24,479,300
Current Receipts	3,766,441	3,762,916	3,712,100	4,194,200	4,467,100
Non-Revenue Receipts	19,431,960	20,223,534	20,900,500	24,044,800	24,044,800
Fund Transfers	-400,000	-1,000,000			
Total Restricted Funds	50,374,337	51,609,980	51,689,800	53,518,100	52,991,200
TOTAL SOURCE OF FUNDS	53,034,337	52,308,680	54,428,400	56,141,100	55,638,400
EXPENDITURES BY CLASS					
Personnel Costs	3,860,268	3,964,286	4,941,500	5,678,900	5,726,800
Operating Expenses	785,586	829,874	1,116,200	1,119,500	1,103,200
Grants Loans Benefits	19,764,954	20,389,336	22,818,400	24,813,400	25,413,400
Capital Outlay		47,958	150,000	50,000	50,000
TOTAL EXPENDITURES	24,410,808	25,231,455	29,026,100	31,661,800	32,293,400
EXPENDITURES BY FUND SOURCE					
General Fund	2,660,000	698,700	2,615,400	2,623,000	2,647,200
Restricted Funds	21,750,808	24,532,755	26,410,700	29,038,800	29,646,200
TOTAL EXPENDITURES	24,410,808	25,231,455	29,026,100	31,661,800	32,293,400
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	3,414,227	3,865,521	4,541,400	7,184,300	7,815,900
Equine Drug Research Fund	655,978	401,695	1,000,000	1,000,000	1,000,000
Thoroughbred Development Fund	6,005,663	7,164,007	7,151,900	7,151,900	7,151,900
Standardbred Development Fund	200,261	214,152	250,000	250,000	250,000
Standardbred Horsemen Fees	387,339	300,000	400,000	395,000	395,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund			20,000	20,000	20,000
County Fair Purse Fund	85,349	133,667	89,300	89,300	89,300
Thoroughbred Owners and Breeders			2,200		
Backside Improvement Commission	59,385	584,798	300,400	300,400	300,400
Ky Thoroughbred Breeder Incentive Fund	11,335,412	10,603,726	12,285,900	12,285,900	12,285,900
Ky Standardbred Breeder Incentive Fund	1,773,146	1,145,292	1,715,000	1,715,000	1,715,000
Ky Horse Breeders Incentive Fund	494,047	818,597	1,250,000	1,250,000	1,250,000
KY Quarter Horse, Appaloosa & Arabian Purse Fund			20,000	20,000	20,000
TOTAL EXPENDITURES	24,410,808	25,231,455	29,026,100	31,661,800	32,293,400

The Kentucky Horse Racing Commission, pursuant to KRS 230.225, is responsible for the regulation of horse racing, pari-mutuel wagering on horse racing and related activities in the Commonwealth. The Commission is also charged with fostering and encouraging the equine breeding industry within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all Thoroughbred, Standardbred, Quarter Horse, Appaloosa, and Arabian racing and pari-mutuel wagering thereon may be conducted in the Commonwealth.

The Commission's charge is to:

- Recommend tax incentives and other options to promote the strength and growth of the equine industry and to preserve the economic viability of Kentucky's horse farms;
- Design and implement programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;
- Developing and supporting programs which ensure that Kentucky remains a national leader in equine research;
- Develop programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues;
- Develop and implement programs designed to ensure the safety of all participants in horse racing including jockeys, drivers and horses; and
- Develop and implement programs and procedures that protect the integrity of pari-mutuel horse racing.

The Commission is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

The Administration and Regulation of Racing program performs the administrative and oversight functions of the Commission. The Division of Veterinary Services oversees the state veterinarians and support staff. The Division of Racing & Security supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in horse racing. The Division of Incentives and Development including the Kentucky Thoroughbred, Standardbred, and Horse Breeders' Incentive Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

The Equine Drug Research Council, KRS 230.265, advises the Commission on research and on the regulation of therapeutic medications and prohibited substances. One tenth of one percent of the thoroughbred pari mutuel handle supports the Council. Funds are used to support drug research and testing, equine medical research, equine health research or any regulatory or administrative activity of the Commission that is related to such research.

The Thoroughbred Development Fund, KRS 230.400, was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three fourth of one percent of the total pari mutuel handle and the funds are distributed as purse supplements to the owner of the horse.

The Standardbred Development Fund, KRS 230.770, supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. It receives one percent of the pari mutuel handle and the funds are distributed as purses for the Kentucky Sire Stakes.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth. The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

The County Fair Purse Fund, KRS 230.398, receives funding from pari mutuel standardbred racing tickets not redeemed and four percent of the commissions on wagers at simulcast facilities and redistributes the funds in the form of purse supplements for standardbred racing events to county fairs.

The Backside Improvement Fund, KRS 230.218, is charged with promoting, enhancing, and improving the backsides of eligible thoroughbred racing associations with an average pari-mutuel handle of \$1,200,000 or less per racing day. Associations conducting thoroughbred racing, with an average pari-mutuel handle of \$1,200,000 or less per live racing day, are required to pay one half of one percent of on-track wagers to the Backside Improvement Fund.

The Thoroughbred Owners and Breeders Fund, KRS 230.380, receives six percent of the commissions on wagers at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

Public Protection
Housing, Buildings and Construction

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,179,800	2,455,300	2,501,500	2,392,800	2,414,500
Budget Reduction-General Fund	-67,500				
Total General Fund	2,112,300	2,455,300	2,501,500	2,392,800	2,414,500
Restricted Funds					
Balance Forward	6,716,896	7,011,691	8,263,700	8,931,300	7,434,900
Current Receipts	17,103,986	18,034,508	19,495,500	19,623,600	19,698,800
Non-Revenue Receipts	-87,200	100	-21,900	-120,000	-141,200
Fund Transfers	-1,102,025				
Total Restricted Funds	22,631,658	25,046,298	27,737,300	28,434,900	26,992,500
Federal Fund					
Current Receipts		4,793			
Total Federal Fund		4,793			
TOTAL SOURCE OF FUNDS	24,748,751	27,501,598	30,238,800	30,827,700	29,407,000
EXPENDITURES BY CLASS					
Personnel Costs	14,234,523	15,171,225	16,461,300	17,859,800	17,991,300
Operating Expenses	3,242,296	3,321,143	3,909,400	4,040,600	4,001,000
Grants Loans Benefits	294				
Capital Outlay	232,140	745,319	824,200	1,492,400	1,205,200
TOTAL EXPENDITURES	17,709,253	19,237,687	21,194,900	23,392,800	23,197,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,084,492	2,455,300	2,388,900	2,392,800	2,414,500
Restricted Funds	15,619,967	16,782,387	18,806,000	21,000,000	20,783,000
Federal Fund	4,793				
TOTAL EXPENDITURES	17,709,253	19,237,687	21,194,900	23,392,800	23,197,500
EXPENDITURES BY UNIT					
General Administration and Management	1,092,648	1,166,903	1,331,100	1,382,300	1,387,300
Fire Prevention	1,158,993	1,166,584	1,424,600	1,491,800	1,597,900
Boiler Inspections	823,151	821,147	878,800	907,600	910,400
Hazardous Materials Inspections	643,935	819,809	963,900	1,092,700	942,700
Manufactured Housing Inspections	593,316	614,128	675,300	725,200	735,300
General Inspections	1,429,192	1,742,100	1,692,100	1,725,600	1,741,200
Sprinkler/Alarm Inspections	80,042	88,658	92,400	95,500	95,800
Elevator Inspections	1,119,945	1,160,556	1,254,300	1,305,600	1,309,800
Plumbing	4,999,745	5,521,298	5,842,800	6,265,200	6,286,000
Safe Cigarette Program	5,640	3,984	6,000	6,000	6,000
HVAC	1,968,346	2,217,938	2,477,600	2,593,900	2,601,900
Building Codes Enforcement	2,468,960	2,477,226	2,824,300	3,161,200	3,144,000
Electrical	1,325,338	1,437,355	1,731,700	2,640,200	2,439,200
TOTAL EXPENDITURES	17,709,253	19,237,687	21,194,900	23,392,800	23,197,500

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the

underground storage tanks, and educating the public about fire safety. The State Fire Marshal's Office implements a Sprinkler Inspection Program for all state owned properties under a memorandum of agreement. The Administrative Section of the Fire Prevention Division supports the activities of the General Inspection Section, the Hazardous Materials Section, the Sprinklers and Alarms Certification Section, the Safe Cigarette Program and expanded Fireworks Program.

The Division of Plumbing, a fee-supported program, enforces the Kentucky State Plumbing code (KRS 318.130; 815 KAR Chapter 20). Duties of the Division include: installation inspections of all plumbing systems throughout the state; approval of plumbing plans for all public buildings; testing of applicants for licensure; issuing renewal licenses to master and journeyman plumbers, and assisting the State Plumbing Code Committee in its review of plumbing code administrative regulations. The Plumbing Code Committee, among other duties, reviews and recommends new materials and techniques to be included in the approved parts and materials lists of the Kentucky State Plumbing Code. The Division may pursue sanctions and penalties against both licensed and unlicensed individuals performing plumbing.

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the heating, ventilation, and air conditioning contractors, journeymen, and apprentices. The HVAC Board promulgates administrative regulations relating to all aspects of the HVAC industry, conducts examinations, maintains all licensure information, registers apprentices and may pursue sanctions against licensees and criminal penalties against unlicensed persons engaging in activities requiring an HVAC license. The Board approves continuing education providers, programs and scheduling for HVAC masters and journeymen. On January 1, 2011, the Division began the Statewide Permitting and Inspection Program under the provisions of KRS 198B.6678 and is mandated to make the inspections within a specified timeframe as set out in KRS 198B.6672 for both residential and commercial HVAC installations.

The Division of Building Codes Enforcement provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). The division includes plan review and field inspection and manufactured housing sections. Among the duties of this division are inspection, plan review, licensing, investigation, and technical consulting services to the construction industry. The Division is funded primarily from plan review fees.

The Division of Electrical was created by Executive Order on December 16, 2014 and is composed of the Electrical Licensing and Electrical Inspection Sections. The Electrical Division enforces the mandates contained within KRS Chapter 227A and KRS 224.450-530 to protect the public through regulation, licensure and inspection of the electrical industry.

**Public Protection
Insurance**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	16,161,681	19,966,849	20,353,100	18,990,200	13,224,200
Current Receipts	38,070,678	40,052,050	40,192,100	40,204,300	40,204,600
Non-Revenue Receipts	-2,228,412	-1,741,140	-2,057,100	-2,545,100	-3,001,400
Fund Transfers	-17,500,000	-23,250,000	-21,750,000	-25,050,000	-25,050,000
Total Restricted Funds	34,503,946	35,027,759	36,738,100	31,599,400	25,377,400
Federal Fund					
Balance Forward	8,541		1,300		
Current Receipts	506,621	486,901	1,097,400	1,123,000	1,138,500
Total Federal Fund	515,162	486,901	1,098,700	1,123,000	1,138,500
TOTAL SOURCE OF FUNDS	35,019,108	35,514,660	37,836,800	32,722,400	26,515,900
EXPENDITURES BY CLASS					
Personnel Costs	13,510,925	13,428,865	16,459,700	17,084,300	17,146,800
Operating Expenses	1,541,301	1,731,385	2,386,900	2,413,900	2,413,900
Construction	33				
TOTAL EXPENDITURES	15,052,259	15,160,250	18,846,600	19,498,200	19,560,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	14,537,097	14,674,634	17,747,900	18,375,200	18,422,200
Federal Fund	515,162	485,616	1,098,700	1,123,000	1,138,500
TOTAL EXPENDITURES	15,052,259	15,160,250	18,846,600	19,498,200	19,560,700
EXPENDITURES BY UNIT					
Executive Director and Administration	3,115,241	2,898,306	3,512,500	3,725,800	3,716,600
Property and Casualty	791,384	793,133	1,159,800	1,208,600	1,217,300
Financial Standards and Examination	2,602,136	2,693,407	3,080,700	3,132,900	3,140,500
Agent Licensing	1,327,638	1,375,737	1,810,600	1,867,600	1,877,700
Consumer Protection	2,152,721	2,395,430	2,870,600	2,948,800	2,962,500
Insurance Fraud Investigation	1,308,557	1,213,120	1,578,500	1,677,800	1,688,300
Medicaid Prompt Payment	602,170	447,850	800,000	800,000	800,000
Compliance					
Health and Life	3,055,574	3,197,406	3,842,100	3,940,100	3,960,200
Mine Subsidence Program	96,838	145,862	191,800	196,600	197,600
TOTAL EXPENDITURES	15,052,259	15,160,250	18,846,600	19,498,200	19,560,700

The Department of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate insurance companies doing business in Kentucky.

The Commissioner is responsible for the overall policy, planning, direction, and management of all divisions within the Department. It is the responsibility of the commissioner to oversee the manner in which the business of insurance is conducted in Kentucky. The Commissioner is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers. An ombudsman provides additional assistance to consumers.

The Property and Casualty Division regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Division ensures that companies comply with the standards set forth in the Kentucky Insurance Code. The Division is also responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection. It is responsible for the regulation of surplus lines insurance.

The Health and Life Division regulates insurance companies selling health, life and disability products. The

Division approves policies, certificates, provider networks, quality improvement programs, and rate filings. The Division reviews promotional literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance. The Division is responsible for conducting research on strategies related to financial services modernization.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Department's enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance-related fraud may be committed by applicants for insurance, policyholders, third party claimants, agents, and providers of services who are paid by insurance.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents.

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers. Established in 2013, the Medicaid Prompt Payment Claims (MPPC) Branch was created to process grievance/complaints from health care providers or individual claimants. The MPPC Branch was tasked to review and resolve open complaints transferred from the Department for Medicaid Services and investigate all subsequent MCO complaints from health care providers.

Policy

The Budget of the Commonwealth includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for Insurance Fraud Investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Tax Appeals**

	Actual FY 2014	Actual FY 2015	Revised FY 2016	Enacted FY 2017	Enacted FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	408,800	464,300	471,800	450,000	453,800
State Salary and Compensation	13,500				
Total General Fund	422,300	464,300	471,800	450,000	453,800
TOTAL SOURCE OF FUNDS	422,300	464,300	471,800	450,000	453,800
EXPENDITURES BY CLASS					
Personnel Costs	387,095	414,300	390,200	397,600	402,000
Operating Expenses	35,045	50,000	60,400	52,400	51,800
TOTAL EXPENDITURES	422,140	464,300	450,600	450,000	453,800
EXPENDITURES BY FUND SOURCE					
General Fund	422,140	464,300	450,600	450,000	453,800
TOTAL EXPENDITURES	422,140	464,300	450,600	450,000	453,800
EXPENDITURES BY UNIT					
Tax Appeals	422,140	464,300	450,600	450,000	453,800
TOTAL EXPENDITURES	422,140	464,300	450,600	450,000	453,800

The Board of Tax Appeals, pursuant to KRS Chapter 131, is an administrative review agency with exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board consists of three members appointed by the Governor for staggered four year terms. One member is designated by the Governor as chair. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.