

Commonwealth of Kentucky 2016 - 2018 Executive Budget

Matthew G. Bevin
Governor

Volume I

John E. Chilton
State Budget Director

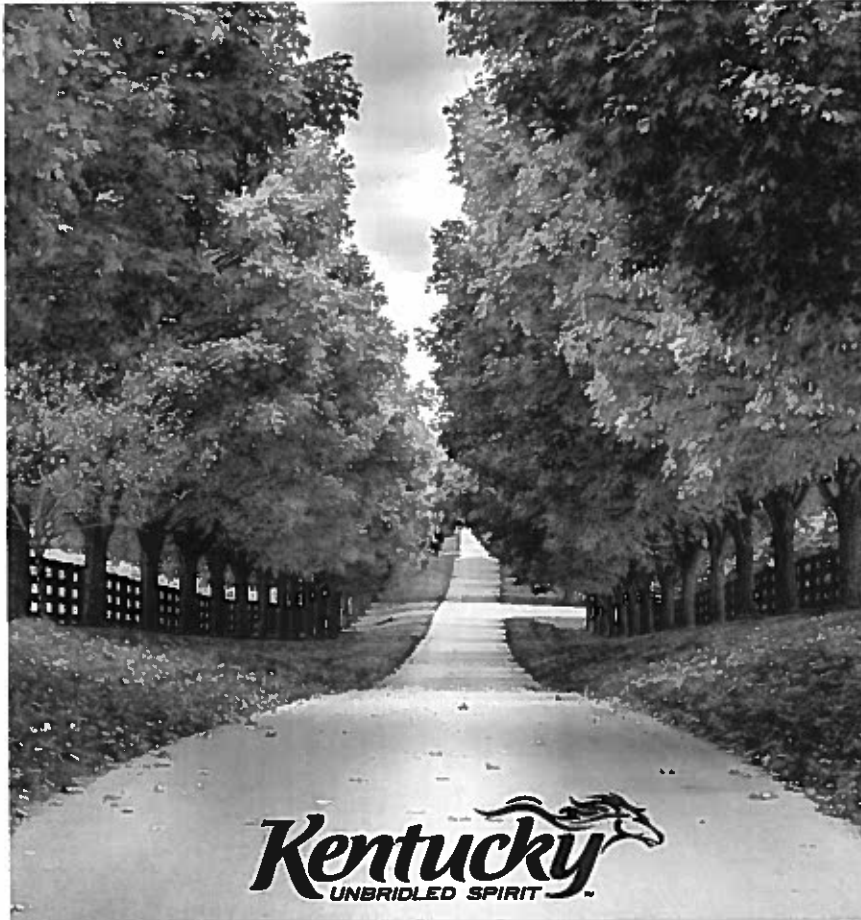


TABLE OF CONTENTS

	<u>PAGE</u>
EXECUTIVE BRANCH	1
GENERAL GOVERNMENT	3
Office of the Governor	5
Office of State Budget Director	7
State Planning Fund	8
Homeland Security	9
Veterans' Affairs	10
Governor's Office of Agricultural Policy	12
Kentucky Infrastructure Authority	14
Military Affairs	16
Commission on Human Rights	18
Commission on Women	19
Department for Local Government	20
Local Government Economic Assistance Fund	22
Local Government Economic Development Fund	23
Area Development Fund	26
Executive Branch Ethics Commission	27
Secretary of State	28
Board of Elections	29
Registry of Election Finance	31
Attorney General	32
Commonwealth's Attorneys	34
County Attorneys	35
Treasury	36
Agriculture	38
Auditor of Public Accounts	40
Personnel Board	41
Kentucky Retirement Systems	42
Occupational and Professional Boards and Commissions	44
Kentucky River Authority	46
School Facilities Construction Commission	47
Teachers' Retirement System	49
Appropriations Not Otherwise Classified	52
KY Communications Network Authority	53

ECONOMIC DEVELOPMENT	54
Economic Development	54
DEPARTMENT OF EDUCATION.....	56
Support Education Excellence in Kentucky (SEEK).....	57
Operations and Support Services	59
Commissioner’s Office/Board of Education.....	60
Administration and Support.....	61
Guiding Support Services	63
Knowledge, Information and Data Services	64
Learning and Results Services	65
Next Generation Schools	66
Next Generation Learners.....	67
Assessment and Accountability	70
State Schools.....	71
Career and Technical Education	72
Local District Health Insurance	73
EDUCATION AND WORKFORCE DEVELOPMENT.....	74
General Administration and Program Support	76
Proprietary Education	78
Deaf and Hard of Hearing	79
Kentucky Educational Television	80
Environmental Education Council	82
Libraries and Archives	83
Libraries and Archives	84
Direct Local Aid.....	87
Office for the Blind	89
Employment and Training	91
Employer and Placement Services.....	93
Unemployment Insurance	94
Workforce Innovation and Opportunity Act.....	96
Vocational Rehabilitation	97
Education Professional Standards Board.....	99

ENERGY AND ENVIRONMENT	100
Secretary.....	102
Environmental Protection	103
Commissioner.....	104
Water.....	105
Waste Management	106
Air Quality	107
Environmental Program Support	108
Enforcement	109
Compliance Assistance.....	110
Petroleum Storage Tank Environmental Assurance Fund	111
Natural Resources.....	112
Commissioner.....	114
Forestry.....	115
Technical and Administrative Support	116
Conservation.....	117
Oil and Gas.....	118
Mine Permits.....	119
Mine Reclamation and Enforcement	120
Abandoned Mine Lands	121
Bond Pool Reclamation Fund	122
Reclamation Guaranty Fund.....	123
Abandoned Mine Land Reclamation Projects	124
Mine Safety Review Commission	125
Mine Safety and Licensing	126
Energy Development and Independence.....	127
Kentucky Nature Preserves Commission.....	129
Public Service Commission.....	130
FINANCE AND ADMINISTRATION	131
General Administration	133
Controller	135
Debt Service	137
Facilities and Support Services.....	138
County Costs	140
Commonwealth Office of Technology.....	142
Revenue.....	144

Property Valuation Administrators 146

HEALTH AND FAMILY SERVICES 147

 General Administration and Program Support 148

 Administrative Support 149

 Inspector General 151

 Commission for Children with Special Health Care Needs 153

 Medicaid Services 155

 Medicaid Administration 156

 Medicaid Benefits 157

 Behavioral Health, Developmental and Intellectual Disabilities 160

 Community Behavioral Health 161

 Community Developmental and Intellectual Disabilities 163

 General Support 164

 Residential 165

 Public Health 167

 General Health Support 169

 Women’s Health 171

 Prevention and Quality Improvement 173

 Epidemiology and Health Planning 175

 Maternal and Child Health 177

 Laboratory Services 179

 Public Health Protection and Safety 180

 Health Policy 182

 Family Resource Centers and Volunteer Services 184

 Family Resource and Youth Services Center 185

 Kentucky Commission on Community Volunteerism and Service 186

 Income Support 187

 Disability Determinations 188

 Child Support 189

 Community Based Services 190

 Family Support 191

 Energy 194

 Child Care 195

 Family and Community Services 198

 Aging and Independent Living 202

 Aging and Independent Living 203

 Guardianship 206

	<u>PAGE</u>
Health Benefit and Information Exchange	207
JUSTICE AND PUBLIC SAFETY	208
Justice Administration	210
Criminal Justice Training	212
Juvenile Justice	214
State Police.....	217
Corrections.....	219
Corrections Management.....	221
Adult Correctional Institutions	222
Community Services and Local Facilities.....	225
Local Jail Support.....	227
Public Advocacy	228
LABOR	230
Secretary.....	232
General Administration and Program Support	233
Workplace Standards	234
Workers' Claims.....	236
Occupational Safety and Health Review Commission.....	237
Workers' Compensation Funding Commission	238
PERSONNEL	239
General Operations	240
Public Employees Deferred Compensation Authority	242
Workers' Compensation Benefits and Reserve	243
State Group Health Insurance Fund.....	244
POSTSECONDARY EDUCATION	245
Council on Postsecondary Education	247
Agency Operations.....	249
Licensure	250
Pass Through Programs	251
Federal Programs.....	253
Strategic Investment and Incentive Funding Program.....	254
Kentucky Higher Education Assistance Authority	256
Postsecondary Education Institutions.....	259
Eastern Kentucky University	260

	<u>PAGE</u>
Kentucky State University	261
Morehead State University	262
Murray State University	263
Northern Kentucky University	264
University of Kentucky	266
University of Louisville	268
Western Kentucky University	269
Kentucky Community and Technical College System	271
Postsecondary Education Performance Fund.....	272
PUBLIC PROTECTION	273
Secretary.....	274
Boxing and Wrestling Authority.....	275
Alcoholic Beverage Control.....	276
Charitable Gaming.....	277
Board of Claims/Crime Victims' Compensation Board.....	278
Financial Institutions	279
Horse Racing Commission.....	280
Housing, Buildings and Construction.....	282
Insurance	284
Tax Appeals.....	286
TOURISM, ARTS AND HERITAGE	287
Secretary.....	289
Artisans Center	291
Travel	292
Parks	294
Horse Park Commission	296
State Fair Board.....	297
Fish and Wildlife Resources.....	299
Historical Society	301
Arts Council.....	303
Heritage Council	304
Kentucky Center for the Arts	305

TRANSPORTATION	306
General Administration and Support.....	308
Aviation	310
Debt Service	312
Highways	314
Research.....	316
Construction.....	317
Maintenance	319
Engineering Administration	320
Planning	321
Highway Operations	322
Equipment Services	323
Highway Safety.....	324
Public Transportation.....	325
Revenue Sharing.....	326
Vehicle Regulation.....	328
 STATEWIDE	
Budget Reserve Trust Fund	330

Executive Branch

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,863,466,400	11,466,131,100	11,921,992,900	10,485,937,900	10,763,677,800
Surplus Expenditure Plan	82,514,310				
Special Appropriation	78,959,000				
Current Year Appropriation	33,157,500				
Continuing Approp-General Fund	88,468,536	209,447,046	209,447,046	209,447,000	362,883,000
Mandated Allotments	16,800,000				
Other	-43,938,700				
Total General Fund	10,119,427,046	11,675,578,146	12,131,439,946	10,695,384,900	11,126,560,800
Tobacco Fund					
Tobacco Settlement - Phase I	97,725,600	91,309,900	90,420,400	89,151,400	95,018,000
Special Appropriation	23,506,600				
Continuing Approp-Tob Settlement	22,551,200	18,761,100	16,005,000	20,706,200	15,817,000
Total Tobacco Fund	143,783,400	110,071,000	106,425,400	109,857,600	110,835,000
Restricted Funds					
Balance Forward	916,790,600	896,539,200	1,021,847,300	911,954,700	1,008,961,600
Current Receipts	6,805,984,767	7,225,093,700	7,624,985,500	7,234,703,800	7,638,129,200
Non-Revenue Receipts	1,101,474,433	1,044,917,900	958,344,900	1,058,169,000	964,898,100
Fund Transfers	-61,781,000	-13,078,400	-8,080,400	-45,116,100	-41,318,900
Total Restricted Funds	8,762,468,800	9,153,472,400	9,597,097,300	9,159,711,400	9,570,670,000
Federal Fund					
Balance Forward	92,819,481	40,234,500	37,462,900	40,063,000	37,483,700
Current Receipts	12,700,138,919	13,038,848,000	13,388,452,700	12,955,092,800	13,284,393,500
Non-Revenue Receipts	1,094,500	-3,083,800	-3,136,500	-3,069,800	-3,122,100
Total Federal Fund	12,794,052,900	13,075,998,700	13,422,779,100	12,992,086,000	13,318,755,100
Road Fund					
Regular Appropriation	1,545,167,600	1,536,589,300	1,562,329,600	1,453,846,200	1,473,941,300
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-30,832,500				
Other	-61,952,200				
Total Road Fund	1,458,721,000	1,536,589,300	1,562,329,600	1,453,846,200	1,473,941,300
TOTAL SOURCE OF FUNDS	33,278,453,146	35,551,709,546	36,820,071,346	34,410,886,100	35,600,762,200
EXPENDITURES BY CLASS					
Personnel Costs	6,657,144,570	7,342,611,200	7,680,759,500	7,036,548,800	7,257,784,100
Operating Expenses	3,185,562,530	3,482,607,900	3,681,058,200	3,320,152,700	3,501,820,400
Grants Loans Benefits	19,601,412,100	20,895,060,900	21,404,417,000	20,216,545,600	20,709,767,800
Debt Service	1,111,913,700	1,156,627,400	1,372,708,900	1,141,366,200	1,242,539,600
Capital Outlay	253,063,000	363,185,600	378,567,100	279,645,700	289,224,700
Construction	1,099,249,900	1,008,585,000	1,009,619,500	962,641,100	987,213,600
TOTAL EXPENDITURES	31,908,345,800	34,248,678,000	35,527,130,200	32,956,900,100	33,988,350,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,730,257,000	11,454,023,000	11,909,574,200	10,313,314,000	10,583,207,200
Tobacco Fund	136,897,700	92,105,200	90,906,600	87,867,100	89,528,500
Restricted Funds	7,850,514,100	8,127,425,100	8,579,349,600	8,150,753,500	8,566,073,000
Federal Fund	12,753,989,900	13,038,535,800	13,384,970,300	12,954,602,300	13,279,205,800
Road Fund	1,436,687,100	1,536,589,300	1,562,329,600	1,450,363,200	1,470,335,700
TOTAL EXPENDITURES	31,908,345,800	34,248,678,400	35,527,130,300	32,956,900,100	33,988,350,200
EXPENDITURES BY UNIT					
General Government	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500

EXPENDITURES BY UNIT

Economic Development	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
Department of Education	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
Education and Workforce Development	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
Energy and Environment	258,295,100	259,724,900	261,631,700	237,321,900	233,780,700
Finance and Administration	830,473,700	880,147,600	955,561,900	860,160,500	904,971,200
Health and Family Services	12,613,140,100	13,278,360,400	13,841,369,000	12,954,806,900	13,442,186,100
Justice and Public Safety	986,970,600	1,203,078,600	1,235,659,400	1,038,865,300	1,041,148,500
Labor	221,717,400	236,342,400	244,137,300	233,079,800	237,495,100
Personnel	62,306,100	65,676,000	67,735,300	65,055,000	66,863,300
Postsecondary Education	7,275,163,100	7,780,660,900	8,323,747,300	7,630,081,700	8,052,714,200
Public Protection	98,791,600	108,962,800	112,436,700	107,373,900	108,306,900
Tourism, Arts and Heritage	235,399,800	271,666,500	285,277,500	234,406,800	238,146,000
Transportation	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,500	2,255,013,700
TOTAL EXPENDITURES	31,908,345,800	34,248,678,400	35,527,130,300	32,956,900,100	33,988,350,200

General Government

General Government

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	665,287,500	1,268,154,700	1,235,738,300	1,049,337,700	1,047,283,700
Continuing Approp-General Fund	299,100				
Other	-30,277,500				
Total General Fund	635,309,100	1,268,154,700	1,235,738,300	1,049,337,700	1,047,283,700
Tobacco Fund					
Tobacco Settlement - Phase I	35,833,200	30,871,200	30,871,200	28,008,000	31,100,200
Special Appropriation	16,000,000				
Continuing Approp-Tob Settlement	5,440,600	18,761,100	16,005,000	18,659,600	15,817,000
Total Tobacco Fund	57,273,800	49,632,300	46,876,200	46,667,600	46,917,200
Restricted Funds					
Balance Forward	97,278,401	93,140,900	80,795,700	93,608,500	83,422,800
Current Receipts	146,865,580	169,847,800	175,099,200	180,760,100	196,941,500
Non-Revenue Receipts	94,891,219	99,165,300	123,982,100	100,862,500	118,515,700
Fund Transfers	-1,750,000	-2,119,200	-2,119,200	-2,200,000	-700,000
Total Restricted Funds	337,285,200	360,034,800	377,757,800	373,031,100	398,180,000
Federal Fund					
Balance Forward	14,811,000	9,716,300	4,487,600	9,716,300	4,487,600
Current Receipts	172,834,900	131,952,500	130,860,800	131,762,200	130,132,800
Non-Revenue Receipts	-574,200				
Total Federal Fund	187,071,700	141,668,800	135,348,400	141,478,500	134,620,400
Road Fund					
Regular Appropriation	512,500	524,800	536,700	519,200	520,400
Total Road Fund	512,500	524,800	536,700	519,200	520,400
TOTAL SOURCE OF FUNDS	1,217,452,300	1,820,015,400	1,796,257,400	1,611,034,100	1,627,521,700
EXPENDITURES BY CLASS					
Personnel Costs	320,197,970	387,989,200	406,442,200	347,007,800	355,989,900
Operating Expenses	74,924,130	90,816,800	91,228,300	94,640,800	104,485,400
Grants Loans Benefits	446,626,400	964,750,800	916,190,300	786,798,500	784,081,200
Debt Service	259,786,900	262,579,500	287,109,600	268,625,200	280,984,800
Capital Outlay	5,954,300	12,793,100	15,255,100	6,216,000	6,370,200
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500
EXPENDITURES BY FUND SOURCE					
General Fund	631,330,900	1,268,166,400	1,235,761,300	1,049,337,700	1,047,283,700
Tobacco Fund	54,614,200	33,817,900	33,575,400	26,828,500	27,828,700
Restricted Funds	243,676,700	279,239,100	311,366,400	289,612,000	322,021,000
Federal Fund	177,355,400	137,181,200	134,985,700	136,990,900	134,257,700
Road Fund	512,500	524,800	536,700	519,200	520,400
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500
EXPENDITURES BY UNIT					
Office of the Governor	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
Office of State Budget Director	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
State Planning Fund	150,800	150,800	150,800	137,200	137,200
Homeland Security	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
Department of Veterans' Affairs	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
Governor's Office of Agricultural Policy	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
Kentucky Infrastructure Authority	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
Military Affairs	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100

EXPENDITURES BY UNIT

Commission on Human Rights	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
Commission on Women	221,600	326,800	340,500	224,600	227,000
Department for Local Government	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
Local Government Economic Assistance Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
Local Government Economic Development Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
Area Development Fund	452,300	473,600	473,600	431,000	431,000
Executive Branch Ethics Commission	513,800	642,400	666,200	561,400	565,900
Secretary of State	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
Board of Elections	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
Registry of Election Finance	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
Attorney General	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
Unified Prosecutorial System	89,034,000	108,325,500	113,932,500	93,272,700	94,422,800
Treasury	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
Agriculture	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
Auditor of Public Accounts	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
Personnel Board	856,000	897,700	948,900	888,000	913,800
Kentucky Retirement Systems	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
KY Communications Network Authority	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
Occupational & Professional Boards & Commissions	23,779,700	26,357,400	27,111,400	25,625,100	25,785,500
Kentucky River Authority	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
School Facilities Construction Commission	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
Teachers' Retirement System	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
Appropriations Not Otherwise Classified	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500

**General Government
Office of the Governor**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,629,800	5,938,000	6,197,900	5,455,700	5,516,800
Total General Fund	5,629,800	5,938,000	6,197,900	5,455,700	5,516,800
Tobacco Fund					
Tobacco Settlement - Phase I	1,912,500	2,050,000	2,050,000	2,050,000	2,050,000
Continuing Approp-Tob Settlement	3,155,000	2,110,900	1,136,100	2,110,900	1,138,700
Total Tobacco Fund	5,067,500	4,160,900	3,186,100	4,160,900	3,188,700
Restricted Funds					
Balance Forward	255,100	168,200	82,800	168,200	84,400
Current Receipts	249,200	241,600	255,100	239,400	241,500
Total Restricted Funds	504,300	409,800	337,900	407,600	325,900
Federal Fund					
Balance Forward	18,800				
Current Receipts	2,512,000	2,507,400	1,077,700	2,506,200	1,078,900
Total Federal Fund	2,530,800	2,507,400	1,077,700	2,506,200	1,078,900
TOTAL SOURCE OF FUNDS	13,732,400	13,016,100	10,799,600	12,530,400	10,110,300
EXPENDITURES BY CLASS					
Personnel Costs	5,970,400	6,609,700	6,637,800	6,119,900	5,883,100
Operating Expenses	1,338,900	1,324,300	1,299,100	1,324,200	1,299,000
Grants Loans Benefits	3,890,700	3,863,200	2,861,800	3,863,200	2,927,300
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,376,500	5,938,000	6,197,900	5,455,700	5,516,800
Tobacco Fund	2,956,600	3,024,800	3,186,100	3,022,200	3,188,700
Restricted Funds	336,100	327,000	337,000	323,200	325,000
Federal Fund	2,530,800	2,507,400	1,077,700	2,506,200	1,078,900
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
EXPENDITURES BY UNIT					
Governor	4,392,800	4,843,900	5,022,300	4,368,800	4,396,900
Governor's Office Expense Allowance	26,300	27,400	27,700	27,900	28,300
Lieutenant Governor	528,100	561,000	591,200	562,800	568,800
Lieutenant Governor's Expense Allowance	14,600	15,200	15,400	15,500	15,800
Secretary of the Cabinet	337,700	364,000	382,300	356,600	360,100
Kentucky Commission on Military Affairs	484,400	505,800	227,400	504,500	218,200
Office of Minority Empowerment	133,700	144,500	152,200	141,500	143,000
Faith Based Initiatives	80,000	86,700	91,400	84,800	85,700
Early Childhood Advisory Council	5,202,400	5,248,700	4,288,800	5,244,900	4,292,600
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400

The Governor serves as the chief administrator of the Commonwealth and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies to executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office,

die, fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

The Secretary of the Executive Cabinet develops and implements the major program decisions for the Executive Branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government and coordinates legislative policy for the Governor. This role promotes cooperation and coordination among all agencies and programs of state government.

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

The Office of Minority Empowerment was established in 2005 pursuant to KRS 12.023. The primary purpose of the Office is to help minorities realize full access to their government and be responsive to the needs of Kentucky's minority community. More specifically, the Office is charged with the responsibility of developing policies affecting Kentucky's minority community in the areas of economic empowerment, health care, housing, education, government services, and the criminal justice system. The Office also will maximize economic opportunities for minorities by reviewing state contracts awarded to minority businesses and reviewing job training and technical education initiatives to ensure and enhance the effectiveness of such programs. The constituents served by this office include, but are not limited to, minority individuals as defined and referenced in KRS 12.070, such as Native Americans, Alaskan Natives, African Americans, Hispanics, the disabled community, small-, minority-, and woman-owned businesses, and other underrepresented ethnic groups.

The Office for Faith-Based and Community Nonprofit Social Services was established in 2005 pursuant to KRS 12.510. The Office has lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001.

The Early Childhood Advisory Council established in the Governor's Office in 2011 pursuant to KRS 200.700 coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Advisory Council provides technical assistance, monitoring, evaluation of outcomes of the local partnerships and provides financial assistance to the local councils through Tobacco Fund grants.

**General Government
Office of State Budget Director**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,195,400	3,380,100	3,574,600	3,135,100	3,165,500
Total General Fund	3,195,400	3,380,100	3,574,600	3,135,100	3,165,500
Restricted Funds					
Balance Forward	243,300	1,000		1,000	
Non-Revenue Receipts		228,100	242,300	228,100	242,300
Total Restricted Funds	243,300	229,100	242,300	229,100	242,300
TOTAL SOURCE OF FUNDS	3,438,700	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY CLASS					
Personnel Costs	2,848,200	3,166,000	3,362,100	2,929,000	2,961,000
Operating Expenses	445,700	443,200	454,800	435,200	446,800
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,051,600	3,380,100	3,574,600	3,135,100	3,165,500
Restricted Funds	242,300	229,100	242,300	229,100	242,300
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,527,900	2,807,400	2,961,600	2,563,500	2,587,200
Policy Research	211,300	222,500	237,400	221,300	226,800
Economic Analysis	554,700	579,300	617,900	579,400	593,800
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800

The Office of the State Budget Director, created in KRS 11.068, includes the Governor's Office for Policy and Management (GOPM), the Governor's Office for Policy Research (GOPR), and the Governor's Office for Economic Analysis (GOEA). Under the direction of the State Budget Director, these Offices serve as staff to the Governor, the Governor's Chief of Staff, the Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet.

The Governor's Office for Policy and Management (GOPM) prepares the Executive Budget, the Governor's overall financial plan for state government. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. Following enactment of the budget by the General Assembly, GOPM helps agencies implement the appropriations acts through their expenditures for program activities.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth.

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On October 15th of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. To inform the Governor and the General Assembly for the biennial budget process, an official estimate is made in December and presented along with the Governor's Executive Budget recommendation to the General Assembly.

**General Government
State Planning Fund**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	150,800	150,800	150,800	137,200	137,200
Total General Fund	150,800	150,800	150,800	137,200	137,200
TOTAL SOURCE OF FUNDS	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY CLASS					
Grants Loans Benefits	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY FUND SOURCE					
General Fund	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY UNIT					
State Planning Fund	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200

The State Planning Fund supports statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are responsibilities of the Governor's Cabinet. KRS 147.075 delegates these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills these responsibilities through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the State Budget Director. The Governor serves as the Chairman of the Committee and the State Budget Director serves as its Secretary. The Governor's Office for Policy and Management reviews proposed planning projects, makes recommendations for funding to the Governor and the other members of the State Planning Committee, and provides staff support to the Committee.

**General Government
Homeland Security**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	236,600	753,800	767,400	229,200	231,800
Total General Fund	236,600	753,800	767,400	229,200	231,800
Restricted Funds					
Balance Forward	1,820,900	1,609,200	1,325,300	1,609,200	1,329,400
Current Receipts	1,169,900	1,186,600	1,203,400	1,186,600	1,203,400
Non-Revenue Receipts	1,700	1,700	1,700	1,700	1,700
Total Restricted Funds	2,992,500	2,797,500	2,530,400	2,797,500	2,534,500
Federal Fund					
Balance Forward	114,200				
Current Receipts	4,022,600	4,031,600	4,081,400	4,031,600	4,081,400
Total Federal Fund	4,136,800	4,031,600	4,081,400	4,031,600	4,081,400
Road Fund					
Regular Appropriation	262,500	274,800	286,700	269,200	270,400
Total Road Fund	262,500	274,800	286,700	269,200	270,400
TOTAL SOURCE OF FUNDS	7,628,400	7,857,700	7,665,900	7,327,500	7,118,100
EXPENDITURES BY CLASS					
Personnel Costs	1,958,500	2,173,900	2,272,800	2,139,600	2,199,500
Operating Expenses	234,100	234,700	235,400	234,700	235,400
Grants Loans Benefits	3,816,000	4,123,800	4,109,100	3,623,800	3,609,100
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
EXPENDITURES BY FUND SOURCE					
General Fund	226,000	753,800	767,400	229,200	231,800
Restricted Funds	1,383,300	1,472,200	1,481,800	1,468,100	1,460,400
Federal Fund	4,136,800	4,031,600	4,081,400	4,031,600	4,081,400
Road Fund	262,500	274,800	286,700	269,200	270,400
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
EXPENDITURES BY UNIT					
Office of Homeland Security	5,275,300	5,685,200	5,747,600	5,155,000	5,195,700
Commerical Mobile Radio Service	733,300	847,200	869,700	843,100	848,300
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000

The Kentucky Office of Homeland Security (KOHS), administratively attached to the Office of the Governor in accordance with KRS 39G.010, was created to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for man-made or natural disasters. Although its primary role is to serve as the state's administrative liaison with the U. S. Department of Homeland Security, KOHS has initiated a comprehensive prevention-focused homeland security strategy to ensure Kentucky's communities, first responders and families have the resources and information necessary to be prepared for disaster or attack.

The Commercial Mobile Radio Service Emergency Telecommunications Board (CMRS) is administratively attached to the Kentucky Office of Homeland Security pursuant to KRS 65.7623. The CMRS Board collects user fees monthly from subscribers of the approximately 35 wireless carriers providing wireless telephone service in Kentucky. These fees are used to fund technology upgrades at Kentucky's enhanced 911 centers and to enhance the networks operated by the carriers.

**General Government
Veterans' Affairs**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,815,100	18,469,200	19,925,600	17,259,900	17,461,600
Total General Fund	17,815,100	18,469,200	19,925,600	17,259,900	17,461,600
Restricted Funds					
Balance Forward	7,141,200	13,029,400	8,204,300	13,476,500	11,481,600
Current Receipts	58,650,900	72,534,400	75,579,600	68,091,000	74,463,900
Total Restricted Funds	65,792,100	85,563,800	83,783,900	81,567,500	85,945,500
TOTAL SOURCE OF FUNDS	83,607,200	104,033,000	103,709,500	98,827,400	103,407,100
EXPENDITURES BY CLASS					
Personnel Costs	50,809,200	72,711,500	76,560,800	65,268,000	71,555,400
Operating Expenses	11,540,900	15,403,600	15,937,600	14,652,400	14,837,000
Grants Loans Benefits	6,124,700	7,477,800	7,718,500	7,103,700	7,401,700
Debt Service			1,128,000		
Capital Outlay	854,200	235,800	232,000	321,700	321,700
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
EXPENDITURES BY FUND SOURCE					
General Fund	17,013,400	18,469,200	19,925,600	17,259,900	17,461,600
Restricted Funds	52,315,600	77,359,500	81,651,300	70,085,900	76,654,200
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
EXPENDITURES BY UNIT					
Field Services and Cemeteries	5,716,200	6,616,000	6,979,700	6,502,300	6,687,900
Kentucky Veterans' Centers	63,612,800	89,212,700	94,597,200	80,843,500	87,427,900
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 370,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

Pursuant to KRS 40.325, the Office of Kentucky Veterans' Centers within the KDVA currently manages Kentucky's three state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population, which includes about 110,000 of Kentucky's veterans.

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 285-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern Kentucky Veterans' Center is a 120-bed facility located in Hazard (Perry County). The Western Kentucky Veterans' Center is a 120-bed facility in Hanson (Hopkins County). Both facilities opened in 2002 and include in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, and a dietary department.

In April 2013, KDVA opened a 36-bed expansion at the Western Kentucky Veterans' Center that utilizes the new "Community Living Concept" recently required by the federal Veterans' Administration. Three 12-bed buildings will provide a more personalized care for its residents. A fourth 120-bed Veterans' Center, in Hardin County, is under construction and will also utilize the "Community Living Concept." The fourth facility is scheduled to open in calendar year 2016.

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Ft. Knox opened in June 2007. The Veterans' Cemetery-North near Williamstown opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County opened in the fall of 2010. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path

and landscaping. The Veterans Cemetery-Southeast in Leslie County is under construction and scheduled to open in calendar year 2017.

KRS 40.600 established the Women Veterans Program to ensure Kentucky women veterans have equitable access to federal and state veterans' services and benefits. KRS 40.350 established the Wounded or Disabled Veterans Program to assist wounded or disabled veterans in the transition from active service and ensure they receive the federal, state and private benefits to which they are entitled as wounded or disabled veterans.

The KDVA contracts with Volunteers of America to help support the operation of a Homeless Veterans' Transitional Shelter which opened for business in April 2005 on the Leestown Veterans Administration Hospital property in Lexington.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Tobacco Fund					
Tobacco Settlement - Phase I	33,320,700	28,221,200	28,221,200	25,358,000	28,450,200
Special Appropriation	16,000,000				
Continuing Approp-Tob Settlement	2,285,600	16,650,200	14,868,900	16,548,700	14,678,300
Total Tobacco Fund	51,606,300	44,871,400	43,090,100	41,906,700	43,128,500
Restricted Funds					
Balance Forward	326,600	152,600	121,600	152,600	121,600
Current Receipts	126,000	119,000	119,000	119,000	119,000
Total Restricted Funds	452,600	271,600	240,600	271,600	240,600
TOTAL SOURCE OF FUNDS	52,058,900	45,143,000	43,330,700	42,178,300	43,369,100
EXPENDITURES BY CLASS					
Personnel Costs	1,512,700	1,685,400	1,776,600	1,669,000	1,686,400
Operating Expenses	256,400	256,400	256,400	260,700	260,700
Grants Loans Benefits	49,588,500	28,401,300	27,906,300	21,426,600	22,242,900
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
EXPENDITURES BY FUND SOURCE					
Tobacco Fund	51,057,600	30,193,100	29,789,300	23,206,300	24,040,000
Restricted Funds	300,000	150,000	150,000	150,000	150,000
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation are staffed by the employees in this Office. The Kentucky Agricultural Development Board hires an Executive Director to carry out the duties of the board, while also serving as the Executive Director of the Kentucky Agricultural Finance Corporation.

The Kentucky Agricultural Development Board, authorized in KRS 248.707, distributes funds received by the Commonwealth from the Tobacco Master Settlement Agreement (Phase I money). The Board invests in innovative proposals that increase net farm income and assists tobacco farmers and tobacco-impacted communities by stimulating markets, finding new ways to add value to existing products, and promoting diversification of Kentucky's agricultural economy.

The Agricultural Development Board has sixteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, Director of the University of Kentucky Cooperative Extension Service and President of Kentucky State University, along with eleven members appointed by the Governor to staggered terms. Those appointees include representatives of the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney, an agricultural lender, and seven active farmers. The Governor serves as Chair and the Commissioner of Agriculture serves as Vice- Chair of the board.

KRS 248.703 provides that half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account for county level grants and a state account for investments that have a regional or statewide purpose. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, livestock diagnostic lab design and construction, improvements to 4-H camps and FFA Leadership Center, and funding for land conservation programs. However, the 2014-2016 biennial budget directed that the debt service supporting these projects be taken from the Tobacco Settlement Agreement Fund (KRS 248.654).

A portion of funds received into the Agriculture Development Fund are allocated for projects at the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties

within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several programs in which counties may participate. Funds are provided as matching grants.

In addition to their work with the Kentucky Agricultural Development Fund, personnel at GOAP provide staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a de jure municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The mission of the Corporation board is to strengthen Kentucky agriculture by providing access to low interest loan programs through joint partnerships with local lending institutions. KAFC assists beginning farmers, farm families and agribusinesses obtain the necessary capital to establish, maintain or expand their agricultural operation. The Commissioner of the Kentucky Department of Agriculture serves as the Chair and the Secretary of the Finance Cabinet serves as another statutory member. The Governor appoints the remaining ten board members who represent various agricultural sectors.

Policy

The Executive Budget suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$8,875,300 in fiscal year 2016-2017 and \$9,957,600 in fiscal year 2017-2018.

The Executive Budget includes an additional appropriation of \$21,099,500 of Tobacco Master Settlement Agreement (Phase I) funds in fiscal year 2015-2016. These funds are available due to a higher official revenue estimate and an unappropriated amount from a prior year.

**General Government
Kentucky Infrastructure Authority**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,337,300	1,337,300	3,410,300	1,518,900	2,119,900
Total General Fund	1,337,300	1,337,300	3,410,300	1,518,900	2,119,900
Restricted Funds					
Balance Forward	178,800				
Non-Revenue Receipts	32,041,600	32,316,900	54,493,500	37,791,900	53,459,600
Total Restricted Funds	32,220,400	32,316,900	54,493,500	37,791,900	53,459,600
Federal Fund					
Current Receipts	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
Total Federal Fund	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
TOTAL SOURCE OF FUNDS	62,939,600	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY CLASS					
Personnel Costs	2,741,000	2,897,600	2,979,000	2,772,300	2,788,800
Operating Expenses	174,100	174,200	174,200	174,100	174,100
Grants Loans Benefits	28,964,300	28,964,300	28,964,300	28,964,300	28,964,300
Debt Service	31,000,000	31,000,000	55,168,200	36,782,000	53,034,200
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,277,100	1,337,300	3,410,300	1,518,900	2,119,900
Restricted Funds	32,220,400	32,316,900	54,493,500	37,791,900	53,459,600
Federal Fund	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400

The Kentucky Infrastructure Authority (KIA) pursuant to KRS Chapter 224A funds the acquisition and construction of infrastructure projects as defined in KRS 224A.011(16) and the remediation of property owned by governmental agencies. KIA also coordinates regional infrastructure planning to promote higher levels of technical, managerial and financial capacity of water based utilities. KIA with the assistance of the Area Development Districts coordinates water and wastewater planning by the Area Water Management Councils. The Councils establish water planning areas, develop and maintain the regional water management plan and identify and prioritize water and wastewater projects. The authority is administratively attached to the Department for Local Government.

The agency is authorized to issues notes and bonds to provide infrastructure financing for governmental agencies and to a limited extent investor-owned private utilities. The provisions of KRS 224A.165 dictate certain limits on the amount of notes and bonds the Authority can have outstanding. The purpose of the loans is to assist in financing the construction of infrastructure projects. The Authority also provides grants and subsidized loan incentives.

The following provides a description of the Authority's programs:

Fund A Wastewater Revolving Loan Program – Local wastewater treatment facilities that qualify under the U.S. Environmental Protection Agency (EPA) standards are financed through this program. Jointly administered by the KIA and the Kentucky Division of Water in the Energy and Environment Cabinet, loans are provided to governmental agencies at below-market interest rates.

Fund B Revolving Loan/Grant Program – Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

Fund B 2020 Program – This fund provides financing primarily for, but not limited to, water service projects. The fund promotes the merger and consolidation of systems, and encourages the increased financial, managerial, and technical capacity of systems to provide service.

Fund C Governmental Agencies Program – This program provides local governmental agencies access to funding at better terms than could be obtained on an independent basis. Loans are available at terms of up to thirty years for any eligible infrastructure project owned by governmental entities in the Commonwealth. The loans may be used to fund totally a construction project or they can be used to supplement grants or cash contributions.

Fund F Drinking Water Revolving Loan Fund – This fund was established to assist in financing local drinking water treatment and distribution facilities that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water in the Energy and Environment Cabinet from the Project Priority List and must be financially feasible as determined by KIA staff.

Coal Development and Tobacco Development Funds – These funds were created by the 2003 Regular Session of the General Assembly to support various water and sewer projects in Coal Producing and Tobacco Producing Counties. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs.

Infrastructure for Economic Development Funds – These funds were authorized by the 2005, 2006 and 2008 General Assembly for an array of water and sewer projects included in the Commonwealth budget by specific designation. The Authority coordinates the implementation process and provides project administration for the projects funded in these programs.

Local Government Economic Development Fund – (Coal Severance Tax Projects) – These funds were authorized by the 2008, 2010 and 2012 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

Policy

Included in the General Fund appropriation is \$166,500 in fiscal year 2016-2017 and \$496,500 in fiscal year 2017-2018 for debt service to support \$7,500,000 in bonds to match an estimated \$35,740,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$135,500 in fiscal year 2016-2017 and \$406,500 in fiscal year 2017-2018 for debt service to support \$6,100,000 in bonds to match an estimated \$27,540,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the capital budget is authorization for the Kentucky Infrastructure Authority to expend loan repayment receipts on deposit at the trustee bank to support Agency Leverage Bonds for the Wastewater Revolving Loan program (Fund A) and the Safe Drinking Water Revolving Loan program (Fund F).

General Government

Military Affairs

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,200,200	14,113,900	14,828,700	9,064,900	9,198,200
Total General Fund	9,200,200	14,113,900	14,828,700	9,064,900	9,198,200
Restricted Funds					
Balance Forward	21,374,800	20,820,400	21,068,400	20,320,400	19,805,100
Current Receipts	31,728,200	36,739,800	37,750,000	36,184,300	36,991,800
Non-Revenue Receipts	-4,000,000	-1,000,000	-1,000,000	-3,835,000	-2,650,000
Fund Transfers	300,000	-1,700,000	-1,700,000	300,000	300,000
Total Restricted Funds	49,403,000	54,860,200	56,118,400	52,969,700	54,446,900
Federal Fund					
Current Receipts	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
Total Federal Fund	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
TOTAL SOURCE OF FUNDS	141,835,400	112,754,200	115,306,700	105,666,900	107,352,200
EXPENDITURES BY CLASS					
Personnel Costs	37,260,100	40,134,200	42,133,300	39,738,800	40,104,900
Operating Expenses	22,787,300	30,824,000	31,177,200	24,353,300	24,186,200
Grants Loans Benefits	55,361,800	15,239,400	15,225,500	15,239,400	15,225,500
Debt Service	1,800,700	1,800,700	1,800,700	1,800,700	1,800,700
Capital Outlay	3,891,100	3,687,500	3,668,600	4,729,600	4,902,800
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,786,200	14,113,900	14,828,700	9,064,900	9,198,200
Restricted Funds	29,082,600	33,791,800	34,817,000	33,164,600	33,314,800
Federal Fund	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100
EXPENDITURES BY UNIT					
Statutory State Operations	23,301,400	26,910,800	27,881,900	24,266,700	24,423,100
Emergency Management	63,430,800	25,465,500	25,788,700	23,717,800	23,766,800
National Guard Operations	191,000	400,000	400,000	182,000	182,000
Emergency & Public Safety Operations					
Bluegrass Station	11,434,600	14,808,200	15,043,100	13,804,000	13,825,000
Central Clothing Distribution	14,765,700	15,856,900	16,412,800	15,878,200	15,999,200
Federal & Grant Operations	7,977,500	8,244,400	8,478,800	8,013,100	8,024,000
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100

The Department of Military Affairs is responsible for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the Kentucky National Guard and appoints the Adjutant General. The Adjutant General commands the Kentucky National Guard and directs and coordinates all programs in the Department.

Units of the Kentucky National Guard may be called to duty by the Governor in the event of civil strife or disorder or the occurrence of natural or man-made disasters. The Department has the responsibility for organizing, equipping, training, and housing these units.

The Department consists of the following organizational units: The Division of Emergency Management; the Office of Kentucky Community Crisis Response; and the Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Logistics Operations Division, Bluegrass Station Division, and the Youth Challenge Program.

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment, mitigation, response, and recovery in the Commonwealth. The Division works with local emergency

management programs to maintain a coordinated program and operates field offices across the state. The Emergency Operations Center in Frankfort is the hub for coordination during an emergency and is operated by the Division. The Center operates on a twenty-four hour basis and serves as a warning point, communications and command center.

The Kentucky Community Crisis Response Board oversees the delivery of crisis response services including consultation, risk assessment, referral, and on site crisis intervention services to persons impacted by an emergency or disaster.

The Division of Facilities is responsible for maintaining nearly 50 armories across the state as well as the facilities at Wendell H. Ford Regional Training Center in Muhlenberg County, the Emergency Operations Center in Frankfort, and various other facilities statewide.

The Department also operates Bluegrass Station in Fayette County, formerly the AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. This 777 acre facility includes more than 2.4 million square feet and houses 28 tenants that employ over 2,800 Kentuckians. Estimated economic impact of Bluegrass Station exceeds \$248,000,000 per fiscal year. Bluegrass Station is also home to the Logistic Operations Division's Central Clothing Distribution Facility which employs over 200 employees that are responsible for the complete supply chain management and logistics for clothing to all military units of the Army National Guard, Air National Guard, U.S. Marine Corps Reserve and the U.S. Navy Reserve.

The Youth Challenge Program is a 22-week residential development and training program for youth between 16 – 18 years of age who are high school dropouts, drug-free, unemployed and free of serious involvement in the criminal justice system. The program is operated by the Kentucky National Guard and is located in Hardin and Harlan Counties. The 2014-2016 enacted budget allows students accepted in the Challenge Program to be included in the student count used for determining state funding allocated to local school districts through the Support Education Excellence in Kentucky (SEEK) program. The district will calculate the SEEK Funds for the Challenge enrollees and transmit the funds to the Challenge Academy.

Policy

The Executive Budget includes Restricted Funds in the amount of \$100,000 in each fiscal year to support the Military Burial Honor Guard Program for providing the proper support and decorum for military funeral honors pursuant to KRS 36.390 to 36.396.

**General Government
Commission on Human Rights**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,738,800	2,846,000	2,980,700	1,684,700	1,703,600
Total General Fund	1,738,800	2,846,000	2,980,700	1,684,700	1,703,600
Federal Fund					
Current Receipts	245,000	245,000	245,000	245,000	245,000
Total Federal Fund	245,000	245,000	245,000	245,000	245,000
TOTAL SOURCE OF FUNDS	1,983,800	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY CLASS					
Personnel Costs	1,684,000	2,676,600	2,813,800	1,727,000	1,747,400
Operating Expenses	221,600	414,400	411,900	202,700	201,200
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,660,600	2,846,000	2,980,700	1,684,700	1,703,600
Federal Fund	245,000	245,000	245,000	245,000	245,000
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY UNIT					
General Administration and Support	719,200	914,800	945,000	710,500	714,800
Enforcement Branch	518,100	783,300	824,400	535,900	542,200
Research and Information	372,100	910,000	950,900	380,500	385,100
Legal Affairs	296,200	482,900	505,400	302,800	306,500
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600

The Kentucky Commission on Human Rights is the sole state civil rights enforcement agency in Kentucky, and is mandated to "...safeguard all individuals within the state from discrimination." Pursuant to KRS Chapter 344, the Commission investigates, litigates, and administratively decides complaints of discrimination in the areas of employment, public accommodation, housing, and credit based on race, religion, national origin, age, disability, sex, smoking in employment, and familial status for housing decisions. The Commission has four service units: General Administration and Support, Enforcement, Research and Information, and Legal Affairs.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office, legislators, and other agencies in state government. This unit is responsible for development of internal policy directives and legislative initiatives.

The Enforcement Branch consists of two sections: Employment/Public Accommodations and Housing. Employees assigned to these sections receive, investigate, and conciliate complaints of discrimination in the areas of employment, public accommodation, credit transactions, and housing.

The Research and Information Branch provides technical assistance and education to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Affairs Branch litigates discrimination cases before administrative hearing officers, provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs and appeals, and serves as in-house counsel.

**General Government
Commission on Women**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	232,000	326,800	340,500	224,600	227,000
Total General Fund	232,000	326,800	340,500	224,600	227,000
TOTAL SOURCE OF FUNDS	232,000	326,800	340,500	224,600	227,000
EXPENDITURES BY CLASS					
Personnel Costs	207,300	304,000	317,700	210,900	213,300
Operating Expenses	14,300	22,800	22,800	13,700	13,700
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000
EXPENDITURES BY FUND SOURCE					
General Fund	221,600	326,800	340,500	224,600	227,000
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000
EXPENDITURES BY UNIT					
Commission on Women	221,600	326,800	340,500	224,600	227,000
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, consults with and advises the Governor and the agencies, department, boards and commissions of the state and local and municipal governments on matters pertaining to, and of interest to women. The KCW promotes, encourages, and provides advisory assistance in the establishment of local volunteer community improvement programs for, and of interest to women. The KCW conducts programs, studies, seminars, and conferences, and encourages state and local women's business, professional, and civic organizations to do likewise, to educate the public to the problems of women. The KCW cooperates with the federal government and with the governments of other states in programs relating to women.

The KCW maintains and provides a clearinghouse for information and referrals on a variety of issues affecting women, and may serve as a resource for the executive branch on various legislative matters pertaining to women.

The KCW maintains the watercolor Kentucky Women Remembered Exhibit in the West Wing of the Capitol. The KCW staff coordinates state-wide collaborative efforts, such as the Women's Leadership Council and the Kentucky Women's Health Coalition, in order to communicate to the executive branch the challenges and resources that exist for Kentucky women.

General Government
Department for Local Government

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,487,600	8,931,800	10,423,300	8,161,400	8,205,300
Total General Fund	8,487,600	8,931,800	10,423,300	8,161,400	8,205,300
Restricted Funds					
Balance Forward	802,200	587,300	364,400	587,300	364,400
Current Receipts	700,800	700,800	442,500	700,800	442,500
Non-Revenue Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Funds	1,703,000	1,488,100	1,006,900	1,488,100	1,006,900
Federal Fund					
Balance Forward	410,700	562,700	462,700	562,700	462,700
Current Receipts	41,428,800	40,540,200	40,430,800	40,498,900	40,354,100
Non-Revenue Receipts	-574,200				
Total Federal Fund	41,265,300	41,102,900	40,893,500	41,061,600	40,816,800
TOTAL SOURCE OF FUNDS	51,455,900	51,522,800	52,323,700	50,711,100	50,029,000
EXPENDITURES BY CLASS					
Personnel Costs	5,258,900	6,001,700	6,318,900	5,371,800	5,442,000
Operating Expenses	764,400	822,900	817,100	722,800	717,000
Grants Loans Benefits	43,900,700	43,871,100	43,464,500	43,789,400	43,382,800
Debt Service			1,236,000		
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
EXPENDITURES BY FUND SOURCE					
General Fund	8,105,700	8,931,800	10,423,300	8,161,400	8,205,300
Restricted Funds	1,115,700	1,123,700	882,400	1,123,700	882,400
Federal Fund	40,702,600	40,640,200	40,530,800	40,598,900	40,454,100
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
EXPENDITURES BY UNIT					
Operations	5,671,400	6,424,100	7,932,600	5,735,400	5,796,300
Grants	44,252,600	44,271,600	43,903,900	44,148,600	43,745,500
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. DLG serves as the liaison between the Governor and local units of government. It coordinates and resolves local government issues and concerns. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts.

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 420 cities, 1500 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

The Federal Grants Office administers the Community Development Block Grant program for small cities, the Neighborhood Stabilization Program, the Land and Water Conservation Fund and the Kentucky Recreational Trails program. Moreover, the Office develops and conducts training programs for local governments across the Commonwealth in conjunction with other governmental agencies, associations and the Area Development Districts. It maintains the Commonwealth's Clearinghouse for all federal grants and administers the Joint Funding Agreement and Appalachian Regional Commission grants.

The Flood Control program also is administered by the Federal Grants Office. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corp of Engineers, Federal Emergency Management Agency, and Natural Resources Conservation Service are available for vital projects. The program provides matching dollars for federal grants for straight sewage pipe removal projects funded by the Personal

Responsibility in a Desirable Environment program.

The Field Services Office makes state government more accessible to citizens of the Commonwealth. Field service representatives travel throughout the Commonwealth of Kentucky and answer citizens' questions, resolve problems, and aid local government officials with their government duties.

The Office of Financial Management and Administrative Services provides agency administrative support. It has responsibility for personnel administration, payroll, purchasing, library management, accounting, and budgeting for the entire agency. The Office provides information technology support for the Department and to local government units.

The Office of State Grants promotes economic development in Kentucky's localities. It is responsible for financial management, accounting, and fund allocation and reporting of the Local Government Economic Development Fund (LGEDF) which contains the Local Government Economic Development Program (LGEDP) and the Local Government Economic Assistance Fund (LGEAF) The agency also reviews and approves LGEDF statutory grant applications. In addition, the Office of State Grants oversees additional programs assigned by the General Assembly through the budget and as requested by other State agencies.

Policy

The Executive Budget includes an allocation from the General Fund of \$910,000 in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

Included in the General Fund appropriation in each fiscal year of the biennium is \$200,000 for administrative support of the Shaping Our Appalachian Region (SOAR) initiative.

General Government

Local Government Economic Assistance Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,690,000	48,690,000	48,690,000	37,594,600	37,406,100
Other	-10,247,200				
Total General Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL SOURCE OF FUNDS	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY CLASS					
Grants Loans Benefits	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY FUND SOURCE					
General Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY UNIT					
County Coal Severance	18,080,500	22,900,000	22,900,000	17,681,600	17,592,900
Cities Coal Severance	2,368,700	3,000,000	3,000,000	2,316,300	2,304,700
County Mineral Severance	15,948,700	20,200,000	20,200,000	15,596,900	15,518,700
Cities Mineral Severance	2,044,900	2,590,000	2,590,000	1,999,800	1,989,800
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100

The Local Government Economic Assistance Fund (LGEAF) in KRS 42.450-42.495 is a revenue sharing program that was created by the 1980 Regular Session of the General Assembly to return a portion of the coal and minerals severance taxes to local governments in areas where the minerals were extracted. These funds are used by those communities to strengthen and “to improve the environment for new industry and to improve the quality of life of the residents”. Counties that contain industries that are involved in the production of coal or minerals such as natural gas, oil, and stone and incorporated cities within those counties are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The LGEAF coal severance tax program currently returns funds to an estimated 60 counties and approximately 248 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 102 counties and approximately 359 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEAF for the administration of government. Coal “impact” counties must expend 100 percent of funds in the transportation category. Thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system. Expenditure of the remaining 70 percent given to coal “producers” and 100 percent of non-coal mineral severance producing funds must be directly related to the remaining priority categories:

- Public safety, including law enforcement, fire protection, ambulance service and other related services,
- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,
- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

General Government

Local Government Economic Development Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,426,200	28,426,200	28,426,200	8,441,700	116,300
Other	-20,030,300				
Total General Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL SOURCE OF FUNDS	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY FUND SOURCE					
General Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY UNIT					
Economic Development Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Currently, 35 counties receive coal severance allocations.

The Department for Local Government (DLG) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications for both the Single County and Multi-County Accounts. DLG oversees those projects and others authorized by the General Assembly through the budget.

The accompanying chart illustrates the policy described below.

Off-the-Top Funding Items: Notwithstanding KRS 42.4582 and KRS 42.4585, \$910,000 in each fiscal year is provided to the Trover Clinic Grant through the Department for Local Government. Pursuant to KRS 164.7890 and KRS 164.7891, \$540,000 is provided in fiscal year 2016-2017 and \$580,000 in fiscal year 2017-2018 for Pharmacy Scholarships and \$306,000 is provided in fiscal year 2016-2017 and \$326,000 in fiscal year 2017-2018 to the Osteopathic Medicine Scholarship Program through the Kentucky Higher Education Assistance Authority.

Out-of-the-Middle Funding Items: The Executive Budget provides funding to support Operation Unite grants in coal-producing counties of \$2,000,000 each fiscal year, the Coal County College Completion Scholarship Program administered by the Kentucky Higher Education Assistance Authority in the amount of \$2,000,000 each fiscal year, \$200,000 in each fiscal year for administrative support of the Shaping Our Appalachian Region (SOAR) initiative, funding for the Robinson Scholars Program in the amount of \$1,000,000 in each fiscal year to the University of Kentucky, services provided to coal producing counties by the Department of Local Government and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year, allocation of \$300,000 each year for a Mining Engineering Scholarship Program at the University of Kentucky, \$1,750,000 in each fiscal year to the Department of Education for purpose of enhancing education technology in local school districts within coal-producing counties, and \$500,000 is provided in each fiscal year for the Save the Children program. Debt service support of \$25,282,400 in fiscal year 2016-2017 and \$29,409,300 in fiscal year 2017-2018 for the following: school facilities construction projects from 2002-2004 and KIA water and sewer projects from 2002-2004, 2004-2006, 2006-2008 and 2008-2010.

Policy

The Executive Budget includes \$2,000,000 in each fiscal year for the Regional Strategic Development Fund from the portion of the Single County Fund allocated to counties in Eastern Kentucky.

Notwithstanding KRS 42.4592, except for the \$2,000,000 provided for the Regional Strategic Development Fund, no funds shall be allocated pursuant KRS 42.4592(1)(a), (b), and (c). Any amount that would have been allocated pursuant to KRS 42.4592(1)(a) or(b) shall remain unexpended in fiscal year 2016-2017 and continue into fiscal year 2017-2018 to be available for the “out-of-the-middle” funding items and the Regional Strategic Development Fund. Any amount that would have been allocated pursuant to KRS 42.4592(1)(c) shall be allocated pursuant to KRS 42.470 from the General Fund appropriated to the Local Government Economic Development Fund budget unit.

Severance Tax Dedicated Programs 2016-2018 Biennium

	FY 2016 Revised	FY 2017 Recommended	FY 2018 Recommended
Coal Severance Tax Resources			
Coal Severance Tax*	144,351,500	123,224,000	111,288,300
Less: Osteopathic Medicine Scholarship Program (KRS 164.7891)	(872,500)	(306,000)	(326,000)
Less: Pharmacy Scholarships (KRS 164.7890)	(800,000)	(540,000)	(580,000)
Less: Trover Clinic Grant	(1,000,000)	(910,000)	(910,000)
Total coal severance tax resources to be distributed	141,679,000	121,468,000	109,472,300

Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue (15% of Revenue)	21,251,800	18,220,200	16,420,800
Other Mineral Severance Tax Revenue (50% of Revenue)	17,191,000	19,374,400	20,985,300
Total LGEAF to be distributed	38,442,800	37,594,600	37,406,100

Local Government Economic Development Fund (LGEDF)			
Coal Severance (35% of amounts remaining to be distributed)	49,587,700	42,513,800	38,315,300
Less: Debt Service (Past Bond Appropriations)	(31,282,300)	(25,282,400)	(29,409,300)
Less: Operation Unite		(2,000,000)	(2,000,000)
Less: Coal County College Completion Scholarship Program		(2,000,000)	(2,000,000)
Less: SOAR Administrative Costs (DLG)		(200,000)	(200,000)
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: LGEDF Project Administration (DLG - KIA)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: School Technology in Coal Counties (Education)	(1,750,000)	(1,750,000)	(1,750,000)
Less: Save the Children (Education)	(500,000)	(500,000)	(500,000)
Less: Read to Achieve (Education)	(2,100,000)		
Less: Mine Safety (Natural Resources)	(3,219,800)		
Total LGEDF for County Distribution	8,395,900	8,441,700	116,300
Balance Continued from Prior Year			3,627,800
Total LGEDF for Single County Calculation (66.7% of LGEDF Distribution)	5,597,300	5,627,800	2,496,100
Less: Regional Strategic Development Fund (Eastern Kentucky)	(2,000,000)	(2,000,000)	(2,000,000)
Total LGEDF for Single County Distribution / Continuing Balance	3,597,300	3,627,800	496,100

Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33.3% of LGEDF County Distribution)	2,798,600	2,813,900	1,248,000
Less: Allocation Pursuant to KRS 42.470 LGEAF Formula to Counties/Cities		(2,813,900)	(1,248,000)
Less: Energy Research Grants (Energy Development & Independence)	(373,600)		
Less: Operation Unite (Office of Drug Control Policy)	(2,000,000)		
Less: SOAR Administrative Costs (DLG)	(200,000)		
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)		
Less: Update Best Practices Manual (Division of Oil and Gas)	(25,000)		
Balance	-	-	-

**Revenue numbers account for quarter lag*

**General Government
Area Development Fund**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	473,600	473,600	473,600	431,000	431,000
Total General Fund	473,600	473,600	473,600	431,000	431,000
TOTAL SOURCE OF FUNDS	473,600	473,600	473,600	431,000	431,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000
EXPENDITURES BY FUND SOURCE					
General Fund	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000
EXPENDITURES BY UNIT					
Area Development Fund	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000

The Area Development Fund is a revenue sharing program that was created by the 1976 Regular Session of the General Assembly to fund capital projects in accordance with KRS 42.350 (2) in communities within each of the 15 Area Development Districts. The Area Development Districts rank and recommend projects that they consider eligible for funding to the Commissioner of the Department for Local Government.

**General Government
Executive Branch Ethics Commission**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	463,200	565,600	592,200	445,700	450,200
Total General Fund	463,200	565,600	592,200	445,700	450,200
Restricted Funds					
Balance Forward	200	2,800		2,800	1,400
Current Receipts	74,000	74,000	74,000	114,300	114,300
Total Restricted Funds	74,200	76,800	74,000	117,100	115,700
TOTAL SOURCE OF FUNDS	537,400	642,400	666,200	562,800	565,900
EXPENDITURES BY CLASS					
Personnel Costs	439,800	571,900	600,300	498,000	498,800
Operating Expenses	74,000	70,500	65,900	63,400	67,100
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900
EXPENDITURES BY FUND SOURCE					
General Fund	442,400	565,600	592,200	445,700	450,200
Restricted Funds	71,400	76,800	74,000	115,700	115,700
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	513,800	642,400	666,200	561,400	565,900
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900

In accordance with KRS 11A, the Executive Branch Ethics Commission is responsible for reviewing the personal financial interests of the constitutional officers and management personnel in state government in order to prevent conflicts of interest. Additionally, the Commission issues advisory opinions with regard to ethical conduct, investigates and enforces possible violations of the Code, and provides a registration mechanism for executive agency lobbyists.

Policy

Notwithstanding KRS 11A.211(5), the registration fee paid by each employer of one or more executive agency lobbyists upon the filing of an updated registration statement shall be \$199.

**General Government
Secretary of State**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,662,800	1,667,700	1,672,600	1,663,100	1,690,600
Total General Fund	1,662,800	1,667,700	1,672,600	1,663,100	1,690,600
Restricted Funds					
Balance Forward	4,436,600	3,891,200	4,198,200	3,891,200	4,198,200
Current Receipts	2,504,700	2,469,900	2,567,900	3,767,600	3,729,100
Fund Transfers	-1,300,000			-1,000,000	-1,000,000
Total Restricted Funds	5,641,300	6,361,100	6,766,100	6,658,800	6,927,300
Federal Fund					
Current Receipts	277,000	277,000	221,400	277,000	221,400
Total Federal Fund	277,000	277,000	221,400	277,000	221,400
TOTAL SOURCE OF FUNDS	7,581,100	8,305,800	8,660,100	8,598,900	8,839,300
EXPENDITURES BY CLASS					
Personnel Costs	2,719,100	3,086,700	3,243,000	2,844,200	2,878,300
Operating Expenses	896,000	991,900	916,900	1,527,500	1,460,800
Capital Outlay		29,000	20,000	29,000	20,000
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,588,000	1,667,700	1,672,600	1,663,100	1,690,600
Restricted Funds	1,750,100	2,162,900	2,285,900	2,460,600	2,447,100
Federal Fund	277,000	277,000	221,400	277,000	221,400
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
EXPENDITURES BY UNIT					
General Administration	2,356,900	2,809,700	2,843,200	2,432,400	2,404,600
General Operations	1,258,200	1,297,900	1,336,700	1,968,300	1,954,500
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100

The Secretary of State, a constitutional officer as provided in Section 91 of the Kentucky Constitution, directs the Department of State of the Commonwealth. KRS 117.015 designates the Secretary of State as the chief Election Officer of the Commonwealth and the chair of the State Board of Elections. In addition, the Secretary of State appoints notaries public; issues Kentucky Colonel Commissions; is the keeper of the Seal of the Commonwealth of Kentucky; and maintains records of all official acts of the Governor as well as all legislation passed by the General Assembly.

The Office of the Secretary of State consists of the following organizational units: the Office of Business; Office of Elections; and the Office of Administration.

The Office of Business is responsible for the registration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, and name changes. It also accepts and processes filings for limited liability companies and registered limited liability partnerships. These entities must also file articles of organization with the Secretary of State as well as amendments, mergers and dissolutions.

The Office of Administration is responsible for executive policy and management functions for the entire office. It prepares and records official documents for the Governor; administers Kentucky's notary public law; issues commissions, pardons, commutations, and extraditions; processes service of summonses; and implements the election laws of the Commonwealth.

The State Land Office is also under the supervision of the Secretary of State. It preserves Kentucky's land grant records and fulfills daily inquiries and requests for copies of those records. It files city annexations and incorporations, state deeds, and new land patents, and it provides the public with certified copies of land surveys, grants, and military warrants. The restoration process consists of indexing, de-acidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

**General Government
Board of Elections**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,047,200	5,040,900	3,265,800	3,865,400	3,874,300
Total General Fund	4,047,200	5,040,900	3,265,800	3,865,400	3,874,300
Restricted Funds					
Balance Forward	756,700	557,100	356,500	557,100	356,500
Current Receipts	46,400	535,400	44,400	45,400	44,400
Total Restricted Funds	803,100	1,092,500	400,900	602,500	400,900
Federal Fund					
Balance Forward	14,267,300	9,153,600	4,024,900	9,153,600	4,024,900
Current Receipts	97,500	82,500	20,000	82,500	20,000
Total Federal Fund	14,364,800	9,236,100	4,044,900	9,236,100	4,044,900
TOTAL SOURCE OF FUNDS	19,215,100	15,369,500	7,711,600	13,704,000	8,320,100
EXPENDITURES BY CLASS					
Personnel Costs	1,187,300	1,374,800	1,428,900	1,199,700	1,209,700
Operating Expenses	521,900	1,113,100	566,000	500,600	452,000
Grants Loans Benefits	7,680,200	8,500,200	5,561,800	7,622,300	6,503,500
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
EXPENDITURES BY FUND SOURCE					
General Fund	3,932,200	5,040,900	3,265,800	3,865,400	3,874,300
Restricted Funds	246,000	736,000	246,000	246,000	246,000
Federal Fund	5,211,200	5,211,200	4,044,900	5,211,200	4,044,900
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
EXPENDITURES BY UNIT					
General Administration and Support	1,261,200	2,033,900	1,594,400	1,252,300	1,261,200
State Share of County Election Expenses	1,490,700	1,902,800		1,490,700	1,490,700
State Share of Voter Registration Expenses	1,230,300	1,638,200	1,721,400	1,172,400	1,172,400
Presidential Electors		6,000			
Election Fund	5,407,200	5,407,200	4,240,900	5,407,200	4,240,900
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200

The State Board of Elections administers the election laws of the state pursuant to KRS Chapters 116, 117, 118, 118A, 119, and 120; supervises the registration and purgation of voters; appoints the political party representatives to the 120 county boards of elections; and certifies official election results.

KRS 117.015 designates the Secretary of State as the chair of the Board. Six other members are appointed by the Governor.

General Administration and Support

The General Administration and Support program objectives are to maintain an up to date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

The State Board of Elections' online Election Night Tally System provides up-to-the-minute, unofficial election results on all candidates who file with the state.

State Share of County Election Expenses

The State Share of County Election Expenses program reimburses county fiscal courts the state's share of county election

expenses pursuant to KRS 117.345(2).

The state currently has 3,731 precincts with over 3 million registered voters. The number of precincts increases as voter registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

State Share of Voter Registration Expenses

The State Board of Elections remits payment to county clerks for newly registered voters pursuant to KRS 116.145. There is a significant increase of newly registered voters in years that county and presidential candidates are on the ballot.

The State Board of Elections remits reimbursement to county clerks an amount not to exceed fifty cents (\$0.50) per registered voter in the county per year for the cost of employing office personnel necessary for the conduct of elections, including the registration and purgation of voters in the county pursuant to KRS 117.343 and KRS 116.112(7).

Election Fund

The Help America Vote Act (HAVA) became law in 2002. The Act imposed new election requirements on states and called for the upgrade of voting machines to be in compliance by January 1, 2006.

The Commonwealth initially received \$32.9 million in federal funds to carry out the requirements of HAVA, which were matched with state funds at a rate of five percent. The funds were used for the purchase of voting equipment, voter education, poll worker training, and enhancement of the statewide voter registration system. On December 8, 2006 the Board adopted the 2006 Amended State Plan, which indicated that the Commonwealth was in compliance with the requirements of HAVA.

Policy

The Executive Budget includes General Fund in the amount of \$1,490,700 in each fiscal year for the State Share of County Election Expenses.

Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available resources, not to exceed \$300 per precinct per election.

**General Government
Registry of Election Finance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
Total General Fund	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL SOURCE OF FUNDS	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY CLASS					
Personnel Costs	1,021,500	1,176,300	1,235,700	1,007,100	1,018,700
Operating Expenses	144,400	175,000	173,700	159,400	158,100
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY UNIT					
Registry of Election Finance	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800

The role of the Kentucky Registry of Election Finance is to ensure the integrity of the Commonwealth's electoral process by making certain there is full public access to campaign financial data and financial disclosure reports, and by administering Kentucky's campaign finance laws.

Under KRS Chapter 121, Kentucky's campaign finance laws apply to all candidates for public office, except federal office, as well as political issues committees, permanent committees, state and local party executive committees, inaugural committees, and caucus campaign committees. The Registry also receives, compiles, and maintains financial disclosure reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

Regulatory functions of the Registry include: educating candidates and committees on campaign finance laws; ensuring compliance with campaign finance reporting requirements, including the timely filing of campaign finance reports; providing the means for electronic reporting of campaign finance data; conducting desk reviews and random audits; investigating complaints; and adjudicating charges of administrative violations of campaign finance laws.

The Registry's public disclosure role is a key component of the campaign finance laws. Registry employees routinely work with members of the public and the media to fill open records requests and to assist in On-line Searchable Database searches.

Pursuant to KRS 121.170(5), the Registry receives copies of reports filed with the Federal Election Commission by federally registered out-of-state permanent committees that contribute to Kentucky candidates. These and the reports of other candidates and committees who are required to file with the Federal Election Commission may be viewed at the Registry's office in Frankfort pursuant to 2 U.S.C. Section 439(c).

General Government

Attorney General

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,729,700	11,663,600	12,600,100	10,333,900	10,436,900
Total General Fund	10,729,700	11,663,600	12,600,100	10,333,900	10,436,900
Restricted Funds					
Balance Forward	14,443,206	11,748,500	7,781,100	11,855,500	7,669,500
Current Receipts	4,354,480	4,017,500	4,017,500	4,017,500	4,017,500
Non-Revenue Receipts	8,085,714	7,020,500	7,076,600	7,231,100	7,286,700
Total Restricted Funds	26,883,400	22,786,500	18,875,200	23,104,100	18,973,700
Federal Fund					
Current Receipts	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
Total Federal Fund	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
TOTAL SOURCE OF FUNDS	41,483,400	38,424,400	35,567,400	37,412,300	33,502,700
EXPENDITURES BY CLASS					
Personnel Costs	20,597,200	22,356,700	23,468,400	21,522,600	22,031,100
Operating Expenses	2,445,200	2,660,900	2,660,900	2,594,500	2,600,200
Grants Loans Benefits	6,107,500	5,625,700	5,624,400	5,625,700	5,624,400
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,251,700	11,663,600	12,600,100	10,333,900	10,436,900
Restricted Funds	15,027,900	15,005,400	15,061,500	15,434,600	15,726,700
Federal Fund	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
EXPENDITURES BY UNIT					
Administrative Services	3,851,700	4,247,000	4,441,800	3,950,200	3,994,400
Criminal Services	9,686,400	10,516,000	10,956,700	10,281,000	10,324,800
Advocacy Services	5,295,100	5,641,700	5,885,600	5,492,700	5,526,800
Civil Services	3,241,600	3,568,100	3,743,000	3,348,400	3,683,100
Uninsured Employers Fund	7,075,100	6,670,500	6,726,600	6,670,500	6,726,600
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700

The Attorney General, as the Commonwealth's constitutional chief law enforcement officer, performs a range of legal, investigative, and administrative duties. The Office has ten organizational units to support the mission of the office.

The duties of the Office of Administrative Services include: personnel, payroll, fiscal, budget, information systems, state and federal grants, and employee training. The duties of the Office of Prosecutors Advisory Council include: personnel, payroll, fiscal, budget, state and federal grants, and legal education related to the Unified Prosecutorial System, along with the maintenance of child sexual abuse caseload and statistics, and the responsibility for the Victim and Witness Protection program.

The Office of Criminal Appeals represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Office of Medicaid Fraud and Abuse Control investigates and prosecutes cases of Medicaid Provider fraud pursuant to KRS 194A.505 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Department of Criminal Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Office of Special Prosecutions pursuant to KRS 15.190-215, prosecutes complex criminal cases when local prosecutors need assistance or disqualification from the case, prosecutes thefts from the Commonwealth by employees or elected officials, and prosecutes election and ethics law violations.

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local

rate-making and regulatory bodies in the areas of utilities and health care insurance. The Office of Victim's Advocacy administers the victim's advocate program and provides support services to victims of crime.

The Office of Civil and Environmental Law represents the state's boards and agencies; issues formal opinions; represents state officials, elected prosecutors, and the judiciary in legal proceedings; provides hearing officer services and mediation to state agencies; and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund.

The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government
Commonwealth's Attorneys**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Total General Fund	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Restricted Funds					
Balance Forward	1,661,700	1,416,100	1,308,100	1,416,100	1,479,400
Current Receipts	2,441,500	2,750,500	2,869,500	1,716,300	1,835,300
Total Restricted Funds	4,103,200	4,166,600	4,177,600	3,132,400	3,314,700
Federal Fund					
Balance Forward	-88,200	-88,200	-88,200	-88,200	-88,200
Current Receipts	35,500	38,900	40,300	38,900	40,300
Total Federal Fund	-52,700	-49,300	-47,900	-49,300	-47,900
TOTAL SOURCE OF FUNDS	49,495,300	60,891,300	63,970,700	51,522,700	52,291,100
EXPENDITURES BY CLASS					
Personnel Costs	43,703,000	54,560,700	57,977,200	45,817,400	46,448,900
Operating Expenses	4,279,400	5,016,900	4,794,500	4,245,300	4,208,600
Grants Loans Benefits	20,000	43,800	35,000	18,800	10,000
Capital Outlay	165,000	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
EXPENDITURES BY FUND SOURCE					
General Fund	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Restricted Funds	2,687,100	2,858,500	2,975,400	1,653,000	1,652,900
Federal Fund	35,500	38,900	40,300	38,900	40,300
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500

The Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. As of January 1, 2008, 51 circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys serve as special prosecutors in cases where the regularly elected prosecutors have been disqualified.

**General Government
County Attorneys**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Total General Fund	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Restricted Funds					
Balance Forward	486,500	317,800	182,700	317,800	259,500
Current Receipts	551,700	662,200	754,500	496,400	588,700
Total Restricted Funds	1,038,200	980,000	937,200	814,200	848,200
Federal Fund					
Balance Forward	88,200	88,200	88,200	88,200	88,200
Current Receipts	505,700	506,200	503,700	506,200	503,700
Total Federal Fund	593,900	594,400	591,900	594,400	591,900
TOTAL SOURCE OF FUNDS	41,272,600	48,925,000	51,252,400	43,488,900	44,087,100
EXPENDITURES BY CLASS					
Personnel Costs	39,706,600	46,903,600	49,376,600	42,230,700	42,846,100
Operating Expenses	1,160,000	1,750,500	1,699,200	910,500	859,200
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
EXPENDITURES BY FUND SOURCE					
General Fund	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Restricted Funds	720,400	797,300	848,800	554,700	554,600
Federal Fund	505,700	506,200	503,700	506,200	503,700
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
EXPENDITURES BY UNIT					
County Attorneys	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300

Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

Criminal cases at the district level include felonies (until the case is transferred to circuit court), misdemeanors, juvenile cases, and traffic cases. County Attorneys prosecute the majority of DUI cases. Most counties have Family Court, Drug Court, and/or Truancy Court requiring representation from the Office of the County Attorney. The County Attorney receives numerous criminal complaints from local law enforcement and the general public and frequently mediates local complaints so many of the services provided may never appear on a court docket. County Attorneys are also required to participate on multi-disciplinary teams involving child sexual abuse cases.

General Government

Treasury

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,818,600	2,112,900	2,210,900	1,835,000	1,887,700
Total General Fund	1,818,600	2,112,900	2,210,900	1,835,000	1,887,700
Restricted Funds					
Balance Forward	254,700	98,700	122,300	98,700	54,600
Current Receipts	38,900	38,900	38,900	38,900	38,900
Non-Revenue Receipts	1,081,000	1,314,200	1,357,700	1,325,500	1,334,000
Total Restricted Funds	1,374,600	1,451,800	1,518,900	1,463,100	1,427,500
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	3,443,200	3,814,700	3,979,800	3,548,100	3,565,200
EXPENDITURES BY CLASS					
Personnel Costs	2,708,800	3,124,200	3,265,900	2,898,700	2,938,300
Operating Expenses	553,900	568,200	569,200	594,800	626,900
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,736,800	2,112,900	2,210,900	1,835,000	1,887,700
Restricted Funds	1,275,900	1,329,500	1,374,200	1,408,500	1,427,500
Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
EXPENDITURES BY UNIT					
General Administration and Support	1,098,200	1,413,600	1,460,700	1,196,400	1,249,100
Disbursements and Accounting	899,700	964,600	1,016,700	971,600	982,100
Abandoned Property Administration	1,264,800	1,314,200	1,357,700	1,325,500	1,334,000
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200

The Treasury Department is the central administrative agency responsible for the receipt and custody of all revenues collected by state government and for writing all checks and disbursing state funds, as outlined in KRS Chapter 41.

The State Treasurer, a constitutional officer as provided in Section 91 of the Kentucky Constitution, heads the Treasury Department. The Treasurer also serves on the Kentucky Lottery Board, the Kentucky Higher Education Assistance Board, as trustee of the Kentucky Teachers' Retirement System, and is Vice-Chair of the State Investment Commission. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 4,200,000 checks and stubs each year, sends over 7,700,000 ACH payments, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Unclaimed Property Division is responsible for administering the provisions of KRS Chapter 393 related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$1,325,200 in fiscal year 2016-2017 and \$1,334,000 in fiscal year 2017-2018. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the program.

Road Fund moneys in the amount of \$250,000 is included each fiscal year to support the central check writing system and other central administrative responsibilities of state government.

General Government

Agriculture

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,690,900	17,690,500	18,630,500	15,974,200	16,112,400
Continuing Approp-General Fund	299,100				
Total General Fund	16,990,000	17,690,500	18,630,500	15,974,200	16,112,400
Tobacco Fund					
Tobacco Settlement - Phase I	600,000	600,000	600,000	600,000	600,000
Total Tobacco Fund	600,000	600,000	600,000	600,000	600,000
Restricted Funds					
Balance Forward	13,351,600	11,650,000	9,948,500	11,650,000	9,205,600
Current Receipts	6,258,100	6,258,200	6,258,100	6,558,200	6,558,100
Non-Revenue Receipts	2,145,000	2,145,000	2,145,000	2,166,000	2,166,000
Fund Transfers				-1,500,000	
Total Restricted Funds	21,754,700	20,053,200	18,351,600	18,874,200	17,929,700
Federal Fund					
Current Receipts	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
Total Federal Fund	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
TOTAL SOURCE OF FUNDS	45,751,600	44,750,600	43,989,000	41,855,300	41,049,000
EXPENDITURES BY CLASS					
Personnel Costs	19,173,300	21,021,600	21,960,300	19,049,400	19,146,400
Operating Expenses	6,238,500	6,006,300	6,018,300	5,704,100	5,778,800
Grants Loans Benefits	7,296,400	7,131,900	7,121,200	6,953,900	6,943,200
Capital Outlay	642,300	642,300	642,300	942,300	942,300
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
EXPENDITURES BY FUND SOURCE					
General Fund	16,238,900	17,690,500	18,630,500	15,974,200	16,112,400
Tobacco Fund	600,000	600,000	600,000	600,000	600,000
Restricted Funds	10,104,700	10,104,700	10,104,700	9,668,600	9,691,400
Federal Fund	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
EXPENDITURES BY UNIT					
Strategic Planning and Administration	4,977,300	5,407,300	5,560,300	5,074,400	5,097,200
Motor Fuel Inspection and Testing	226,700	227,400	228,100	233,100	234,900
Consumer and Environmental Programs	14,725,400	15,277,500	15,690,900	14,439,600	14,510,100
State Veterinarian	3,863,800	4,153,200	4,314,600	3,779,600	3,820,600
Animal Control	92,400	90,800	90,800	90,800	90,800
Farmland Preservation	584,800	584,800	584,800	584,800	584,800
Agriculture Marketing and Product Promotion	8,213,400	8,657,200	8,865,000	8,105,100	8,129,300
Small Winery Support Fund	666,700	403,900	407,600	342,300	343,000
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. The State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner.

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. Its primary function is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. It enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. Responsibilities of this office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries. The Small Farm Winery Support Fund was created in 2006 and the Department administers funds each year of the biennium to develop marketing and promotion strategies to assist this emerging industry.

Policy

The Executive Budget provides Tobacco Settlement Funds in the amount of \$600,000 in each fiscal year for the Farms to Food Banks program. Farms to Food Banks provides fresh, healthy produce to Kentuckians in need while reducing losses for farmers by purchasing Kentucky-grown surplus and produce that is perfectly edible but not saleable on the retail market. The program distributes it at no cost through the food bank network.

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

**General Government
Auditor of Public Accounts**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,775,300	6,968,600	7,409,600	4,630,900	4,680,000
Total General Fund	4,775,300	6,968,600	7,409,600	4,630,900	4,680,000
Restricted Funds					
Balance Forward	121,900				
Current Receipts	8,447,200	8,221,400	8,221,400	8,965,400	9,038,500
Total Restricted Funds	8,569,100	8,221,400	8,221,400	8,965,400	9,038,500
TOTAL SOURCE OF FUNDS	13,344,400	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY CLASS					
Personnel Costs	11,960,900	13,944,100	14,375,800	12,583,700	12,721,600
Operating Expenses	1,168,600	1,245,900	1,255,200	1,012,600	996,900
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,560,400	6,968,600	7,409,600	4,630,900	4,680,000
Restricted Funds	8,569,100	8,221,400	8,221,400	8,965,400	9,038,500
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,432,500	1,598,400	1,673,600	1,458,100	1,474,100
Financial Audit	9,691,500	11,268,200	11,539,600	10,114,000	10,200,800
Technology and Specialized Audits	2,005,500	2,323,400	2,417,800	2,024,200	2,043,600
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500

The Auditor of Public Accounts is the constitutional officer responsible for auditing all state agencies and county governments, pursuant to KRS Chapter 43. Statutory responsibility requires the Auditor's Office to examine the state general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds, all state revenue collections, funds contained in each county's budget, and the accounts and papers of all county clerks and sheriffs. The Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations. Also, the Auditor of Public Accounts has primary responsibility for auditing nearly \$9 billion in federal funds expended in state and county governments.

The Auditor of Public Accounts has three program areas: Administration, Office of Financial Audits, and the Office of Technology and Special Audits.

The Administration area includes the Office of the State Auditor, the Office of Legal and Records Services, and the Office of Planning and Management. All policy, budget, fiscal, legal, and personnel duties are performed within the Administration area.

The Office of Financial Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and of county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, and circuit clerks per KRS 43.070. Audits of major federal programs performed in accordance with the Single Audit Act of 1984 (amended in 1996) as enacted by the United States Congress are also performed by this office. Collectively, these audits identify significant waste, fraud, and abuse, and have led to numerous law enforcement referrals.

The Office of Technology and Special Audits is responsible for maintaining internal technology systems, and for performing audits of significant information technology systems, special examinations, and performance audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

**General Government
Personnel Board**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	180,500	175,100	163,000	175,100	172,700
Current Receipts	850,600	885,600	885,600	885,600	885,600
Total Restricted Funds	1,031,100	1,060,700	1,048,600	1,060,700	1,058,300
TOTAL SOURCE OF FUNDS	1,031,100	1,060,700	1,048,600	1,060,700	1,058,300
EXPENDITURES BY CLASS					
Personnel Costs	726,500	769,500	800,700	758,800	764,600
Operating Expenses	129,500	128,200	148,200	129,200	149,200
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	856,000	897,700	948,900	888,000	913,800
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800
EXPENDITURES BY UNIT					
Personnel Board	856,000	897,700	948,900	888,000	913,800
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. Pursuant to KRS 18A.0551, elections for the two classified employee members of the Board are held every four years.

The Personnel Board serves in a quasi judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service. The Board administers the appeals process of applicants for classified positions and conducts hearings for any non-probationary employee who is dismissed, demoted, suspended, or otherwise penalized for cause.

Policy

The Personnel Board will coordinate with the Finance and Administration Cabinet to assess each agency of the Executive Branch under KRS 18A based upon the authorized permanent full-time positions of each agency as of July 1.

**General Government
Kentucky Retirement Systems**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				76,718,000	80,480,500
Total General Fund				76,718,000	80,480,500
Restricted Funds					
Non-Revenue Receipts	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
Total Restricted Funds	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
TOTAL SOURCE OF FUNDS	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY CLASS					
Personnel Costs	29,702,500	31,498,200	32,869,800	31,209,700	31,338,100
Operating Expenses	9,404,300	9,409,500	9,422,300	9,409,500	9,422,300
Grants Loans Benefits	2,200,000	2,200,000	2,200,000	78,918,000	82,680,500
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY FUND SOURCE					
General Fund				76,718,000	80,480,500
Restricted Funds	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900

Kentucky Retirement Systems administers three retirement systems which are qualified governmental defined benefit plans under Section 401(a) of the Internal Revenue Code: Kentucky Employees Retirement System (state employees, universities, health departments, certain boards) governed by KRS 61.510-61.705; County Employees Retirement System (employees of cities, counties, local government entities, and classified employees of school boards) governed by KRS 78.510-78.852; and State Police Retirement System (uniformed officers of Kentucky State Police) governed by KRS 16.505-16.652. Medical insurance benefits are governed by KRS 61.701-61.702. The systems were established in the 1950s to provide a pension that, when coupled with Social Security, would provide the career employee with sufficient income to maintain his or her pre-retirement standard of living.

Kentucky Retirement Systems is administered by a thirteen-member board of trustees consisting of the Secretary of the Personnel Cabinet, six members appointed by the Governor, and six members elected by employees and retirees of the three retirement systems. The Board is responsible for the collection and investment of contributions. Members of the Board are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. The Board is required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An actuarial valuation is conducted each year to determine the funding status of the three systems, and an annual independent audit is performed as well.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. However, the General Assembly may adopt a rate that varies from the actuarial valuation. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

Restricted Funds providing for the operations of the Kentucky Retirement Systems in the Executive Budget are transferred from trust funds held by the System for the benefit of members and beneficiaries. The trust funds include investment earnings, employee contributions, and employer contributions from agencies supported by the General Fund, the Road Fund, Federal Funds, and Restricted Funds.

Policy

The Executive Budget recognizes and highlights the serious problems with the unfunded pension liabilities for the Kentucky Employees Retirement (KERS) systems. As of the June 30, 2015 valuation, the combined unfunded pension liabilities of the three state government retirement plans: the Non-hazardous, hazardous, and State Police, was over \$10.8 billion. The unfunded pension liability of the Kentucky Teachers' Retirement System was over \$13.9 billion. The KERS

Non-hazardous plan was measured at 18.7 percent funded and the State Police plan was at 33.6 percent funded. When the KERS Board passed a resolution in December, 2015 to reduce the assumed rate of return on investments for these two plans from 7.5 percent to 6.75 percent, the funded ratio dropped even further.

The Executive Budget continues the responsible obligation begun in fiscal year 2014-2015 and funds the full actuarially required contribution (ARC) rate for the three KERS state government plans. The required employer contribution rate jumps another 25 percent in fiscal year 2016-2017, after rising almost 45 percent in fiscal year 2014-2015. The higher ARC rates could yield another \$160 million in increased contributions in fiscal year 2016-2017 and an additional \$27 million in fiscal year 2017-2018, among all employer participants, both within and outside Kentucky state government. The General Fund budget is estimated to finance about \$60.2 million more in fiscal year 2016-2017 and about \$70.5 million more in fiscal year 2017-2018.

The Governor’s 2016-18 biennial budget recommendation does not stop at fully funding the ARC rates; it takes another big step toward resolving the large unfunded liabilities. An additional \$44.7 million each year from the General Fund is included in the Governor’s recommendation as a direct appropriation to the Kentucky Retirement Systems.

Moreover, the Governor is recommending the prospect of up to another \$32,050,000 in fiscal year 2016-2017 and \$35,312,500 in fiscal year 2017-2018, if General Fund revenue receipts meet the official estimates rendered by the Consensus Forecasting Group for the next biennium. The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides “contingent” appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers’ Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund. The half directed toward pension liabilities would be split evenly between KERS and KTRS.

A recap of potential increased General Fund support for the KERS pension plans:

	<u>FY 2017</u>	<u>FY 2018</u>
General Fund increased costs of full ARC	+\$ 60.2	+\$ 70.5 (millions of \$)
New, direct General Fund appropriation	+ 44.7	+ 44.7
Contingent General Fund appropriation (up to)	<u>+ 32.1</u>	<u>+ 35.3</u>
Total	<u>+\$137.0</u>	<u>+\$150.7 (millions of \$)</u>

General Government

Occupational & Professional Boards & Commissions

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	20,708,900	19,817,300	18,060,100	20,694,200	20,079,500
Current Receipts	24,515,000	24,600,200	24,225,200	25,006,700	24,529,600
Non-Revenue Receipts		419,200	419,200		
Fund Transfers	-750,000	-419,200	-419,200		
Total Restricted Funds	44,473,900	44,417,500	42,285,300	45,700,900	44,609,100
TOTAL SOURCE OF FUNDS	44,473,900	44,417,500	42,285,300	45,700,900	44,609,100
EXPENDITURES BY CLASS					
Personnel Costs	18,303,170	20,669,400	21,449,300	20,048,300	20,211,900
Operating Expenses	4,817,830	4,984,800	4,964,100	4,875,600	4,872,600
Grants Loans Benefits	624,200	690,700	690,500	690,700	690,500
Debt Service	3,800				
Capital Outlay	30,700	12,500	7,500	7,500	7,500
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
EXPENDITURES BY UNIT					
Accountancy	558,500	573,700	592,000	578,000	581,400
Certification of Alcohol and Drug Counselors	102,200	102,200	102,200	102,200	102,200
Applied Behavior Analysis	16,000	30,600	30,600	27,600	27,600
Licensing					
Architects	442,700	461,400	480,100	460,800	463,700
Certification for Professional Art Therapists	11,200	11,200	11,200	11,200	11,200
Auctioneers	360,900	406,300	420,400	403,300	405,000
Barbering	327,100	339,200	350,500	339,100	340,800
Chiropractic Examiners	323,300	335,100	351,800	334,400	336,500
Dentistry	903,000	932,600	962,400	934,600	940,200
Diabetes Educators	11,000	26,800	26,800	26,800	26,800
Licensure & Cert. for Dietitians & Nutritionists	73,900	73,900	73,900	73,900	73,900
Embalmers and Funeral Directors	409,200	426,900	442,900	424,900	427,800
Licensure for Prof. Engineers and Land Surveyors	1,328,600	1,388,900	1,441,500	1,383,300	1,393,000
Certification of Fee-Based Pastoral Counselors	3,600	3,600	3,600	3,600	3,600
Registration for Professional Geologists	106,900	106,900	106,900	106,900	106,900
Hairdressers and Cosmetologists	1,397,400	1,451,300	1,500,100	1,443,400	1,451,800
Specialists in Hearing Instruments	81,100	81,100	81,100	81,100	81,100
Interpreters for the Deaf and Hard of Hearing	38,200	38,200	38,200	38,200	38,200
Home Inspectors	83,800	83,800	83,800	83,800	83,800
Examiners & Registration of Landscape Architects	66,600	69,300	71,600	68,900	69,300
Licensure of Marriage and Family Therapists	136,400	136,400	136,400	136,400	136,400
Licensure for Massage Therapy	188,600	188,600	188,600	188,600	188,600
Medical Imaging and Radiation Therapy	237,400	381,800	388,700	400,600	401,600

EXPENDITURES BY UNIT

Medical Licensure	2,972,500	3,265,300	3,347,600	3,072,300	3,088,200
Nursing	6,270,400	7,725,200	7,932,600	7,220,000	7,266,000
Licensure for Nursing Home Administrators	61,100	61,100	61,100	61,100	61,100
Licensure for Occupational Therapy	176,600	176,600	176,600	176,600	176,600
Ophthalmic Dispensers	49,700	49,700	49,700	49,700	49,700
Optometric Examiners	209,400	213,400	220,600	216,000	217,100
Pharmacy	1,661,400	1,745,100	1,818,900	1,728,700	1,740,400
Physical Therapy	499,400	580,900	612,000	580,300	583,700
Podiatry	38,200	38,800	39,900	38,200	38,200
Private Investigators	101,500	101,500	101,500	101,500	101,500
Licensed Professional Counselors	204,900	215,800	215,800	215,800	215,800
Prosthetics, Orthotics and Pedorthics	46,200	46,200	46,200	46,200	46,200
Examiners of Psychology	256,400	256,400	256,400	256,400	256,400
Real Estate Appraisers	766,300	794,200	856,400	793,200	841,600
Real Estate Commission	2,200,900	2,379,200	2,452,100	2,370,500	2,383,100
Respiratory Care	210,000	216,400	224,500	218,100	219,500
Social Work	379,500	374,100	346,500	358,200	338,300
Speech-Language Pathology and Audiology	190,100	190,100	190,100	190,100	190,100
Veterinary Examiners	277,600	277,600	277,600	277,600	277,600
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500

The 42 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the ethical, legal, and professional standards and regulations of the Boards; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Occupational Boards and Commissions operate solely from agency receipts.

Twenty one of the 42 Boards and Commissions employ the services of the Division of Occupations and Professions (O & P) in the Public Protection Cabinet to carry out their administrative functions. O & P Provides general operating functions such as the collection of fees, accounting services, budget management, meeting space, management of contractual services, copy and printing services, maintenance of the Board website, and reimbursement of Board per diem, travel, and actual and necessary expenses. O & P also performs administrative support services including processing Board applications and renewals, preparing Board meeting packets and agendas, database entry for licensees, maintaining all Board records and files, preparing general Board correspondence, administering examinations, and communicating with general public and licensees regarding Board functions.

**General Government
Kentucky River Authority**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	255,500	355,700	346,700	244,500	246,700
Total General Fund	255,500	355,700	346,700	244,500	246,700
Restricted Funds					
Balance Forward	3,996,700	4,773,600	5,183,800	4,784,200	5,433,800
Current Receipts	4,158,000	4,146,900	6,046,900	4,157,500	4,157,500
Total Restricted Funds	8,154,700	8,920,500	11,230,700	8,941,700	9,591,300
TOTAL SOURCE OF FUNDS	8,410,200	9,276,200	11,577,400	9,186,200	9,838,000
EXPENDITURES BY CLASS					
Personnel Costs	766,000	809,000	849,200	782,500	790,600
Operating Expenses	279,400	364,400	361,800	296,200	295,600
Grants Loans Benefits	251,000	251,000	251,000	251,000	251,000
Debt Service	2,318,100	2,422,700	3,924,800	2,422,700	2,424,800
Capital Outlay		257,000	250,000		
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
EXPENDITURES BY FUND SOURCE					
General Fund	244,000	367,400	369,700	244,500	246,700
Restricted Funds	3,370,500	3,736,700	5,267,100	3,507,900	3,515,300
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
EXPENDITURES BY UNIT					
General Operations	1,038,400	1,278,300	1,306,900	1,049,500	1,055,100
Locks and Dams Construction/ Maintenance	2,318,100	2,442,700	3,944,800	2,442,700	2,444,800
Locks and Dams Operations	258,000	383,100	385,100	260,200	262,100
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1837. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

The Authority is created in KRS 151.705 as a public corporation and independent state agency. The Authority is governed by a board that consists of the Secretary of Finance and Administration, the Secretary of Energy and Environment and ten members appointed by the Governor. Those ten include a mayor and a county judge-executive from jurisdictions within the Kentucky River Basin, an engineer and a water quality expert. The board appoints an executive director and other staff necessary to carry out the responsibilities of the Authority.

The Authority has acquired title to the locks and dams upriver from Frankfort from the Army Corps of Engineers. Dams 1 through 4 between the Ohio River and Frankfort are maintained by the Authority under a long-term lease agreement until such time as the Army declares them to be surplus property.

The Kentucky River Authority has built new dams at Dam 9 at Valley View in Fayette County, Dam 3 in Owen and Henry Counties, and Dam 8 in Jessamine County. Dams 9 and 3 retain the water supply for Kentucky American Water Company's Lexington and Owen County water treatment plants. Dam 8 retains the water supply for Nicholasville and Lancaster. Locks 1 through 4 are currently operational. Eighty-two uninterrupted miles of the Kentucky River are now navigable from Carrollton to Tyrone in Anderson County.

General Government
School Facilities Construction Commission

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Total General Fund	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Restricted Funds					
Balance Forward	2,324,600	2,324,600	2,324,600	1,850,600	1,325,600
Total Restricted Funds	2,324,600	2,324,600	2,324,600	1,850,600	1,325,600
TOTAL SOURCE OF FUNDS	110,904,600	123,232,300	129,427,100	123,012,400	128,276,400
EXPENDITURES BY CLASS					
Personnel Costs	321,800	349,700	358,300	344,300	337,600
Operating Expenses	30,500	40,300	40,300	36,100	36,100
Grants Loans Benefits	474,000			525,000	
Debt Service	108,227,700	120,517,700	126,703,900	120,781,400	126,577,100
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
EXPENDITURES BY FUND SOURCE					
General Fund	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Restricted Funds	474,000			525,000	
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
EXPENDITURES BY UNIT					
School Facilities Construction Commission	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800

The School Facilities Construction Commission (SFCC), created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The Commission is responsible for the distribution of state funds via offers of assistance for approved building or renovation projects. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

Offers of assistance are made to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. Required local effort consists of a levy equivalent to at least five cents per hundred dollars of assessed valuation as well as available funds within a district's capital outlay and building funds and related bonding capacity. Unmet building needs are the costs of projects on a district's facilities plan as approved by the Kentucky Department of Education that remain after the application of local effort. A given district qualifies for offers of assistance based on its unmet need relative to unmet need statewide.

The School Facilities Construction Commission is also charged with distributing state funds allocated to the Kentucky Education Technology System's trust fund to assist local school districts in addressing their unmet education technology needs.

Policy

The Executive Budget includes additional General Fund to support debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts.

The Executive Budget includes General Fund in the amount of \$1,541,100 in fiscal year 2016-2017 and \$7,056,500 in fiscal year 2017-2018 for debt service for \$91,000,000 in bonds to finance the offers of assistance authorized by the 2014 Regular Session of the General Assembly.

The 2014 General Assembly authorized the School Facilities Construction Commission to make offers of assistance for the renovation or replacement of thirteen critical needs schools. These Special Offers of Assistance totaled \$187.2 million, of which \$103.1 remains unissued. The Executive Budget includes General Fund in the amount of \$7,985,700 in fiscal year 2016-2017 and \$7,995,700 in fiscal year 2017-2018 for debt service for the \$103,112,000 in bonds to finance the unissued Special Offers of Assistance.

The Executive Budget authorizes the School Facilities Construction Commission to make an additional \$91,000,000 in new offers of assistance during the 2016-18 biennium in anticipation of debt service availability during the 2018-2020 biennium.

The 2014 General Assembly created the Emergency and Targeted Investment Fund (KRS 157.618) which the School Facilities Construction Commission may use to make awards to school districts that face emergency facility needs. Any appropriations to the Commission that have not been expended by the end of a fiscal year, including unused debt service, are transferred to the fund. The Executive Budget includes Restricted Funds in the amount of \$474,000 in fiscal year 2015-2016 and \$525,000 in fiscal year 2016-2017 to support obligations that have already been made from the fund.

**General Government
Teachers' Retirement System**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Total General Fund	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Restricted Funds					
Balance Forward	2,411,695				
Non-Revenue Receipts	9,784,905	13,412,000	14,554,000	12,934,000	13,515,000
Total Restricted Funds	12,196,600	13,412,000	14,554,000	12,934,000	13,515,000
TOTAL SOURCE OF FUNDS	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY CLASS					
Personnel Costs	10,077,300	11,304,900	11,988,800	10,793,200	10,921,100
Operating Expenses	1,993,700	1,974,000	2,393,000	2,014,900	2,468,000
Grants Loans Benefits	182,881,500	730,622,900	686,712,700	515,575,100	519,530,800
Debt Service	116,436,600	106,838,400	97,148,000	106,838,400	97,148,000
Capital Outlay	125,900	133,100	172,200	125,900	125,900
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY FUND SOURCE					
General Fund	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Restricted Funds	12,196,600	13,412,000	14,554,000	12,934,000	13,515,000
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY UNIT					
Teachers' Retirement System	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800

The Teachers' Retirement System, as defined in KRS 161.220 161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine member Board of Trustees. Two of the members, the Commissioner of Education and the State Treasurer, are ex officio, serving by reason of their constitutional offices. The members of the Retirement System elect the remaining seven trustees for four year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and employer contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or

after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

HB 540 enacted by the 2010 Regular Session of the General Assembly requires additional contributions to ensure the solvency and stability of the retirement system's medical insurance fund. In addition to the above-referenced contribution rates, members hired prior to July 1, 2008 will contribute an additional 0.25% in fiscal 2011, an additional 0.5% in fiscal 2012, an additional 1.0% in fiscal 2013, an additional 1.5% in fiscal 2014, an additional 2.25% in fiscal 2015 and an additional 3.0% in fiscal 2016. Members hired July 1, 2008 or later will contribute an additional 0.5% in fiscal 2014, an additional 1.25% in fiscal 2015, and an additional 2.0% in fiscal 2016. This will bring total member medical insurance contributions to 3.75% in fiscal 2016 for all members. As with other employee contributions, employers will match these amounts.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

Policy

The Executive Budget recognizes and highlights the serious problems with the unfunded pension liabilities for the Kentucky Teachers' Retirement System (KTRS) systems. As of the June 30, 2015 valuation, the unfunded pension liability for KTRS was over \$13.9 billion, and was 55.3 percent funded.

The KTRS requested an additional \$510 million in fiscal year 2016-2017 and \$494 million in fiscal year 2017-2018 to fully fund the actuarially required contribution (ARC) amount. The Governor's budget recommendation includes \$300 million in the first year of the biennium and \$291.5 million in the second year toward the unfunded ARC. The prospect of an additional \$32 million in the first year and an additional \$35.8 million in the second year could bring the increased General Fund support for KTRS' pension problem to an additional \$332 million in fiscal year 2016-2017 and an additional \$327 million in fiscal year 2017-2018. The uppermost increase would represent two-thirds of the unfunded ARC.

The SEEK appropriation includes General Fund amounts to cover the statutory employer contribution rates for school district employees active in the Kentucky Teachers' Retirement System. The amount included for fiscal year 2016-2017 is \$388,817,000, and for fiscal year 2017-2018, \$397,482,500. Respectively, these represent increases in the upcoming biennium over the current fiscal year of \$8.4 million and \$17.0 million.

Moreover, the Governor is recommending the prospect of up to another \$32,050,000 in fiscal year 2016-2017 and \$35,312,500 in fiscal year 2017-2018, if General Fund revenue receipts meet the official estimates rendered by the Consensus Forecasting Group for the next biennium. The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides "contingent" appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers' Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund. The half directed toward pension liabilities would be split evenly between KTRS and KERS.

The General Fund direct appropriation to the KTRS ten years ago was \$183 million. The Executive Budget recommends annual General Fund appropriations in excess of \$600 million annually.

A recap of potential increased General Fund support for the KTRS pension plans:

	<u>FY 2017</u>	<u>FY 2018</u>
Increased direct General Fund appropriation	+\$ 300.1	+\$291.5 (millions of \$)
Contingent General Fund appropriation (up to)	+ 32.1	+ 35.8
SEEK Budget Increase for Pensions	+ 8.4	+ 17.0
Total	+\$ 340.6	+\$344.3 (millions of \$)

The Executive Budget includes General Fund support in the amount of \$106,838,400 in fiscal year 2017 and \$97,148,000 in fiscal year 2018 for debt service on bonds previously issued.

The Executive Budget includes sufficient General Fund support to meet the amortized cost of previously enacted cost-of-living adjustments (COLAs) and other benefit improvements for system members.

The Executive Budget includes \$5,623,500 in fiscal year 2017 and \$11,660,200 in fiscal year 2018 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2016-2018 biennium who are eligible to add accrued sick leave to their final year of service.

The Executive Budget requires excess retiree medical insurance contributions for fiscal year 2015-2016 to be applied to the Teachers' Retirement employer match shortfall for fiscal year 2013-2014 and fiscal year 2014-2015.

Also included in the Executive Budget is \$46,545,800 in General Fund support in fiscal year 2017 and \$53,948,400 in fiscal year 2018 for the State's portion of the shared responsibility plan outlined in KRS 161.550 as enacted by the 2010 regular session.

The Executive Budget fulfilled the General Assembly's 2014 pledge to use lesser debt service in the amount of \$9,598,200 in fiscal year 2016-2017 and \$19,288,600 in fiscal year 2017-2018 to reduce the unfunded pension liability.

General Government
Appropriations Not Otherwise Classified

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
Total General Fund	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL SOURCE OF FUNDS	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY CLASS					
Personnel Costs	2,539,900	13,118,600	13,118,600	2,539,900	2,539,900
Operating Expenses	2,483,400	3,549,200	3,549,200	2,483,400	2,483,400
Grants Loans Benefits	3,100	3,100	3,100	3,100	3,100
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY UNIT					
Attorney General Expense	350,000	350,000	350,000	350,000	350,000
Board of Claims Award	407,400	407,400	407,400	407,400	407,400
Guardian Ad Litem	2,124,900	12,703,600	12,703,600	2,124,900	2,124,900
Prior Year Claims	100,000	100,000	100,000	100,000	100,000
Unredeemed Checks Refunded	1,252,400	2,318,200	2,318,200	1,252,400	1,252,400
Involuntary Commitments-ICF/MR	65,000	65,000	65,000	65,000	65,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	3,100	3,100	3,100	3,100	3,100
Survivor Benefits	303,600	303,600	303,600	303,600	303,600
Med Malpractice Liability Ins Reimb	165,000	165,000	165,000	165,000	165,000
Blanket Employee Bonds	60,000	60,000	60,000	60,000	60,000
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400

Appropriations Not Otherwise Classified (ANOC) are appropriations not related to particular programs. Each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as Attorney General expenses for defending employees of the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditure for costs of items included within this classification over the amounts appropriated is to be paid from the General Fund Surplus account or the Budget Reserve Trust Fund.

General Government
KY Communications Network Authority

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		7,735,900	10,212,500		
Total General Fund		7,735,900	10,212,500		
Restricted Funds					
Current Receipts		3,664,900	3,745,700	18,469,200	27,941,900
Non-Revenue Receipts	4,244,500				
Total Restricted Funds	4,244,500	3,664,900	3,745,700	18,469,200	27,941,900
Federal Fund					
Current Receipts	819,500	180,500		180,500	
Total Federal Fund	819,500	180,500		180,500	
TOTAL SOURCE OF FUNDS	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY CLASS					
Personnel Costs	4,293,000	2,988,700	2,902,600	2,930,300	2,763,400
Operating Expenses	525,900	846,700	843,100	15,709,400	25,178,500
Capital Outlay	245,100	7,745,900	10,212,500	10,000	
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY FUND SOURCE					
General Fund		7,735,900	10,212,500		
Restricted Funds	4,244,500	3,664,900	3,745,700	18,469,200	27,941,900
Federal Fund	819,500	180,500		180,500	
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY UNIT					
KY Communications Network Authority	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900

Executive Order 2015-574 created the Kentucky Communications Network Authority (KCNA).

KCNA, in conjunction with the Board of the Kentucky Communications Network Authority, will manage and oversee the KentuckyWired network, the Commonwealth's open-access broadband network. KentuckyWired is a Commonwealth public infrastructure project that will be built to provide broadband service using a modern high-capacity fiber infrastructure. The primary purpose of the project will be to provide broadband services to all of the Commonwealth's agencies and its public postsecondary education institutions. The project is designed to have the capacity and ability to service other public sector organizations, like public libraries and public school districts. The first links in the network will be operational in 2016, and will significantly improve Kentucky's connectivity and slow speeds. The network will be comprised of more than 3,000 miles of high-speed internet connectivity throughout Kentucky's 120 counties with completion anticipated in 2018.

As authorized by the 2014-2016 Executive Branch appropriations act, a public-private partnership has been established to design, build, operate and maintain the network for 30 years. The partnership leverages private sector funding for most of the construction costs of the project. The Commonwealth will shift resources from payments for current services to pay for the new and substantially faster state-owned network. The Commonwealth retains ownership of the network.

KentuckyWired is unique in that it will be an "open access" network. This means cities, partnerships, private companies or other groups may acquire access to these "middle-mile" lines, but the network will not be providing "last mile" services, or the lines that run to individual homes or businesses.

Policy

Funds for fiscal year 2015-2016 are Restricted Funds transferred from the Commonwealth Office of Technology and the Office of the Secretary, Finance and Administration Cabinet. Starting in fiscal year 2016-2017, KCNA will be charging for their services to fund the organization. The authority has also received funding from the Department for Local Government from Regional Strategic Development funds to close the digital divide in Eastern Kentucky through the Shaping Our Appalachian Regional (SOAR) initiative.

Economic Development

Economic Development

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	34,254,600	24,290,700	26,024,500	17,888,600	18,904,200
Continuing Approp-General Fund	24,900				
Total General Fund	34,279,500	24,290,700	26,024,500	17,888,600	18,904,200
Restricted Funds					
Balance Forward	2,551,700				149,600
Current Receipts	3,045,300	2,943,900	3,058,700	3,143,900	3,258,700
Total Restricted Funds	5,597,000	2,943,900	3,058,700	3,143,900	3,408,300
Federal Fund					
Non-Revenue Receipts	5,525,000	200,000	100,000	200,000	100,000
Total Federal Fund	5,525,000	200,000	100,000	200,000	100,000
TOTAL SOURCE OF FUNDS	45,401,500	27,434,600	29,183,200	21,232,500	22,412,500
EXPENDITURES BY CLASS					
Personnel Costs	9,807,100	12,287,100	12,788,800	9,878,800	9,971,600
Operating Expenses	2,717,400	1,955,600	1,847,500	1,380,000	1,271,200
Grants Loans Benefits	32,010,500	13,191,900	13,191,900	9,824,100	9,826,700
Debt Service			1,355,000		948,000
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
EXPENDITURES BY FUND SOURCE					
General Fund	33,413,000	24,290,700	26,024,500	17,888,600	18,904,200
Restricted Funds	5,597,000	2,943,900	3,058,700	2,994,300	3,013,300
Federal Fund	5,525,000	200,000	100,000	200,000	100,000
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
EXPENDITURES BY UNIT					
Economic Development	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Energy and Environment Cabinet, and eight citizen members appointed by the Governor who represent all sectors of the economic development community. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Tourism, Arts and Heritage Cabinet serve as non-voting members.

The budgetary resources for the Cabinet are organized in four programs within a single appropriation unit. Business Development is the Commonwealth's marketing and sales force to both prospective investors and existing businesses. Its resources include Kentucky-based business development agents and representatives in Tokyo, Japan and Hamburg, Germany; a database of available sites; comprehensive market research; targeted programs for small businesses; and support of the statewide network of Innovation and Commercialization Centers. The Bluegrass State Skills Corporation makes matching grants for industry-specific training of employees. Financial Services administers loans, grants and tax incentives available to businesses that invest and create or maintain jobs in Kentucky, and staffs the Kentucky Economic Development Finance Authority. The Office of the Secretary provides strategic direction for Cabinet activities and administrative services such as legal, fiscal, budget, personnel and asset management.

Policy

The Executive Budget includes a current year appropriation of \$975,000 in Restricted Funds for services related to the customization of computer software and provides \$200,000 for annual licenses in fiscal year 2016-2017 and fiscal year 2017-2018.

The Executive Budget includes General Fund debt service in the amount of \$948,000 in fiscal year 2017-2018 for debt service on new bonds included in the capital budget.

The Executive Budget includes General Fund of \$2,311,200 in fiscal year 2016-2017 and \$2,311,800 in fiscal year 2017-2018 for training grants for Bluegrass State Skills Corporation. Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2015-2016 and fiscal year 2016-2017 shall not lapse and shall carry forward.

Department of Education

Department of Education

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,092,679,300	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Continuing Approp-General Fund	454,000				
Total General Fund	4,093,133,300	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Restricted Funds					
Balance Forward	9,865,399				
Current Receipts	3,138,887	13,917,500	14,017,000	14,072,900	14,119,300
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	32,968,500	34,866,400	35,948,200	34,142,500	34,188,900
Federal Fund					
Balance Forward	3,394,181				
Current Receipts	884,750,719	888,584,300	888,934,200	888,475,100	888,493,100
Total Federal Fund	888,144,900	888,584,300	888,934,200	888,475,100	888,493,100
TOTAL SOURCE OF FUNDS	5,014,246,700	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY CLASS					
Personnel Costs	112,181,700	130,458,400	137,796,900	112,813,500	113,155,700
Operating Expenses	34,243,100	39,125,600	39,092,300	29,912,100	29,860,700
Grants Loans Benefits	4,851,066,800	5,079,278,500	5,069,072,100	4,873,118,500	4,863,542,500
Debt Service		2,631,000	2,631,000		
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,076,378,200	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Restricted Funds	32,968,500	34,866,400	35,948,200	34,142,500	34,188,900
Federal Fund	888,144,900	888,584,300	888,934,200	888,475,100	888,493,100
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
Operations and Support Services	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
Learning and Results Services	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900

In enacting the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with existing programs. In accordance with KRS 156.148, the Department of Education is headed by a Commissioner of Education appointed by the Kentucky Board of Education.

Department of Education
Support Education Excellence in Kentucky (SEEK)

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
Total General Fund	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL SOURCE OF FUNDS	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY CLASS					
Grants Loans Benefits	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY FUND SOURCE					
General Fund	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY UNIT					
Base Funding	2,103,805,900	2,102,272,800	2,090,700,100	2,102,272,800	2,090,700,100
Pupil Transportation	214,752,800	294,752,800	294,752,800	214,752,800	214,752,800
Equalized Facilities	114,277,600	127,528,100	123,908,800	126,545,600	122,896,100
Tier I Equalization	168,116,200	177,485,400	173,051,900	174,548,800	170,111,400
National Board Certification Salary Supplement	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	22,881,900	22,881,900	22,881,900	22,881,900	22,881,900
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	380,489,300	396,592,900	405,432,100	388,817,000	397,482,500
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700

Policy

The Executive Budget includes funding to maintain the fiscal year 2016 SEEK per pupil guarantee in fiscal year 2017 and fiscal year 2018. The base SEEK per pupil guarantee amount is \$3,981 in fiscal year 2017 and \$3,981 in fiscal year 2018. The recommended budget provides funding to accommodate a projected average daily attendance of 605,136 and projected total local school district assessed property valuation of \$316 billion in fiscal year 2017. In fiscal year 2018, the recommended budget provides funding to accommodate projected average daily attendance of 606,986 and projected total local school district assessed property valuation of \$324 billion. Projected numbers represent a consensus reached by the Department of Education and the Office of State Budget Director.

The Executive Budget maintains funding for the pupil transportation program at the fiscal year 2016 level of \$214,752,800 in each fiscal year. The budget includes \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$783,000 in fiscal year 2016-2017 and \$783,000 in fiscal year 2017-2018 of assessed property valuation per student (150 percent of the projected statewide average per pupil).

The Executive Budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$126,545,600 in fiscal year 2016-2017 and \$122,896,100 in fiscal year 2017-2018 to provide equalization funding for local district revenues from the equivalent nickel levy.

The enacted budget includes \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year 2017-2018 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Funding for vocational education transportation is maintained at the fiscal year 2016 level of \$2,416,900 in fiscal year 2016-2017 and fiscal year 2017-2018.

The Executive Budget includes funds \$388,817,000 in fiscal year 2016-2017 and \$397,482,500 in fiscal year 2017-2018 for the Teachers' Retirement employer match on behalf of local school districts.

The enacted budget provides \$2,750,000 in each fiscal year for annual salary supplements to teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

Also included in the Executive Budget is "hold harmless" funding, \$445,800 in fiscal year 2016-2017 and \$532,500 in fiscal year 2017-2018 to provide every school district with at least the same level of state SEEK funding per pupil during the 2016-2018 biennium as was provided in fiscal year 1992.

**Department of Education
Operations and Support Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,615,600	56,546,200	57,138,100	50,661,800	50,719,800
Total General Fund	54,615,600	56,546,200	57,138,100	50,661,800	50,719,800
Restricted Funds					
Balance Forward	5,594,025				
Current Receipts	1,740,175	7,392,200	7,444,900	7,390,000	7,401,500
Total Restricted Funds	7,334,200	7,392,200	7,444,900	7,390,000	7,401,500
Federal Fund					
Balance Forward	616,756				
Current Receipts	328,039,744	329,004,200	329,148,500	328,954,900	328,966,400
Total Federal Fund	328,656,500	329,004,200	329,148,500	328,954,900	328,966,400
TOTAL SOURCE OF FUNDS	390,606,300	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY CLASS					
Personnel Costs	16,370,900	18,776,300	19,583,200	17,795,200	17,903,900
Operating Expenses	20,884,500	22,260,400	22,242,400	18,249,400	18,213,500
Grants Loans Benefits	350,824,700	351,905,900	351,905,900	350,962,100	350,970,300
Debt Service					
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY FUND SOURCE					
General Fund	52,089,400	56,546,200	57,138,100	50,661,800	50,719,800
Restricted Funds	7,334,200	7,392,200	7,444,900	7,390,000	7,401,500
Federal Fund	328,656,500	329,004,200	329,148,500	328,954,900	328,966,400
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY UNIT					
Commissioner's Office/Board of Education	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
Administration and Support	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
Guiding Support Services	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700
Knowledge, Information and Data Services	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700

The Operations and Support Services program area consists of the Office of Administration and Support; the Office of Knowledge, Information, and Data Services; the Office of Guiding Support Services; Commissioner of Education, and the Kentucky Board of Education.

**Department of Education
Operations and Support Services
Commissioner's Office/Board of Education**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
Total General Fund	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
TOTAL SOURCE OF FUNDS	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
EXPENDITURES BY CLASS					
Personnel Costs	1,414,100	1,530,500	1,596,800	1,471,100	1,477,700
Operating Expenses	11,000	11,000	10,000	10,300	9,300
TOTAL EXPENDITURES	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
TOTAL EXPENDITURES	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000

The 1990 General Assembly, as part of the Kentucky Education Reform Act (KERA), provided in KRS 156.148 for the appointment of a Commissioner of Education by the Kentucky Board of Education to serve as the chief state school officer.

As part of the same legislation, the General Assembly, in KRS 156.029, created an 11 member Kentucky Board of Education. Board members are appointed by the Governor and confirmed by the Senate and the House of Representatives. Seven members are selected from the state's seven Supreme Court districts, and four are appointed from the state at large. Board members serve four-year staggered terms. The Executive Director of the Council on Postsecondary Education serves as an ex officio non-voting board member. Overall policy regarding public elementary and secondary education in Kentucky is set by the Kentucky Board of Education within the legal framework established by the General Assembly.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board. The Commissioner is responsible for carrying out all duties assigned by the legislature, for executing education policy as directed by the State Board, and directing the work of all persons employed by the Department of Education.

**Department of Education
Operations and Support Services
Administration and Support**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,086,400	13,750,400	14,027,500	12,459,000	12,488,700
Total General Fund	12,086,400	13,750,400	14,027,500	12,459,000	12,488,700
Restricted Funds					
Balance Forward	5,517,488				
Current Receipts	1,710,712	7,287,300	7,340,000	7,285,100	7,296,600
Total Restricted Funds	7,228,200	7,287,300	7,340,000	7,285,100	7,296,600
Federal Fund					
Balance Forward	616,756				
Current Receipts	327,868,244	328,826,800	328,962,400	328,744,600	328,749,000
Total Federal Fund	328,485,000	328,826,800	328,962,400	328,744,600	328,749,000
TOTAL SOURCE OF FUNDS	347,799,600	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY CLASS					
Personnel Costs	10,805,100	12,050,500	12,516,400	11,343,000	11,392,700
Operating Expenses	3,582,700	4,732,600	4,732,100	4,264,000	4,258,100
Grants Loans Benefits	332,852,600	333,081,400	333,081,400	332,881,700	332,883,500
Debt Service					
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY FUND SOURCE					
General Fund	11,527,200	13,750,400	14,027,500	12,459,000	12,488,700
Restricted Funds	7,228,200	7,287,300	7,340,000	7,285,100	7,296,600
Federal Fund	328,485,000	328,826,800	328,962,400	328,744,600	328,749,000
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY UNIT					
Administration & Resource Management	10,597,800	12,397,700	12,581,600	11,449,300	11,473,900
District Support	4,473,100	4,777,100	4,926,900	4,589,600	4,606,200
School & Community Nutrition	332,169,500	332,689,700	332,821,400	332,449,800	332,454,200
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300

The Office of Administration and Support consists of the following divisions: the Division of Budget and Financial Management, the Division of District Support, the Division of Resource Management, and the Division of School and Community Nutrition.

The Division of Budget and Financial Management supervises the department's annual and biennial budget creation, budget analysis and forecasting, expenditure authorizations, personnel approvals, and allotment as well as appropriation adjustments. The Division also supervises expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as agency liaison with the Auditor of Public Accounts, the Finance and Administration Cabinet, the Office of State Budget Director, and the Legislative Research Commission budget staff.

The Division of District Support distributes state SEEK funds to local school districts and provides districts with assistance on salary schedules, data management, facility management, and budgeting. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The Division also reviews local school district facility plans and compiles information on school district construction needs for the School Facilities Construction Commission.

The Division of Resource Management provides personnel and payroll services to Department staff. These services include the administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans with Disabilities Act, and all other related employment laws and regulations.

The Division of School and Community Nutrition oversees the administration of the following National School Lunch Act and Child Nutrition Act programs in local school districts and other eligible agencies: National School Lunch program, School Breakfast program, Special Milk program, Child Care Food program, Summer Food Service program, and the Nutrition Education and Training program.

**Department of Education
Operations and Support Services
Guiding Support Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,387,900	1,461,100	1,546,500	1,386,000	1,397,400
Total General Fund	1,387,900	1,461,100	1,546,500	1,386,000	1,397,400
Restricted Funds					
Balance Forward	76,537				
Current Receipts	29,463	104,900	104,900	104,900	104,900
Total Restricted Funds	106,000	104,900	104,900	104,900	104,900
Federal Fund					
Current Receipts	171,500	177,400	186,100	210,300	217,400
Total Federal Fund	171,500	177,400	186,100	210,300	217,400
TOTAL SOURCE OF FUNDS	1,665,400	1,743,400	1,837,500	1,701,200	1,719,700
EXPENDITURES BY CLASS					
Personnel Costs	1,581,000	1,723,400	1,817,500	1,682,000	1,700,600
Operating Expenses	20,200	20,000	20,000	19,200	19,100
TOTAL EXPENDITURES	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,323,700	1,461,100	1,546,500	1,386,000	1,397,400
Restricted Funds	106,000	104,900	104,900	104,900	104,900
Federal Fund	171,500	177,400	186,100	210,300	217,400
TOTAL EXPENDITURES	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700

The Office of Guiding Support Services provides legal, legislative, and communication services for the Department of Education. These services include: providing in-house counsel and advice for the Department and the Kentucky Board of Education; representing the Department and the Kentucky Board of Education before administrative agencies and courts of law; offering informal legal advice to local school districts and the general public; overseeing news media relations for the Commissioner and the Department of Education; creating print and electronic publications; providing photographic services for the Department, and maintaining the Department of Education's website.

**Department of Education
Operations and Support Services
Knowledge, Information and Data Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
Total General Fund	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL SOURCE OF FUNDS	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
EXPENDITURES BY CLASS					
Personnel Costs	2,570,700	3,471,900	3,652,500	3,299,100	3,332,900
Operating Expenses	17,270,600	17,496,800	17,480,300	13,955,900	13,927,000
Grants Loans Benefits	17,972,100	18,824,500	18,824,500	18,080,400	18,086,800
TOTAL EXPENDITURES	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
EXPENDITURES BY FUND SOURCE					
General Fund	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL EXPENDITURES	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700

The Office of Knowledge, Information, and Data Services (KIDS) provides planning, administration, and quality assurance for the Kentucky Education Technology System (KETS). KIDS consists of four areas: the Division of Engineering and Management, the Division of Operations and Services, the Division of Enterprise Data, and KETS Field Services.

The Division of Engineering and Management develops and implements the KETS Master Plan, oversees the KETS Offers of Assistance program, and manages the Kentucky Education Network (KEN).

The KETS Offers of Assistance program provides school districts with state funds for education technology purchases. The Division of Engineering and Management determines which districts are eligible to receive KETS offers of assistance and submits this information to the School Facilities Construction Commission (SFCC). The SFCC distributes KETS offers of assistance to eligible districts based on each district's average daily attendance. School districts must spend the offers on appropriate education technology items or services and the districts are required to match funds dollar for dollar.

KEN is the wide-area-network that provides high speed network connectivity and Internet access to Kentucky school districts, the Kentucky School for the Blind, the Kentucky School for the Deaf, and the Department of Education.

The Division of Operations and Services manages the technical support Customer Service Center, oversees school networking, messaging and security services as well as supports the School District Financial Management System (MUNIS) and other systems,

The Division of Enterprise Data manages the Kentucky Student Information System (KSIS), Continuous Instructional Improvement Technology System (CIITS), Department of Education Enterprise Data Dictionary, and master reporting schedule. The Division is also responsible for handling systematic data quality issues that cross all agency and district data systems.

KETS Field Services interact directly with District Technology Coordinators and school district technical staff to support the Student Technology Leadership Program (STLP), Microsoft IT Academy and other education technology programs.

STLP is an education technology program focused on project-based learning to empower students in all grade levels to use technology.

The Microsoft IT Academy is an educational technology program that prepares educators and students for industry recognized certifications.

The School Technology in Coal Counties/Dataseam education technology program provides computers to school classrooms in coal counties and also uses the collective processing power of these computers to form the equivalent of a supercomputer. When students are not using the classroom computers, the Dataseam grid computing service uses a portion of the computers' capabilities to support cancer research. Partners in this program include the James Brown Cancer Center at the University of Louisville, Morehead State University, Western Kentucky University, MSU 21st Century Education Enterprise, and participating elementary and secondary schools.

**Department of Education
Learning and Results Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,028,573,100	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Continuing Approp-General Fund	454,000				
Total General Fund	1,029,027,100	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Restricted Funds					
Balance Forward	4,271,374				
Current Receipts	1,398,712	6,525,300	6,572,100	6,682,900	6,717,800
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	25,634,300	27,474,200	28,503,300	26,752,500	26,787,400
Federal Fund					
Balance Forward	2,777,425				
Current Receipts	556,710,975	559,580,100	559,785,700	559,520,200	559,526,700
Total Federal Fund	559,488,400	559,580,100	559,785,700	559,520,200	559,526,700
TOTAL SOURCE OF FUNDS	1,614,149,800	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY CLASS					
Personnel Costs	95,810,800	111,682,100	118,213,700	95,018,300	95,251,800
Operating Expenses	13,358,600	16,865,200	16,849,900	11,662,700	11,647,200
Grants Loans Benefits	1,490,751,500	1,600,691,800	1,601,271,700	1,487,170,600	1,488,580,500
Debt Service		2,631,000	2,631,000		
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,014,798,200	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Restricted Funds	25,634,300	27,474,200	28,503,300	26,752,500	26,787,400
Federal Fund	559,488,400	559,580,100	559,785,700	559,520,200	559,526,700
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY UNIT					
Next Generation Schools	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
Next Generation Learners	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
Assessment and Accountability	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800
State Schools	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600
Career & Technical Education	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400
Local District Health Insurance	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500

The Learning and Results Services program area consists of the following offices: Office of Assessment and Accountability; Office of Next Generation Learners; Office of Next Generation Schools and Districts, and Office of Career and Technical Education.

**Department of Education
Learning and Results Services
Next Generation Schools**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,683,800	12,811,800	12,984,200	6,122,400	6,130,500
Total General Fund	6,683,800	12,811,800	12,984,200	6,122,400	6,130,500
Restricted Funds					
Balance Forward	869,177				
Current Receipts	503,723	1,372,900	1,372,900	1,373,500	1,373,900
Total Restricted Funds	1,372,900	1,372,900	1,372,900	1,373,500	1,373,900
Federal Fund					
Balance Forward	1,497,634				
Current Receipts	312,694,566	314,214,200	314,279,200	314,210,000	314,213,300
Total Federal Fund	314,192,200	314,214,200	314,279,200	314,210,000	314,213,300
TOTAL SOURCE OF FUNDS	322,248,900	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY CLASS					
Personnel Costs	5,861,700	11,839,400	12,081,100	5,685,700	5,701,800
Operating Expenses	1,634,900	2,154,500	2,154,500	1,615,200	1,615,200
Grants Loans Benefits	314,451,500	314,405,000	314,400,700	314,405,000	314,400,700
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,383,000	12,811,800	12,984,200	6,122,400	6,130,500
Restricted Funds	1,372,900	1,372,900	1,372,900	1,373,500	1,373,900
Federal Fund	314,192,200	314,214,200	314,279,200	314,210,000	314,213,300
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY UNIT					
Consolidated Plans & Audits	270,006,300	270,025,700	270,080,100	270,019,200	270,021,800
Federal Programs & Educator Effectiveness	40,244,900	40,409,800	40,469,500	40,143,300	40,146,000
Next Generation Schools	11,696,900	17,963,400	18,086,700	11,543,400	11,549,900
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700

The Office of Next Generation Schools and Districts consists of three divisions: the Division of Consolidated Plans and Audits, the Division of Student Success, and the Division of Innovation and Partner Engagement. .

The Division of Consolidated Plans and Audits implements and monitors the following federal and state programs: School-Based Decision-Making councils, ESEA No Child Left Behind Act (P.L. 107-110); Title I, Parts A (Improving the Academic Achievement of the Disadvantaged), C (Education of Migrant Children), D (Programs for Children and Youth who are Neglected and Delinquent), F (Comprehensive School Reform), and the Stewart B. McKinney Homeless Assistance Act for the Education of Homeless Children and Youth. The Division also provides assistance to school districts and parents on closing the achievement gap and assuring instructional equity for students.

The Division of Student Success provides guidance and assistance to Kentucky Alternative Education programs and ensures continuous improvement in instruction, practices and curriculum to help all Kentucky students to be college and career ready. The Division also provides assistance on developing and implementing digital learning, school safety, bullying prevention, and achievement gap reduction programs.

The Division of Innovation and Partner Engagement implements and oversees Kentucky's Districts of Innovation as well as assists and monitors nontraditional instruction.

**Department of Education
Learning and Results Services
Next Generation Learners**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	265,856,700	339,627,000	339,739,800	242,389,900	242,398,800
Continuing Approp-General Fund	454,000				
Total General Fund	266,310,700	339,627,000	339,739,800	242,389,900	242,398,800
Restricted Funds					
Current Receipts		960,600	1,007,400	962,100	965,000
Total Restricted Funds		960,600	1,007,400	962,100	965,000
Federal Fund					
Balance Forward	1,177,948				
Current Receipts	218,118,252	219,353,300	219,474,200	219,305,500	219,307,700
Total Federal Fund	219,296,200	219,353,300	219,474,200	219,305,500	219,307,700
TOTAL SOURCE OF FUNDS	485,606,900	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY CLASS					
Personnel Costs	10,011,500	10,663,000	10,938,800	10,074,900	10,084,400
Operating Expenses	3,386,200	3,494,000	3,493,900	3,270,200	3,269,900
Grants Loans Benefits	461,427,400	545,783,900	545,788,700	449,312,400	449,317,200
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY FUND SOURCE					
General Fund	255,528,900	339,627,000	339,739,800	242,389,900	242,398,800
Restricted Funds		960,600	1,007,400	962,100	965,000
Federal Fund	219,296,200	219,353,300	219,474,200	219,305,500	219,307,700
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY UNIT					
Gifted & Talented	6,324,300	6,622,300	6,622,300	6,026,300	6,026,300
Community Education & Service	25,368,400	25,456,400	25,456,400	25,280,300	25,280,300
Next Generation Learner Programs	29,404,700	30,001,800	30,001,800	27,301,700	27,301,700
Program Standards	4,870,200	4,975,900	5,035,000	4,814,600	4,817,400
Learning Services	188,298,000	188,381,400	188,493,700	188,303,200	188,308,300
Extended Learning Services	24,362,700	25,510,700	25,510,700	23,214,700	23,214,700
Family Resource and Youth Services Centers	49,801,600	52,148,300	52,148,300	47,455,000	47,455,000
Read to Achieve	16,234,000	16,999,000	16,999,000	15,469,100	15,469,100
Math Achievement	5,112,700	5,353,600	5,353,600	4,871,800	4,871,800
Professional Growth Fund	1,121,500	720,300	720,300	553,000	553,000
Dropout Prevention	550,200	576,100	576,100	524,300	524,300
Education of State Agency Children	9,642,200	10,096,500	10,096,500	9,187,800	9,187,800
Textbooks	15,948,500	16,700,000	16,700,000	15,197,000	15,197,000
Local District Life Insurance	1,483,700	1,483,700	1,483,700	1,483,700	1,483,700
Next Generation Learners	10,054,600	11,299,400	11,401,300	10,789,600	10,795,700
Preschool	86,247,800	163,615,500	163,622,700	82,185,400	82,185,400
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500

The Office of Next Generation Learners consists of the Division of Program Standards, the Division of Learning Services and the Division of Next Generation Professionals. This Office oversees several educational programs and funds. **Career and Technical Education Programs** assist middle schools, high schools, and locally-operated career centers in developing and implementing career readiness services. Career and Technical Education service areas include Perkins Accountability, High Schools That Work, Tech Prep and high school reform as well as five statewide student organizations. The Kentucky FFA Leadership Training Center at Hardinsburg is also part of Career and Technical Education program.

Community Education & Service Programs work with public schools to promote individual and community development

and lifelong learning. Community Education programs also serve as the delivery system for federal Learn and Serve grants.

The **Dropout Prevention Fund** provides competitive grants to local school districts for the reduction of the numbers and rates of Kentucky students who do not complete secondary school.

The **Kentucky Educational Collaborative for State Agency Children (KECSAC) Program** provides school districts with high-quality educational support services to at risk youth through a collaborative delivery system involving the Kentucky Departments of Education, Juvenile Justice, Community Based Services, Mental Health, Developmental Disabilities and Addiction Services, as well as private and public child and youth care programs.

The **Extended Learning Services or Extended School Services (ESS) Fund** was established by KRS 158.070 to provide struggling learners with additional instructional time and assistance to achieve their learning goals. The program offers instructional time outside regular school hours and takes many forms including after-school and before-school instruction, evening sessions, Saturday learning activities, summer programs, and learning inter-sessions in year-round schools.

Family Resource and Youth Services Centers (FRYSCs) Programs were established by the Kentucky Education Reform Act (KERA) of 1990. The goal of FRYSCs is to address the needs of children and their families residing in the area served by the school in which a center is located. Family Resource Centers serve children in elementary schools while Youth Services Centers serve children in middle and high schools. Each center contains a unique blend of program components depending on location, available resource, local need, and community input.

The **Gifted and Talented Fund** provides support to school districts for educational services to students who are gifted and talented.

The **Division of Learning Services** provides schools with assistance in the development and implementation of services for children and youth with disabilities, including services associated with the federal Individuals with Disabilities Education Act. Program areas include Individuals with Disabilities Education, Preschool Special Education, and Special Education Program Improvement.

Local District Life Insurance Fund for full-time qualified school district employees are mandated by KRS 18A.226, KRS 161.158, and 702 KAR 1:035. Funds in this program are used to pay on behalf of school districts the employer's portion of the premiums to the Personnel Cabinet.

The **Mathematics Achievement Fund** provides two-year renewable grants to local school districts for training teachers in diagnostic assessment and intervention skills. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

Next Generation Learners Programs consist of a variety of grant programs. Included in this area are: the Collaborative Center for Literacy Development; Save the Children; Elementary Arts and Humanities/World Language; Every 1 Reads; Middle School Center; Writing Program; Teacher Academies; Leadership and Mentor Fund; Professional Development; Safe Schools; Georgia Chaffee Teenage Parent Program (TAPP); Appalachian Tutoring Program, Lexington Hearing & Speech Center; Heuser Hearing and Language Academy; Visually Impaired Preschool Services; and Advance Kentucky.

The **Office of Next Generation Learners** oversees the Division of Learning Services, the Division of Program Standards, and the Division of Next Generation Professionals.

The **Preschool Fund** provides grants to local school districts for the education of four year old children whose families meet income guidelines up to 160 percent of poverty as well as three and four year old children with developmental delays or other disabilities.

The **Teachers' Professional Growth Fund** provides teachers with opportunities for high quality professional development in content knowledge and teaching methodologies in the core disciplines of mathematics, science, language arts and social studies.

The **Division of Program Standards** assist districts design and implement curriculum based on new academic standards. The Division is working with districts to implement the newly established standards for English Language Arts and Mathematics. The Division is also working with national development teams on standards for Science and Social Studies. Science and Social Studies are expected to be ready for implementation by Kentucky districts in school year 2013-2014.

The **Read to Achieve Fund** provides grants to schools to implement research-based reading diagnostic and intervention

programs for struggling readers within the state primary program. The early reading intervention program selected by the funded school must be based on reliable, replicable research and offer short-term intensive one-on-one or small group instruction in essential skills necessary for reading proficiency.

The **Textbook Fund** provides support to local school districts to obtain instructional material for students in kindergarten through eighth grades.

**Department of Education
Learning and Results Services
Assessment and Accountability**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,624,000	20,683,500	23,789,000	13,332,700	13,337,800
Total General Fund	14,624,000	20,683,500	23,789,000	13,332,700	13,337,800
Federal Fund					
Current Receipts	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total Federal Fund	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL SOURCE OF FUNDS	22,624,000	28,683,500	31,789,000	21,332,700	21,337,800
EXPENDITURES BY CLASS					
Personnel Costs	21,285,600	28,005,800	31,113,000	20,694,400	20,701,200
Operating Expenses	680,300	677,700	676,000	638,300	636,600
TOTAL EXPENDITURES	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800
EXPENDITURES BY FUND SOURCE					
General Fund	13,965,900	20,683,500	23,789,000	13,332,700	13,337,800
Federal Fund	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL EXPENDITURES	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800

The Office of Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies information on regulations, policies and procedures, a calendar of important assessment dates, manuals, and information for districts and schools on using testing data to improve instruction. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2009 Regular Session of the General Assembly.

The Office consists of two divisions: the Division of Assessment Design and Implementation and the Division of Assessment Support and Research.

The Division of Assessment Design and Implementation operates the state's testing program and coordinates the logistics of the assessment program at the district level. This involves managing and generating data necessary to report assessment results on which accountability performance judgments must be based.

The Division of Assessment Support and Research reviews the consistency of student results across multiple measures and the potential for all scores to yield fair, consistent, and accurate information on student, school, and district performance. The Division also reviews the accuracy of scores assigned to students and schools as well as accuracy of the testing materials.

**Department of Education
Learning and Results Services**

State Schools

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,488,000	16,978,600	17,705,900	15,174,000	15,208,700
Total General Fund	16,488,000	16,978,600	17,705,900	15,174,000	15,208,700
Restricted Funds					
Balance Forward	696,308				
Current Receipts	855,592	1,551,900	1,551,900	1,551,900	1,551,900
Total Restricted Funds	1,551,900	1,551,900	1,551,900	1,551,900	1,551,900
TOTAL SOURCE OF FUNDS	18,039,900	18,530,500	19,257,800	16,725,900	16,760,600
EXPENDITURES BY CLASS					
Personnel Costs	15,244,500	15,841,500	16,582,300	14,936,900	14,985,100
Operating Expenses	2,053,400	2,689,000	2,675,500	1,789,000	1,775,500
TOTAL EXPENDITURES	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600
EXPENDITURES BY FUND SOURCE					
General Fund	15,746,000	16,978,600	17,705,900	15,174,000	15,208,700
Restricted Funds	1,551,900	1,551,900	1,551,900	1,551,900	1,551,900
TOTAL EXPENDITURES	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600

The **Kentucky School for the Blind**, located in Louisville, Kentucky, provides instructional and residential programs for blind and visually impaired students throughout Kentucky. Services provided by the Kentucky School for the Blind include: Instructional and Related Services; Residential Services, Operational Support, and Federal Support.

Instruction and Related Services includes supervision, teaching, supplies, equipment, and clerical services, all of which are needed for the regular instruction of the students enrolled at the Kentucky School for the Blind. Tools utilized are Braille, large print, electronic aids, and other special aids and methods for teaching basic academic skills, vocational skills, self care skills, orientation and mobility, music, physical education, athletics, and counseling.

Residential Services include those services which are needed to provide housing, daily living skills, and leisure time activities for students who reside at the Kentucky School for the Blind. This subprogram also deals with transportation arrangements when residential students go home on weekends and at the end of the school year.

Operational Support includes administration, business management, food service, housekeeping, utilities and other operating expenses, maintenance of buildings and grounds, and health care. The positions of Superintendent and Coordinator of Instruction and Related Services are included in this subprogram.

The Outreach program provides consultative, technical, and evaluative support to local school districts relating to education of students who are blind or visually impaired.

Federal Support includes funds to support federally mandated services. Funds received under Chapter I of the Education Consolidation and Improvement Act are used to provide services in the areas of speech therapy and basic skill instruction. Federal funds are also used to provide instruction and residential services for children who are deaf blind.

The **Kentucky School for the Deaf**, located in Danville, Kentucky, provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan that emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in campus dormitories supervised by houseparents. The students receive practical living skill instruction in personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an outreach program which provides consultative, technical, and evaluative support to local school districts on how to provide effective educational services to deaf children attending school in a local district. The Kentucky School for the Deaf is the designated Statewide Educational Resource Center on Deafness.

**Department of Education
Learning and Results Services
Career & Technical Education**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	38,804,400	48,015,200	49,141,200	35,759,900	35,842,100
Total General Fund	38,804,400	48,015,200	49,141,200	35,759,900	35,842,100
Restricted Funds					
Balance Forward	2,705,889				
Current Receipts	39,397	2,639,900	2,639,900	2,795,400	2,827,000
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	22,709,500	23,588,800	24,571,100	22,865,000	22,896,600
Federal Fund					
Balance Forward	101,843				
Current Receipts	17,898,157	18,012,600	18,032,300	18,004,700	18,005,700
Total Federal Fund	18,000,000	18,012,600	18,032,300	18,004,700	18,005,700
TOTAL SOURCE OF FUNDS	79,513,900	89,616,600	91,744,600	76,629,600	76,744,400
EXPENDITURES BY CLASS					
Personnel Costs	43,407,500	45,332,400	47,498,500	43,626,400	43,779,300
Operating Expenses	5,603,800	7,850,000	7,850,000	4,350,000	4,350,000
Grants Loans Benefits	28,756,400	33,803,200	33,765,100	28,653,200	28,615,100
Debt Service		2,631,000	2,631,000		
TOTAL EXPENDITURES	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400
EXPENDITURES BY FUND SOURCE					
General Fund	37,058,200	48,015,200	49,141,200	35,759,900	35,842,100
Restricted Funds	22,709,500	23,588,800	24,571,100	22,865,000	22,896,600
Federal Fund	18,000,000	18,012,600	18,032,300	18,004,700	18,005,700
TOTAL EXPENDITURES	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The Office of Career and Technical Education manages 53 area technology centers. These area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification. The Office of Career and Technical Education is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

**Department of Education
Learning and Results Services
Local District Health Insurance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
Total General Fund	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL SOURCE OF FUNDS	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
EXPENDITURES BY CLASS					
Grants Loans Benefits	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
EXPENDITURES BY FUND SOURCE					
General Fund	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500

Employees of local school districts have the option of participating in the Kentucky Employees' Health Plan (KEHP). KEHP is a self-insured program providing health insurance benefits to the employees and retirees of the Commonwealth of Kentucky, as well as local school boards, local health departments, and other quasi governmental agencies.

Policy

The Executive Budget includes \$694,800,000 in fiscal year 2016-2017 and \$696,247,800 in fiscal year 2017-2018 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage. This is an increase from the fiscal year 2015-2016 budget of \$8,683,800 in fiscal year 2016-2017 and \$10,131,300 in fiscal year 2017-2018.

Education and Workforce Development

Education and Workforce Development

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,905,800	80,903,800	88,309,000	51,203,000	55,843,400
Total General Fund	51,905,800	80,903,800	88,309,000	51,203,000	55,843,400
Restricted Funds					
Balance Forward	37,217,300	55,821,700	79,360,300	55,821,700	78,284,100
Current Receipts	13,100,400	12,536,300	12,588,000	13,526,100	13,260,600
Non-Revenue Receipts	41,698,000	50,459,900	47,448,800	43,831,700	44,625,200
Total Restricted Funds	92,015,700	118,817,900	139,397,100	113,179,500	136,169,900
Federal Fund					
Balance Forward	2,249,800	287,700	344,200	288,300	344,400
Current Receipts	747,962,900	751,558,900	758,841,100	747,428,200	754,467,800
Total Federal Fund	750,212,700	751,846,600	759,185,300	747,716,500	754,812,200
TOTAL SOURCE OF FUNDS	894,134,200	951,568,300	986,891,400	912,099,000	946,825,500
EXPENDITURES BY CLASS					
Personnel Costs	99,556,400	115,990,300	121,200,800	99,513,700	98,577,400
Operating Expenses	34,810,200	34,809,800	34,506,000	33,153,500	33,200,000
Grants Loans Benefits	684,468,300	699,544,700	707,142,000	681,943,300	688,185,800
Debt Service	15,770,400	19,718,400	22,897,400	17,809,400	26,218,400
Capital Outlay	1,083,900	1,800,600	1,680,000	1,050,600	1,055,000
Construction	150,000				
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
EXPENDITURES BY FUND SOURCE					
General Fund	49,720,800	80,903,800	88,309,000	51,203,000	55,843,400
Restricted Funds	36,194,000	39,457,600	42,314,900	34,895,400	38,963,800
Federal Fund	749,924,400	751,502,400	756,802,300	747,372,100	752,429,400
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
EXPENDITURES BY UNIT					
General Administration and Program Support	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
Proprietary Education	209,000	287,700	298,000	286,500	288,600
Deaf and Hard of Hearing	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
Kentucky Educational Television	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
Environmental Education Council	221,300	231,100	239,200	211,900	188,700
Libraries and Archives	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
Direct Local Aid	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
Office for the Blind	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
Employment and Training	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
Vocational Rehabilitation	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
Education Professional Standards Board	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 from the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Since that time, other changes have been implemented via enacted legislation including moving the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office, for administrative purposes; moving the Governor's Scholars Program from the Governor's Office to the Education and Workforce Development Cabinet; and dissolving the Board for Proprietary Education and creating the Commission on

Proprietary Education, and moving it to the Education and Workforce Development Cabinet for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

- Department of Education
- Kentucky Center for School Safety
- Governor's Scholars Program
- Education Professional Standards Board
- Kentucky Commission on the Deaf and Hard of Hearing
- Environmental Education Council
- Department for Workforce Investment
- Kentucky Commission on Proprietary Education
- Kentucky Educational Television
- Department for Libraries and Archives

**Education and Workforce Development
General Administration and Program Support**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,750,100	10,256,700	10,388,600	6,784,800	11,203,300
Total General Fund	4,750,100	10,256,700	10,388,600	6,784,800	11,203,300
Restricted Funds					
Balance Forward	994,000	595,700	625,700	595,700	625,500
Current Receipts		30,000	30,000	30,000	30,000
Non-Revenue Receipts	5,000,000	6,030,500	6,297,900	5,720,700	5,974,300
Total Restricted Funds	5,994,000	6,656,200	6,953,600	6,346,400	6,629,800
Federal Fund					
Current Receipts	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
Total Federal Fund	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
TOTAL SOURCE OF FUNDS	13,334,000	19,318,700	19,348,000	15,721,100	20,423,000
EXPENDITURES BY CLASS					
Personnel Costs	9,182,600	10,771,200	10,855,400	9,661,700	9,744,900
Operating Expenses	1,337,700	2,562,000	2,477,100	1,470,600	1,471,900
Grants Loans Benefits	1,853,200	2,103,800	2,103,800	1,770,300	1,770,300
Debt Service		3,255,000	3,255,000	2,192,000	6,576,000
Capital Outlay	1,000	1,000	1,000	1,000	1,000
Construction	150,000				
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,536,300	10,256,700	10,388,600	6,784,800	11,203,300
Restricted Funds	5,398,300	6,030,500	6,297,900	5,720,900	5,770,900
Federal Fund	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
EXPENDITURES BY UNIT					
Secretary	7,477,700	12,894,800	13,238,500	10,165,200	14,633,700
Governor's Scholars	1,853,200	2,103,800	2,103,800	1,770,300	1,770,300
Education and Workforce Statistics	3,193,600	3,694,400	3,350,000	3,160,100	3,160,100
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. It is responsible for policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, and facilities management; and information technology and other administrative support services.

The program includes the following units:

- The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.
- The Office of Educational Programs assists in maintaining the Cabinet's presence with educational agencies and managing state-wide educational programs, among other responsibilities.
- The Office of Legal and Legislative Services oversees the Cabinet's legislative agenda and issues, including constituent services and board and commissions responsibilities.

- The Office of Budget and Administration is the Cabinet's chief financial and administrative office. The Division of Administrative Services is responsible for all central office purchasing, auditing and processing financial documents, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines. The Division of Human Resources is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- The Office of Communication provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.
- The Office of Education and Workforce Statistics and the Board of the Kentucky Center for Education and Workforce Statistics manage and oversee the Kentucky Longitudinal Data System. The System is a data repository housing early childhood through postsecondary education, and training and employment information. The Office removes individual identifiers from the data and links information across agencies, schools, and institutions to provide a complete picture of the education-to-employment process to better inform decisions made by state and local policy makers, the general public, and other stakeholders. The office conducts studies and provides feedback about the performance of high school graduates after they go to college; the outcome of teacher preparation, college, adult education, and other programs; and develops the Kentucky County Profiles book. The Kentucky Center for Education and Workforce Statistics Board is comprised of the heads of the five participating agencies and includes the commissioner of the Department of Education, the president of the Kentucky Council on Postsecondary Education, the secretary of the Education and Workforce Development Cabinet, the Executive Director of the Education Professional Standards Board, and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses. The Program served 1,113 students in the summer of 2015.

Policy

The Executive Budget provides General Fund in the amount of \$2,192,000 in fiscal year 2016-2017 and \$6,576,000 in fiscal year 2017-2018 for debt service on new bonds for the Workforce Development Construction Pool.

Education and Workforce Development

Proprietary Education

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	360,600	436,000	386,100	436,000	387,300
Current Receipts	237,800	237,800	237,800	237,800	237,800
Non-Revenue Receipts	46,600				
Total Restricted Funds	645,000	673,800	623,900	673,800	625,100
TOTAL SOURCE OF FUNDS	645,000	673,800	623,900	673,800	625,100
EXPENDITURES BY CLASS					
Personnel Costs	199,200	278,200	288,500	277,000	279,100
Operating Expenses	9,800	9,500	9,500	9,500	9,500
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	209,000	287,700	298,000	286,500	288,600
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600
EXPENDITURES BY UNIT					
Proprietary Education	209,000	287,700	298,000	286,500	288,600
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600

The Kentucky Commission on Proprietary Education was established by action of the 2012 Kentucky General Assembly; it replaced the Board of Proprietary Education. The 11-member commission is charged with licensing and regulating all proprietary schools, doing business in Kentucky, other than those that offer a four year bachelor's degree. The duties of the Commission include issuing and renewing licenses to eligible proprietary schools, investigating complaints from students and schools, and administering and enforcing the provisions of KRS Chapter 165A pertaining to the conduct, operation, maintenance, and establishment of proprietary education institutions and the activities of agents of the schools.

The Commission also administers the Student Protection Fund. Each licensed school is obligated to contribute to the fund which reimburses eligible students in the event a school closes, loses its accreditation, or discontinues a program.

**Education and Workforce Development
Deaf and Hard of Hearing**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	883,200	946,800	1,006,700	862,900	873,900
Total General Fund	883,200	946,800	1,006,700	862,900	873,900
Restricted Funds					
Current Receipts	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
Total Restricted Funds	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
TOTAL SOURCE OF FUNDS	1,992,400	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY CLASS					
Personnel Costs	1,168,500	1,271,800	1,331,700	1,188,200	1,199,200
Operating Expenses	784,200	784,200	784,200	784,300	784,300
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY FUND SOURCE					
General Fund	843,500	946,800	1,006,700	862,900	873,900
Restricted Funds	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500

In accordance with KRS 163.510, the Commission on the Deaf and Hard of Hearing advises the Governor and the General Assembly concerning policies and programs to enhance the quality and coordination of services for deaf and hard of hearing individuals in both the public and private sectors. The Commission oversees the provision of interpreter services to deaf and hard of hearing individuals; identifies and evaluates public and private entities that provide services to deaf and hard of hearing residents of Kentucky for information, referral, and advocacy services; administers a Telecommunications Access Program which provides specialized telecommunications equipment to qualified deaf, hard of hearing, and speech-impaired residents of Kentucky; assists local, state, and federal governments and public and private agencies in the development of programs for the deaf and hard of hearing; and reviews legislative programs relating to services for deaf and hard of hearing persons and conducts studies of conditions affecting the health and welfare of the deaf and hard of hearing.

Education and Workforce Development

Kentucky Educational Television

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,245,000	16,298,700	15,962,900	12,622,200	12,731,100
Total General Fund	13,245,000	16,298,700	15,962,900	12,622,200	12,731,100
Restricted Funds					
Current Receipts	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
Total Restricted Funds	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
TOTAL SOURCE OF FUNDS	14,696,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY CLASS					
Personnel Costs	10,018,400	11,821,300	12,527,200	9,944,700	10,165,600
Operating Expenses	4,001,600	5,002,400	4,806,700	4,048,500	3,936,500
Debt Service		846,000			
Capital Outlay	80,000	80,000	80,000	80,000	80,000
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY FUND SOURCE					
General Fund	12,649,000	16,298,700	15,962,900	12,622,200	12,731,100
Restricted Funds	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY UNIT					
General Administration and Support	2,403,000	3,364,800	2,624,000	2,532,000	2,558,900
Broadcasting and Education	9,475,500	12,005,100	12,354,300	9,353,700	9,424,600
Engineering	2,221,500	2,379,800	2,435,600	2,187,500	2,198,600
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100

KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace. As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

The Broadcasting and Education unit acquires and produces programs and related support material which will most effectively carry out the mission and policies set by the Kentucky Authority for Educational Television. This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education and the Higher Education Telecommunications Consortium. The unit assembles three channels of television programming: KET1 carries educational and informational programs for all Kentucky citizens; KET2 carries additional programs and repeats of important programs carried on KET1; and KETKY carries programs about Kentucky and Kentuckians and overnight feeds of instructional programs for schools. KETKY also carries the Kentucky General Assembly when in session or in committee, as well as, occasional special feeds for the State Department of Education, Kentucky Community and Technical College System or other partners as needed.

Instructional programming for elementary and secondary schools directly supports the learning goals and outcomes of Kentucky's Common Core Standards, adopted in February 2010. The Broadcasting and Education unit produces interactive and other distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It produces professional development opportunities for educators throughout the state and broadcasts programs designed to help people in the workplace. Acquired and/or locally produced programming services are delivered to under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions. The unit also produces multiple schedules of nationally- and locally-produced programs for citizens at home and in the workplace. This includes educational and public affairs programming as well as quality arts experiences for all Kentuckians. A full line-up of children's educational programs offers a quality alternative to commercial television viewing.

KET's Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. The Engineering Service unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

The General Administration and Support unit oversees the implementation of KET's mission as directed by the Kentucky Authority for Educational Television and recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws and works to ascertain the desires of the citizens of the Commonwealth. The unit conducts research and planning activities to verify the needs of current and potential audiences then works to assure effective, efficient, and appropriate service to those audiences

**Education and Workforce Development
Environmental Education Council**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		27,600	60,400		
Total General Fund		27,600	60,400		
Restricted Funds					
Balance Forward	66,000	27,100	13,900	27,100	17,800
Current Receipts	31,000	39,300	36,900	51,600	47,300
Non-Revenue Receipts	151,400	151,000	150,500	151,000	150,500
Total Restricted Funds	248,400	217,400	201,300	229,700	215,600
TOTAL SOURCE OF FUNDS	248,400	245,000	261,700	229,700	215,600
EXPENDITURES BY CLASS					
Personnel Costs	185,800	196,300	204,700	196,000	188,500
Operating Expenses	28,600	34,800	34,500	15,900	200
Grants Loans Benefits	6,900				
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700
EXPENDITURES BY FUND SOURCE					
General Fund		27,600	60,400		
Restricted Funds	221,300	203,500	178,800	211,900	188,700
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700
EXPENDITURES BY UNIT					
Ky Environmental Education Council	221,300	231,100	239,200	211,900	188,700
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700

The Kentucky Environmental Education Council was established in 1990 by KRS 157.910 and is charged with improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. In accordance with KRS 224.10-250, the Council receives the first \$150,000 in environmental fines and penalties collected by the Energy and Environment Cabinet for funding programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

- Working with citizens, especially those engaged in environmental education, to implement the master plan for improving environmental education and environmental literacy.
- Working with the Kentucky Department of Education, the Education Professional Standards Board, and agencies that make up the Environmental Education Interagency Committee to establish guidelines for improving professional development in environmental education for educators.
- Establishing standards for environmental education that fit within the Kentucky Department of Education's instructional standards and help insure balanced, ecologically-based curriculum and instruction.
- Working to ensure that environmental education is equitably distributed to all Kentuckians.

Additionally, in accordance with KRS 224.43-505, the Council provides interest accrued on the Kentucky Pride Fund, a fund that receives environmental remediation fees charged on each ton of waste disposed of at Kentucky landfills, to the eight state public universities to operate environmental education centers.

Policy

The Executive Budget proposes to permit interest income that accrues to the Environmental Education Council from the Kentucky Pride Fund.

Education and Workforce Development

Libraries and Archives

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,543,400	16,656,800	17,871,300	11,957,000	12,001,800
Total General Fund	12,543,400	16,656,800	17,871,300	11,957,000	12,001,800
Restricted Funds					
Balance Forward	2,843,400	3,011,900	3,168,700	3,011,900	3,138,900
Current Receipts	2,699,100	2,699,100	2,699,100	2,702,700	2,734,900
Total Restricted Funds	5,542,500	5,711,000	5,867,800	5,714,600	5,873,800
Federal Fund					
Balance Forward	1,000	29,800	86,300	30,400	86,500
Current Receipts	1,537,800	1,573,800	1,547,200	1,643,300	1,629,700
Total Federal Fund	1,538,800	1,603,600	1,633,500	1,673,700	1,716,200
TOTAL SOURCE OF FUNDS	19,624,700	23,971,400	25,372,600	19,345,300	19,591,800
EXPENDITURES BY CLASS					
Personnel Costs	6,560,800	8,525,200	8,872,700	6,675,000	6,747,000
Operating Expenses	2,823,700	2,844,600	2,828,000	2,794,600	2,778,000
Grants Loans Benefits	6,784,200	9,096,600	10,096,600	6,650,300	6,650,300
Capital Outlay		250,000	125,000		
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300
EXPENDITURES BY FUND SOURCE					
General Fund	12,129,700	16,656,800	17,871,300	11,957,000	12,001,800
Restricted Funds	2,530,600	2,542,300	2,533,700	2,575,700	2,573,300
Federal Fund	1,508,400	1,517,300	1,517,300	1,587,200	1,600,200
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300
EXPENDITURES BY UNIT					
Libraries and Archives	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
Direct Local Aid	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

The Department is directed by three goals:

- To provide effective services that meet the needs of library and public records customers,
- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and
- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the people of Kentucky directly through local public libraries. The Department also serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Education and Workforce Development

Libraries and Archives

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,217,500	8,080,900	8,420,400	5,898,900	5,943,700
Total General Fund	6,217,500	8,080,900	8,420,400	5,898,900	5,943,700
Restricted Funds					
Balance Forward	2,370,900	2,187,300	1,992,000	2,187,300	1,962,200
Current Receipts	1,754,800	1,754,800	1,754,800	1,758,400	1,790,600
Total Restricted Funds	4,125,700	3,942,100	3,746,800	3,945,700	3,752,800
Federal Fund					
Balance Forward		29,400	85,500	29,400	85,500
Current Receipts	1,397,900	1,433,500	1,406,900	1,503,400	1,489,800
Total Federal Fund	1,397,900	1,462,900	1,492,400	1,532,800	1,575,300
TOTAL SOURCE OF FUNDS	11,741,100	13,485,900	13,659,600	11,377,400	11,271,800
EXPENDITURES BY CLASS					
Personnel Costs	6,560,800	8,525,200	8,872,700	6,675,000	6,747,000
Operating Expenses	2,683,800	2,704,700	2,688,100	2,654,700	2,638,100
Grants Loans Benefits		178,500	178,500		
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,937,700	8,080,900	8,420,400	5,898,900	5,943,700
Restricted Funds	1,938,400	1,950,100	1,941,500	1,983,500	1,981,100
Federal Fund	1,368,500	1,377,400	1,377,400	1,447,300	1,460,300
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
EXPENDITURES BY UNIT					
Administrative Services	2,435,900	2,572,900	2,600,000	2,362,900	2,369,800
Field Services	1,605,200	3,103,200	3,103,200	1,646,200	1,662,200
Library Services	1,250,000	1,450,900	1,612,100	1,294,500	1,308,000
Archives & Records Management	3,953,500	4,281,400	4,424,000	4,026,100	4,045,100
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

Administrative Services

The Libraries and Archives Commissioner's Office sets overall policy and direction for the Department and provides communication advice and support to each division. The Office supports the activities of the State Advisory Council on Libraries, chairs the Archives and Records Commission, and serves on the State Information Systems Commission, the Communications Advisory Committee, and the Oral History Commission.

The Division of Administrative Services formulates and implements executive direction for planning, policy, and procedures for the Department in accordance with KRS Chapter 171. The Division provides administrative support to the program areas of the Department. This division funds and supports the activities of the Commissioner's Office, as well as those of the Financial, Personnel and Payroll, Federal Grants Management, Information Systems, Building Facilities, and Administrative Support units.

Field Services

The Division of Field Services supports Kentucky's public libraries for the improvement of library services by providing consultation, technical assistance, and financial aid. The Division provides services pursuant to KRS Chapter 171.

This division's Public Library Development Branch includes professional and technical staff who provide consultative and technical assistance concerning public library services and programs provided by the Department. The staff is located in regional offices that are mainly housed in local public libraries.

The Program Development Branch provides statewide guidance in specialized library services. This office plans and implements statewide continuing education programs. Services are also provided for technological development, automated operations, and statistical analysis. Branch staff provide consulting services in the areas of library construction; assistance in developing early childhood, children's, and young adult programs and materials; and provides administrative support to the Kentucky State Board for the Certification of Librarians.

The Kentucky Talking Book Library and Institutions Branch provides special library materials and playback equipment to eligible service clientele. Volunteers record materials that are of special interest to Kentucky Talking Book patrons, and department staff coordinate distribution. The Branch also provides library materials and professional consultation to state residential institution libraries.

State Library Services

The Division of State Library Services operates the State Library that serves state government personnel, public libraries, other institutions, and individuals. In an effort to equalize library services and access to information across the state, this division promotes and maintains cooperative arrangements for information and resource sharing among all types of libraries, library consortia, and information centers including state agencies as mandated by Chapter 171.

State Library Support is the administrative unit of the Division and provides coordinated program planning and control to ensure the best service in a cost-effective manner. The unit directs the statewide library resource-sharing activities of the Department, including direct service delivery, coordination of activities on a statewide basis, and support via direct local aid. The Department works closely with the Kentucky Virtual Library (KYVL) in the delivery of services and coordination of activities, and also participates as an individual library institution.

The Public Services Branch is committed to providing resources, research, consultation, and assistance to state agencies and public libraries through use of a variety of information formats including the Internet. The State Library partners with the Governmental Services Center (GSC) and the Kentucky Employee Assistance Program (KEAP) to provide supplementary information resources for those agencies' clients through the Library's web site.

The Audiovisual unit of the Branch provides a centralized collection of videos and films that are loaned without a fee to public libraries, state agencies, and walk-in customers. The unit is unique in that it is the only major source of films and "public performance" videos in the Commonwealth. The primary needs are for children's films suitable for large audience viewing and videos designed for adult training and education.

The Technical Support Branch provides computerized access to information for the State Library's collections and public libraries. The Branch serves as a model for quality control throughout the state, and supplies training and consulting services to librarians and state agency personnel involved in the organization of reference materials.

Public Records

The Division of Public Records, under KRS 171.410-740, works with government agencies to create and preserve documentation of agencies' organizational functions, policies, decisions, procedures, and essential transactions, as well as information that protects the legal and financial rights of government and of individuals directly affected by an agency's activities. The Division establishes standards, procedures, and administrative regulations for recording, managing, preserving, and reproducing government records. It works with the heads of state and local government agencies to ensure that the agencies create and maintain active programs for efficient records management.

The Public Records Support Office provides overall policy development, coordination of program planning, and administrative direction of division programs in public records administration and archival management.

The State Records Branch assists state agencies, boards and commissions, public universities, and judicial offices in developing and maintaining programs to manage government information. Branch staff manage the State Records Center for high volume storage of non-permanent records still in business use.

The Archival Services Branch operates the state's central repository for valuable government records. It serves as the official point of access for state government information. The Branch is also involved in a variety of outreach and educational activities that inform public officials and the general public about the wealth and range of materials housed at the State Archives.

The Technology Analysis and Support Branch provides support to agencies on archival and records management considerations in the application of information technology. It works with other units to provide guidance to public agencies on the management of electronic records and oversees the work of the Department's Document Preservation Laboratory. This includes professional consulting, education and training programs, records disaster recovery assistance, and laboratory conservation treatment.

The Image Management Branch provides centralized image management and micrographics services to state and local government agencies on a cost recovery basis. These central services help improve access to information, reduce the volume of paper-based files, and ensure archival preservation of information contained in fragile paper records.

The Local Records Branch assists local government agencies in implementing and maintaining archives and records management programs.

Education and Workforce Development

Direct Local Aid

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,325,900	8,575,900	9,450,900	6,058,100	6,058,100
Total General Fund	6,325,900	8,575,900	9,450,900	6,058,100	6,058,100
Restricted Funds					
Balance Forward	472,500	824,600	1,176,700	824,600	1,176,700
Current Receipts	944,300	944,300	944,300	944,300	944,300
Total Restricted Funds	1,416,800	1,768,900	2,121,000	1,768,900	2,121,000
Federal Fund					
Balance Forward	1,000	400	800	1,000	1,000
Current Receipts	139,900	140,300	140,300	139,900	139,900
Total Federal Fund	140,900	140,700	141,100	140,900	140,900
TOTAL SOURCE OF FUNDS	7,883,600	10,485,500	11,713,000	7,967,900	8,320,000
EXPENDITURES BY CLASS					
Operating Expenses	139,900	139,900	139,900	139,900	139,900
Grants Loans Benefits	6,784,200	8,918,100	9,918,100	6,650,300	6,650,300
Capital Outlay		250,000	125,000		
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
EXPENDITURES BY FUND SOURCE					
General Fund	6,192,000	8,575,900	9,450,900	6,058,100	6,058,100
Restricted Funds	592,200	592,200	592,200	592,200	592,200
Federal Fund	139,900	139,900	139,900	139,900	139,900
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
EXPENDITURES BY UNIT					
Libraries Support	5,952,400	8,331,100	9,206,100	5,823,700	5,823,700
Library Technology	139,900	139,900	139,900	139,900	139,900
Public Records	831,800	837,000	837,000	826,600	826,600
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200

Direct Local Aid provides the following services to citizens of the Commonwealth:

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.
- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

These services are administered by the Department's program divisions: Field Services, State Library Services, and Public Records. Direct services include cash grants, library materials, and bookmobiles.

Policy

The Executive Budget continues to provide General Fund in the amount of \$3,329,600 in each fiscal year for construction grants to public libraries.

Education and Workforce Development

Office for the Blind

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,413,700	2,406,700	2,416,700	1,361,200	1,375,100
Total General Fund	1,413,700	2,406,700	2,416,700	1,361,200	1,375,100
Restricted Funds					
Balance Forward	992,700	1,118,700	1,158,100	1,118,700	1,132,500
Current Receipts	2,478,000	1,608,200	1,661,300	1,491,400	1,184,000
Total Restricted Funds	3,470,700	2,726,900	2,819,400	2,610,100	2,316,500
Federal Fund					
Balance Forward	196,800	196,800	196,800	196,800	196,800
Current Receipts	7,377,400	9,144,800	9,182,100	7,627,700	7,674,200
Total Federal Fund	7,574,200	9,341,600	9,378,900	7,824,500	7,871,000
TOTAL SOURCE OF FUNDS	12,458,600	14,475,200	14,615,000	11,795,800	11,562,600
EXPENDITURES BY CLASS					
Personnel Costs	7,328,800	8,214,100	8,628,300	7,146,800	7,265,300
Operating Expenses	1,925,300	1,538,200	1,551,000	1,484,500	1,497,300
Grants Loans Benefits	1,708,000	2,747,000	2,727,800	1,714,200	1,648,000
Capital Outlay	117,400	621,000	621,000	121,000	121,000
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,350,100	2,406,700	2,416,700	1,361,200	1,375,100
Restricted Funds	2,352,000	1,568,800	1,929,300	1,477,600	1,482,300
Federal Fund	7,377,400	9,144,800	9,182,100	7,627,700	7,674,200
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
EXPENDITURES BY UNIT					
General Blind Services	9,541,600	10,738,100	11,093,500	8,874,100	8,928,600
Business Enterprise Program	870,000	1,680,000	1,698,700	895,600	900,300
Center for Independent Living	667,900	702,200	735,900	696,800	702,700
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600

Pursuant to KRS 163.470 and the Rehabilitation Act of 1973 as amended, the Office for the Blind provides services to assist individuals who are blind and visually impaired in preparing for, obtaining, improving, and maintaining employment, as well as enabling them to live more independent and fulfilling lives. Office for the Blind has professional staff located at the central office as well as in Kentucky Career Centers throughout the state. Kentucky Career Centers house not only Office for the Blind staff, but also staff from partner agencies such as Office of Vocational Rehabilitation, Office of Employment and Training, Department for Community Based Services, Kentucky Adult Education, Community Action, and others. Such collaboration affords consumers the convenience of a one-stop approach for accessing various types of assistance necessary for reaching employment goals.

The Office provides vocational rehabilitation of blind and visually impaired Kentuckians. Vocational Rehabilitation Counselors provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement services. The Counselors receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation techniques. The Office provides services through the following avenues:

- The Office has 10 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.

- The Business Enterprise Program trains and provides equipment to blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed merchants who are visually impaired. Business Enterprises staff provides management services and training to individuals who are visually impaired, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

The Business Enterprise Program also collects a set-aside, or fee based upon the percentage of gross sales from vending operations. The visually impaired merchants currently contribute five percent of their net income to be used for their own health insurance and an IRA. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprises Program.

Pursuant to KRS 163.470 and Title VII of the Rehabilitation Act, independent living specialists provide short-term, individualized instruction for individuals who are blind so they may be able to function independently. Services include information, counseling, and skills training in activities of daily living. Mobility training, assistive devices, referrals to community resources in housing and transportation, and information on services offered by other agencies are provided. The service population consists mainly of individuals who are elderly or unable to work due to the severity of disabilities.

The Office employs independent living specialists who are located throughout the state. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time, and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

**Education and Workforce Development
Employment and Training**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		11,089,400	16,688,000		
Total General Fund		11,089,400	16,688,000		
Restricted Funds					
Balance Forward	30,687,100	49,565,300	72,940,800	49,565,300	71,917,900
Current Receipts	1,249,000	1,310,000	1,311,000	2,394,900	2,407,200
Non-Revenue Receipts	36,500,000	44,278,400	41,000,400	37,960,000	38,500,400
Total Restricted Funds	68,436,100	95,153,700	115,252,200	89,920,200	112,825,500
Federal Fund					
Balance Forward	2,010,600				
Current Receipts	689,927,200	687,313,400	694,205,100	689,594,500	696,513,300
Total Federal Fund	691,937,800	687,313,400	694,205,100	689,594,500	696,513,300
TOTAL SOURCE OF FUNDS	760,373,900	793,556,500	826,145,300	779,514,700	809,338,800
EXPENDITURES BY CLASS					
Personnel Costs	37,026,700	45,428,300	47,615,700	36,729,100	35,124,800
Operating Expenses	17,275,600	15,423,700	15,621,300	16,104,000	16,304,600
Grants Loans Benefits	640,619,400	644,029,800	650,353,600	639,029,800	645,353,600
Debt Service	15,770,400	15,617,400	19,642,400	15,617,400	19,642,400
Capital Outlay	116,500	116,500	116,500	116,500	116,500
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
EXPENDITURES BY FUND SOURCE					
General Fund		11,089,400	16,688,000		
Restricted Funds	18,870,800	22,212,900	24,465,300	18,002,300	22,037,500
Federal Fund	691,937,800	687,313,400	692,196,200	689,594,500	694,504,400
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
EXPENDITURES BY UNIT					
Employer and Placement Services	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000
Unemployment Insurance	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
Workforce Innovation and Opportunity Act	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900

The Office of Employment and Training (OET) administers federally-funded programs that provide employment-related services to the citizens of Kentucky. OET provides a wide array of professional services to employers and job seekers. These services include employment counseling, testing, assessment, job search assistance, and placement services to all citizens, as well as training programs for dislocated workers and other individuals who are economically disadvantaged.

The programs are funded by federal grants, with the principal revenue source derived from the Unemployment Insurance (UI) program. The federal government, through the employer-paid Federal Unemployment Tax Act (FUTA), provides the Office's operating and capital funding for the two programs.

The Office also receives funds to administer several smaller programs that are related to UI and Employment Services, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, and Alien Farmworker Housing Inspections. The Office administers training programs under the Trade Adjustment Assistance program and Title I of the Workforce Innovation and Opportunity Act. These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own, and to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

The Department is also responsible for assessing and collecting taxes from employers to distribute benefits to those who qualify for unemployment compensation.

Policy

Notwithstanding KRS 341.295 and 341.240, penalty and interest collections credited to the unemployment compensation administration fund may be used during each fiscal year by the Office of Employment and Training for Wagner-Peyser and Unemployment Insurance Administration purposes.

**Education and Workforce Development
Employment and Training
Employer and Placement Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,938,500	7,828,100		
Total General Fund		4,938,500	7,828,100		
Restricted Funds					
Balance Forward	1,860,400				
Current Receipts	1,240,000	1,300,000	1,300,000	2,333,700	2,340,900
Non-Revenue Receipts		2,216,600			
Total Restricted Funds	3,100,400	3,516,600	1,300,000	2,333,700	2,340,900
Federal Fund					
Balance Forward	18,700				
Current Receipts	20,941,600	18,087,000	16,982,300	19,489,500	18,390,200
Total Federal Fund	20,960,300	18,087,000	16,982,300	19,489,500	18,390,200
TOTAL SOURCE OF FUNDS	24,060,700	26,542,100	26,110,400	21,823,200	20,731,100
EXPENDITURES BY CLASS					
Personnel Costs	11,040,200	18,472,200	19,212,900	13,051,500	13,127,700
Operating Expenses	6,802,500	4,693,800	4,521,400	5,395,600	5,226,200
Grants Loans Benefits	6,101,500	3,259,600	2,259,600	3,259,600	2,259,600
Capital Outlay	116,500	116,500	116,500	116,500	116,500
TOTAL EXPENDITURES	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000
EXPENDITURES BY FUND SOURCE					
General Fund		4,938,500	7,828,100		
Restricted Funds	3,100,400	3,516,600	1,300,000	2,333,700	2,339,800
Federal Fund	20,960,300	18,087,000	16,982,300	19,489,500	18,390,200
TOTAL EXPENDITURES	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000

There are two objectives of the Employer and Placement Services program. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers in obtaining qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement.

**Education and Workforce Development
Employment and Training
Unemployment Insurance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,025,900	3,734,900		
Total General Fund		1,025,900	3,734,900		
Restricted Funds					
Balance Forward	28,826,000	49,564,600	72,940,100	49,564,600	71,917,200
Current Receipts	9,000	10,000	11,000	61,200	66,300
Non-Revenue Receipts	36,500,000	42,061,800	41,000,400	37,960,000	38,500,400
Total Restricted Funds	65,335,000	91,636,400	113,951,500	87,585,800	110,483,900
Federal Fund					
Balance Forward	938,300				
Current Receipts	634,055,900	630,330,000	630,168,900	631,184,900	631,093,100
Total Federal Fund	634,994,200	630,330,000	630,168,900	631,184,900	631,093,100
TOTAL SOURCE OF FUNDS	700,329,200	722,992,300	747,855,300	718,770,700	741,577,000
EXPENDITURES BY CLASS					
Personnel Costs	23,939,200	24,742,800	25,725,800	21,446,900	19,350,300
Operating Expenses	8,842,000	8,842,000	8,842,000	8,939,200	8,939,200
Grants Loans Benefits	602,213,000	600,850,000	600,850,000	600,850,000	600,850,000
Debt Service	15,770,400	15,617,400	19,642,400	15,617,400	19,642,400
TOTAL EXPENDITURES	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
EXPENDITURES BY FUND SOURCE					
General Fund		1,025,900	3,734,900		
Restricted Funds	15,770,400	18,696,300	23,165,300	15,668,600	19,697,700
Federal Fund	634,994,200	630,330,000	628,160,000	631,184,900	629,084,200
TOTAL EXPENDITURES	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	49,775,900	46,973,300	49,811,300	46,853,500	48,781,900
Unemployment Insurance Benefits	600,988,700	600,000,000	600,000,000	600,000,000	600,000,000
TOTAL EXPENDITURES	650,764,600	646,973,300	649,811,300	646,853,500	648,781,900

The purpose of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who become unemployed through no fault of their own, in the form of regular UI benefit payments in an amount determined by the claimant's wage history. Regular UI benefits are funded entirely through payment of the state unemployment taxes by employers determined liable under KRS Chapter 341 based upon the size and duration of payroll.

Within the Office of Employment and Training, the Division of Unemployment Insurance supports the claims activities initiated in the local offices of the Division of Field Services. In the central office, the Benefits Branch ensures and accounts for the proper payment of regular UI and federal program benefits, including the determination of chargeability to a specific employer for the cost of each regular UI claim. In cases where benefits have been drawn in error, the branch pursues restitution and, if fraud is involved, pursues prosecution of the claimant. The Benefits Branch also operates an interstate claims "local office" to serve claimants covered under Kentucky law but filing from other states.

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under extended unemployment compensation programs. With the exception of partial payment from state UI funds in the case of some extended benefits, these programs are financed by employer federal unemployment tax collected by the Internal Revenue Service.

The administrative component of the UI program provides benefit payments based on earnings in a specific transaction period. Revenues for this program are derived from a federal unemployment tax on employers' payrolls.

KRS Chapter 341 provides the statutory authority and structure for the operation of the UI program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement, and employer liability, KRS Chapter 341 conforms to federal unemployment law derived from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

During fiscal year 2015, the Office of Employment and Training paid 1.15 million weeks of compensation to out-of-work Kentuckians with benefits totaling approximately \$334.3 million.

Policy

The Executive Budget includes \$868,600 in fiscal year 2016-2017 and \$885,000 in fiscal year 2017-2018 to fund operations of the Kentucky Business One Stop Portal.

Notwithstanding KRS 341.240 and 341.295, funds from the Unemployment Compensation Administration Fund may be used each fiscal year to support the Wagner-Peyser program.

**Education and Workforce Development
Employment and Training
Workforce Innovation and Opportunity Act**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,125,000	5,125,000		
Total General Fund		5,125,000	5,125,000		
Federal Fund					
Balance Forward	1,053,600				
Current Receipts	34,929,700	38,896,400	47,053,900	38,920,100	47,030,000
Total Federal Fund	35,983,300	38,896,400	47,053,900	38,920,100	47,030,000
TOTAL SOURCE OF FUNDS	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
EXPENDITURES BY CLASS					
Personnel Costs	2,047,300	2,213,300	2,677,000	2,230,700	2,646,800
Operating Expenses	1,631,100	1,887,900	2,257,900	1,769,200	2,139,200
Grants Loans Benefits	32,304,900	39,920,200	47,244,000	34,920,200	42,244,000
TOTAL EXPENDITURES	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
EXPENDITURES BY FUND SOURCE					
General Fund		5,125,000	5,125,000		
Federal Fund	35,983,300	38,896,400	47,053,900	38,920,100	47,030,000
TOTAL EXPENDITURES	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000

In accordance with the provisions of the Workforce Innovation and Opportunity Act (WIOA), Kentucky continues to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. WIOA reforms implemented by the Commonwealth include streamlining services through a one-stop service delivery system housed in Kentucky Career Centers located throughout the state, empowering individuals by means of information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for Local Workforce Investment Boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Innovation and Opportunity Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

Most services for adults and dislocated workers are provided through the Kentucky Career Centers, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes core services available to all adults, and intensive services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job that will lead to self-sufficiency.

Through WIOA, youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning and include tutoring, study skills training, and instruction leading to completion of secondary school (including drop-out prevention); alternative school services; mentoring by appropriate adults; paid and unpaid work experience (i.e. internships and job shadowing); occupational skills training; leadership development; and appropriate supportive services.

The 42-member Kentucky Workforce Investment Board (KWIB) serves as an advisory board to the Governor on workforce training and development issues. The KWIB is charged with creating a statewide vision for workforce development and adopting a plan to move Kentucky forward through workforce training and development.

Education and Workforce Development

Vocational Rehabilitation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,709,100	13,241,300	13,451,300	10,795,500	10,818,900
Total General Fund	11,709,100	13,241,300	13,451,300	10,795,500	10,818,900
Restricted Funds					
Balance Forward	206,500				
Current Receipts	3,095,200	3,301,700	3,301,700	3,307,100	3,308,800
Total Restricted Funds	3,301,700	3,301,700	3,301,700	3,307,100	3,308,800
Federal Fund					
Balance Forward	26,100	2,400	2,400	2,400	2,400
Current Receipts	45,228,200	50,913,200	51,689,000	45,767,800	45,855,700
Total Federal Fund	45,254,300	50,915,600	51,691,400	45,770,200	45,858,100
TOTAL SOURCE OF FUNDS	60,265,100	67,458,600	68,444,400	59,872,800	59,985,800
EXPENDITURES BY CLASS					
Personnel Costs	24,235,100	25,837,100	27,074,500	24,439,800	24,584,400
Operating Expenses	5,578,800	5,837,000	5,623,300	5,654,500	5,633,600
Grants Loans Benefits	29,152,900	35,050,000	35,007,700	29,044,000	29,028,900
Capital Outlay	769,000	732,100	736,500	732,100	736,500
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
EXPENDITURES BY FUND SOURCE					
General Fund	11,182,200	13,241,300	13,451,300	10,795,500	10,818,900
Restricted Funds	3,301,700	3,301,700	3,301,700	3,307,100	3,308,800
Federal Fund	45,251,900	50,913,200	51,689,000	45,767,800	45,855,700
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
EXPENDITURES BY UNIT					
Carl D. Perkins Vocational Training Center	9,218,600	9,512,300	9,816,300	9,316,100	9,343,400
Program Services	48,629,000	56,001,300	56,622,900	48,613,100	48,693,600
Executive Director	1,888,200	1,942,600	2,002,800	1,941,200	1,946,400
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities and helps eligible persons with disabilities achieve suitable employment. The Office of Vocational Rehabilitation has professional staff located at the central office as well as in Kentucky Career Centers throughout the state. Kentucky Career Centers house not only Office of Vocational Rehabilitation staff, but also staff from partner agencies such as Office for the Blind, Office of Employment and Training, Department for Community Based Services, Kentucky Adult Education, Community Action, and others. Such collaboration affords consumers the convenience of a one-stop approach for accessing various types of assistance necessary for reaching employment goals.

The Office employs Vocational Rehabilitation Counselors and Program Specialists who utilize vocational assessments, and counseling and guidance services to match workers with disabilities to labor market needs. An array of services is provided to assist clients with reaching employment goals. Job preparation activities include on-the-job training and vocational and classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily. Counselors and Specialists receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation strategies and techniques.

The Office also provides services for employers. Such services include preparing job-qualified applicants, conducting job analyses, recommending job modifications, and conducting disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability-related problems. As a result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

The Rehabilitation Act of 1973, as amended, authorizes and provides federal funding for state vocational rehabilitation programs. Kentucky Revised Statutes 151B.180-210 complies with all provisions of the Act. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Office also complies with relevant sections of the Kentucky Department of Education's administrative regulations.

The Program Services Division provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities and is responsible for the actual intake and client service delivery efforts of the Office and performs certain administrative functions. The Division implements the federal Rehabilitation Act of 1973 and must make available, services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock and supplies; and other goods and services needed for employment.

Program Planning and Development provides administrative and staff functions to enhance equitable and efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving Federal Funds.

The Carl D. Perkins Vocational Training Center (CDPVTC) at Thelma, Kentucky, is a multi disciplinary residential rehabilitation facility located in Johnson County. The CDPVTC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPVTC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

The Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within the Office of Vocational Rehabilitation. KATS is a statewide collaborative system of consumer-oriented organizations that help to provide assistive technologies to individuals with a variety of disabilities.

The Administrative Management Division provides all administrative, technical, and budget related services for the Office and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting, and federal grant accounting. The Division oversees the implementation and administration of the automated case management system and coordinates the development of application programs. Beginning in fiscal year 2014, the Division absorbed the duties associated with budget and financial management of Office for the Blind.

**Education and Workforce Development
Education Professional Standards Board**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,361,300	9,979,800	10,463,100	6,819,400	6,839,300
Total General Fund	7,361,300	9,979,800	10,463,100	6,819,400	6,839,300
Restricted Funds					
Balance Forward	1,067,000	1,067,000	1,067,000	1,067,000	1,064,200
Current Receipts	750,100	750,000	750,000	750,000	750,000
Total Restricted Funds	1,817,100	1,817,000	1,817,000	1,817,000	1,814,200
Federal Fund					
Balance Forward	15,300	58,700	58,700	58,700	58,700
Current Receipts	1,302,400	207,900	211,900	205,000	205,000
Total Federal Fund	1,317,700	266,600	270,600	263,700	263,700
TOTAL SOURCE OF FUNDS	10,496,100	12,063,400	12,550,700	8,900,100	8,917,200
EXPENDITURES BY CLASS					
Personnel Costs	3,650,500	3,646,800	3,802,100	3,255,400	3,278,600
Operating Expenses	1,044,900	773,400	770,400	787,100	784,100
Grants Loans Benefits	4,343,700	6,517,500	6,852,500	3,734,700	3,734,700
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
EXPENDITURES BY FUND SOURCE					
General Fund	7,030,000	9,979,800	10,463,100	6,819,400	6,839,300
Restricted Funds	750,100	750,000	750,000	752,800	753,100
Federal Fund	1,259,000	207,900	211,900	205,000	205,000
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
EXPENDITURES BY UNIT					
Operations	4,307,500	3,709,600	4,159,100	3,188,800	3,202,800
Kentucky Teacher Internship Program	3,272,500	5,707,500	5,707,500	3,124,700	3,124,700
Certification	1,459,100	1,520,600	1,558,400	1,463,700	1,469,900
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400

Authorized in KRS 161.028, the Education Professional Standards Board (EPSB) is a 17-member body appointed by the Governor to oversee teacher and administrator preparation, internship, and certification.

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's more than 50,000 active Kentucky educators, and ensures, via an annual review, that all professional positions in the state's 173 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 29 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 2,700 teacher interns, 3,500 supervising teachers.

Energy and Environment

Energy and Environment

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	78,086,400	90,147,200	94,581,900	76,129,000	77,075,000
Continuing Approp-General Fund	674,500				
Total General Fund	78,760,900	90,147,200	94,581,900	76,129,000	77,075,000
Tobacco Fund					
Tobacco Settlement - Phase I		5,000,000	5,000,000	5,000,000	5,000,000
Special Appropriation	5,000,000				
Continuing Approp-Tob Settlement	11,483,500				
Total Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds					
Balance Forward	24,632,700	16,201,600	16,832,900	15,800,000	15,669,300
Current Receipts	22,918,600	23,833,500	24,313,100	23,833,500	24,313,100
Non-Revenue Receipts	66,724,200	65,523,700	65,495,500	64,019,700	63,693,100
Fund Transfers	-8,016,200				
Total Restricted Funds	106,259,300	105,558,800	106,641,500	103,653,200	103,675,500
Federal Fund					
Balance Forward					48,700
Current Receipts	85,490,700	78,797,900	76,213,400	78,257,800	75,700,300
Non-Revenue Receipts	-2,982,900	-3,267,000	-3,219,700	-3,253,000	-3,205,300
Total Federal Fund	82,507,800	75,530,900	72,993,700	75,004,800	72,543,700
Road Fund					
Regular Appropriation	320,900	320,900	320,900	320,900	320,900
Total Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL SOURCE OF FUNDS	284,332,400	276,557,800	279,538,000	260,107,900	258,615,100
EXPENDITURES BY CLASS					
Personnel Costs	129,569,900	141,304,400	148,031,200	132,229,200	133,254,300
Operating Expenses	42,077,200	46,736,900	45,802,100	39,954,700	39,253,900
Grants Loans Benefits	51,102,000	41,796,800	40,548,800	37,361,900	35,808,600
Debt Service	589,000	474,000	474,000	485,500	665,500
Capital Outlay	8,879,400	9,949,800	9,312,600	7,827,600	7,335,400
Construction	26,077,600	19,463,000	17,463,000	19,463,000	17,463,000
TOTAL EXPENDITURES	258,295,100	259,724,900	261,631,700	237,321,900	233,780,700
EXPENDITURES BY FUND SOURCE					
General Fund	68,523,600	90,147,200	94,581,900	69,061,000	70,007,000
Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds	90,459,300	88,725,900	88,735,200	87,983,900	86,719,000
Federal Fund	82,507,800	75,530,900	72,993,700	74,956,100	71,733,800
Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL EXPENDITURES	258,295,100	259,724,900	261,631,700	237,321,900	233,780,700
EXPENDITURES BY UNIT					
Secretary	5,844,600	7,422,900	7,716,300	5,861,200	5,883,600
Environmental Protection	115,522,300	123,992,400	126,422,700	115,801,200	115,364,900
Natural Resources	120,605,700	107,080,600	106,287,400	100,742,300	98,048,600
Energy Development and Independence	3,994,700	6,891,800	6,797,000	3,416,000	2,934,800
Kentucky Nature Preserves Commission	1,406,700	1,884,500	1,905,100	1,425,900	1,389,100
Public Service Commission	10,921,100	12,452,700	12,503,200	10,075,300	10,159,700
TOTAL EXPENDITURES	258,295,100	259,724,900	261,631,700	237,321,900	233,780,700

The Energy and Environment Cabinet is charged with the protection and preservation of land, air and water resources as well as creating efficient, sustainable energy solutions. The Cabinet has three departments: Environmental Protection, Natural Resources, and Energy Development and Independence. Attached for administrative purposes are the Mine Safety Review Commission, the State Nature Preserves Commission, the Environmental Quality Commission, and the Public Service Commission.

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for leadership, monitoring trends and shaping a vision for the future of Kentucky's energy platform and environment.

Energy and Environment

Secretary

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,244,400	4,960,300	5,230,100	3,029,300	3,059,400
Total General Fund	3,244,400	4,960,300	5,230,100	3,029,300	3,059,400
Restricted Funds					
Balance Forward	439,800	215,800	90,200	464,400	194,600
Current Receipts	37,700	25,800	25,800	25,800	25,800
Non-Revenue Receipts	2,000,500	1,500,300	1,513,900	1,725,400	1,747,500
Fund Transfers	-293,200				
Total Restricted Funds	2,184,800	1,741,900	1,629,900	2,215,600	1,967,900
Federal Fund					
Current Receipts	1,062,300	839,700	886,600	839,700	886,600
Non-Revenue Receipts	-36,500	-28,800	-30,300	-28,800	-30,300
Total Federal Fund	1,025,800	810,900	856,300	810,900	856,300
TOTAL SOURCE OF FUNDS	6,455,000	7,513,100	7,716,300	6,055,800	5,883,600
EXPENDITURES BY CLASS					
Personnel Costs	4,728,300	5,841,300	6,150,600	4,912,200	4,969,700
Operating Expenses	1,116,300	1,481,600	1,465,700	949,000	913,900
Grants Loans Benefits		100,000	100,000		
TOTAL EXPENDITURES	5,844,600	7,422,900	7,716,300	5,861,200	5,883,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,098,400	4,960,300	5,230,100	3,029,300	3,059,400
Restricted Funds	1,720,400	1,651,700	1,629,900	2,021,000	1,967,900
Federal Fund	1,025,800	810,900	856,300	810,900	856,300
TOTAL EXPENDITURES	5,844,600	7,422,900	7,716,300	5,861,200	5,883,600
EXPENDITURES BY UNIT					
Administrative Hearings	780,200	796,700	834,200	780,200	795,400
Ofc of Sec - Leg & Interg Aff - Gen Coun	4,860,500	6,293,700	6,536,100	5,081,000	5,088,200
Environmental Quality Commission	203,900	332,500	346,000		
TOTAL EXPENDITURES	5,844,600	7,422,900	7,716,300	5,861,200	5,883,600

The Office of the Secretary formulates and executes Cabinet policies based on administration priorities, state and federal statutes, regulations and legislative initiatives. The Office of the Secretary responds to concerns of the general public and initiates public information and education efforts.

The Office of Legislative and Intergovernmental Affairs is responsible for communicating programmatic and policy information to stakeholders including the legislature and local governments.

The Office of Legal Services provides litigation and other legal services for the Cabinet.

Office of Administrative Hearings conducts administrative appeal hearings and issues recommended orders for review by the Secretary.

The Environmental Quality Commission is administratively attached to the Energy and Environment Cabinet. Pursuant to KRS 224.1-100 to 224.1-115, the Environmental Quality Commission is an independent citizen board with seven members representing various interests and geographic areas of the state. The Commission serves as a public forum for discussion and resolution of environmental issues. The Commission advises the Governor and the Energy and Environment Cabinet on environmental rules, regulations, policies, plans, and procedures.

Policy

The Executive Budget includes a provision that permits the transfer of Restricted Funds to support the Environmental Quality Commission.

**Energy and Environment
Environmental Protection**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,819,400	29,473,600	31,882,700	21,979,600	22,490,100
Total General Fund	21,819,400	29,473,600	31,882,700	21,979,600	22,490,100
Restricted Funds					
Balance Forward	12,771,200	8,989,000	11,597,800	8,989,000	11,410,900
Current Receipts	19,946,600	20,790,700	21,268,000	20,790,700	21,268,000
Non-Revenue Receipts	54,001,200	51,500,800	51,429,300	50,800,000	50,421,600
Fund Transfers	-7,723,000				
Total Restricted Funds	78,996,000	81,280,500	84,295,100	80,579,700	83,100,500
Federal Fund					
Balance Forward					48,700
Current Receipts	25,396,200	25,577,000	25,407,500	25,432,900	25,257,900
Non-Revenue Receipts	-1,039,300	-1,061,800	-1,053,600	-1,052,300	-1,043,700
Total Federal Fund	24,356,900	24,515,200	24,353,900	24,380,600	24,262,900
Road Fund					
Regular Appropriation	320,900	320,900	320,900	320,900	320,900
Total Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL SOURCE OF FUNDS	125,493,200	135,590,200	140,852,600	127,260,800	130,174,400
EXPENDITURES BY CLASS					
Personnel Costs	64,540,200	69,125,700	72,292,400	65,449,100	65,821,200
Operating Expenses	29,110,800	32,549,000	32,086,900	28,999,400	28,404,700
Grants Loans Benefits	15,490,700	16,200,000	16,102,100	15,318,500	15,221,200
Debt Service				11,500	191,500
Capital Outlay	5,880,600	5,617,700	5,441,300	5,522,700	5,226,300
Construction	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	115,522,300	123,992,400	126,422,700	115,801,200	115,364,900
EXPENDITURES BY FUND SOURCE					
General Fund	20,837,500	29,473,600	31,882,700	21,979,600	22,490,100
Restricted Funds	70,007,000	69,682,700	69,865,200	69,168,800	68,501,000
Federal Fund	24,356,900	24,515,200	24,353,900	24,331,900	24,052,900
Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL EXPENDITURES	115,522,300	123,992,400	126,422,700	115,801,200	115,364,900
EXPENDITURES BY UNIT					
Commissioner	599,100	648,900	679,500	638,600	626,300
Water	27,936,900	30,279,800	31,214,000	28,054,400	28,031,700
Waste Management	29,916,900	33,233,800	33,379,400	29,276,300	28,918,200
Air Quality	15,893,000	17,050,000	17,757,400	16,452,100	16,546,000
Environmental Program Support	7,261,100	8,058,200	8,215,300	7,326,300	7,136,700
Enforcement	1,806,300	1,987,500	2,075,600	1,860,300	1,874,000
Compliance Assistance	1,886,200	2,035,700	2,104,600	1,859,500	1,877,800
Petroleum Storage Tank	30,222,800	30,698,500	30,996,900	30,333,700	30,354,200
Environmental Assurance Fund					
TOTAL EXPENDITURES	115,522,300	123,992,400	126,422,700	115,801,200	115,364,900

The Department for Environmental Protection is responsible for the protection of the environment through the prevention, abatement, and control of water, land, and air pollution. The Department also is responsible for the Maxey Flats low-level nuclear waste disposal site.

**Energy and Environment
Environmental Protection**

Commissioner

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	355,200	399,400	448,000	389,100	394,800
Total General Fund	355,200	399,400	448,000	389,100	394,800
Restricted Funds					
Balance Forward	30,400	18,000		18,000	
Non-Revenue Receipts	231,500	231,500	231,500	231,500	231,500
Total Restricted Funds	261,900	249,500	231,500	249,500	231,500
TOTAL SOURCE OF FUNDS	617,100	648,900	679,500	638,600	626,300
EXPENDITURES BY CLASS					
Personnel Costs	548,500	590,300	621,500	588,500	590,300
Operating Expenses	50,600	58,600	58,000	50,100	36,000
TOTAL EXPENDITURES	599,100	648,900	679,500	638,600	626,300
EXPENDITURES BY FUND SOURCE					
General Fund	355,200	399,400	448,000	389,100	394,800
Restricted Funds	243,900	249,500	231,500	249,500	231,500
TOTAL EXPENDITURES	599,100	648,900	679,500	638,600	626,300

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides leadership, policy direction, and management for the Department for Environmental Protection.

**Energy and Environment
Environmental Protection**

Water

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,793,300	11,877,800	12,980,900	9,738,400	10,072,500
Other	-113,100				
Total General Fund	9,680,200	11,877,800	12,980,900	9,738,400	10,072,500
Restricted Funds					
Balance Forward	2,396,000	1,087,500	595,700	1,087,500	547,100
Current Receipts	1,807,300	1,607,400	1,407,400	1,607,400	1,407,400
Non-Revenue Receipts	286,900	466,900	401,500	466,900	401,500
Total Restricted Funds	4,490,200	3,161,800	2,404,600	3,161,800	2,356,000
Federal Fund					
Current Receipts	15,507,300	16,089,200	16,112,500	15,945,100	15,962,900
Non-Revenue Receipts	-535,500	-574,200	-575,900	-564,700	-566,000
Total Federal Fund	14,971,800	15,515,000	15,536,600	15,380,400	15,396,900
Road Fund					
Regular Appropriation	320,900	320,900	320,900	320,900	320,900
Total Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL SOURCE OF FUNDS	29,463,100	30,875,500	31,243,000	28,601,500	28,146,300
EXPENDITURES BY CLASS					
Personnel Costs	22,051,000	23,439,300	24,457,300	23,010,700	23,047,800
Operating Expenses	2,339,900	3,264,500	3,210,700	1,516,200	1,426,400
Grants Loans Benefits	3,266,000	3,366,000	3,366,000	3,366,000	3,366,000
Debt Service				11,500	191,500
Capital Outlay	280,000	210,000	180,000	150,000	
TOTAL EXPENDITURES	27,936,900	30,279,800	31,214,000	28,054,400	28,031,700
EXPENDITURES BY FUND SOURCE					
General Fund	9,241,500	11,877,800	12,980,900	9,738,400	10,072,500
Restricted Funds	3,402,700	2,566,100	2,375,600	2,614,700	2,356,000
Federal Fund	14,971,800	15,515,000	15,536,600	15,380,400	15,282,300
Road Fund	320,900	320,900	320,900	320,900	320,900
TOTAL EXPENDITURES	27,936,900	30,279,800	31,214,000	28,054,400	28,031,700

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 200, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 as amended (the Clean Water Act) and 92-523 as amended (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply, water quality planning and monitoring, stormwater management, dam safety, groundwater protection, wastewater treatment and sewer line construction, water conservation, and regulation development.

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non-Point Source 319(h) Grant program, watershed management, dam safety inspections, floodplain management, 401 Water Quality Certifications, water quality standards, water quality monitoring and assessment, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, confined animal feeding operations compliance, the Wild Rivers program, and logging operations.

Policy

The Executive Budget includes General Fund debt service in the amount of \$11,500 in fiscal year 2016-2017 and \$191,500 in fiscal year 2017-2018 to support new bonds as set forth in Part II, Capital Projects Budget.

**Energy and Environment
Environmental Protection**

Waste Management

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,265,500	9,155,100	9,751,400	5,125,500	5,205,100
Other	-144,000				
Total General Fund	5,121,500	9,155,100	9,751,400	5,125,500	5,205,100
Restricted Funds					
Balance Forward	3,693,500	3,535,700	1,762,600	3,535,700	1,690,500
Current Receipts	4,277,700	4,189,400	4,189,400	4,189,400	4,189,400
Non-Revenue Receipts	14,740,000	12,448,700	12,455,400	12,448,700	12,455,400
Total Restricted Funds	22,711,200	20,173,800	18,407,400	20,173,800	18,335,300
Federal Fund					
Current Receipts	6,213,200	6,015,400	5,934,300	6,015,400	5,934,300
Non-Revenue Receipts	-359,600	-347,900	-337,800	-347,900	-337,800
Total Federal Fund	5,853,600	5,667,500	5,596,500	5,667,500	5,596,500
TOTAL SOURCE OF FUNDS	33,686,300	34,996,400	33,755,300	30,966,800	29,136,900
EXPENDITURES BY CLASS					
Personnel Costs	13,566,100	15,293,200	15,927,200	12,859,300	12,971,600
Operating Expenses	1,970,400	2,920,300	2,636,100	2,313,200	2,046,400
Grants Loans Benefits	11,878,400	12,460,200	12,502,200	11,578,700	11,621,300
Capital Outlay	2,002,000	2,060,100	1,813,900	2,025,100	1,778,900
Construction	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	29,916,900	33,233,800	33,379,400	29,276,300	28,918,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,887,800	9,155,100	9,751,400	5,125,500	5,205,100
Restricted Funds	19,175,500	18,411,200	18,031,500	18,483,300	18,116,600
Federal Fund	5,853,600	5,667,500	5,596,500	5,667,500	5,596,500
TOTAL EXPENDITURES	29,916,900	33,233,800	33,379,400	29,276,300	28,918,200

The Division of Waste Management, pursuant to KRS 224, administers programs that regulate the generation, transportation, storage, treatment, and disposal of all hazardous and solid wastes in the state. Additional responsibilities include resources use and recycling initiatives, technical assistance to counties, and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49. The Division is also responsible for investigation and restoration duties at abandoned hazardous waste disposal sites and citizen education concerning waste management issues. The Division also administers the Voluntary Environmental Remediation Act and the Certified Clean Counties initiative.

Pursuant to KRS 224.43-505, the Division manages the Kentucky Pride Fund, which encourages proper solid waste management in Kentucky through waste reduction, recycling, proper closure of abandoned landfills, education, proper collection and disposal of solid waste, elimination of illegal open dumps, and abatement of litter.

Maxey Flats, once a low-level nuclear waste disposal site and closed in 1977, was designated to be in its Final Closure Period as of November, 2012. This includes the installation of a permanent vegetative cap, permanent surface water control features, and surface monuments to identify the location of buried waste. This project was funded in the 2012-14 biennial budget from private funds paid into a trust fund by the Private Settling Parties and from General Fund supported bonds. The final cap is scheduled for completion in November, 2016. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity. Ongoing monitoring and maintenance is funded from the General Fund.

Policy

Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth.

**Energy and Environment
Environmental Protection**

Air Quality

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		374,600	471,500		
Total General Fund		374,600	471,500		
Restricted Funds					
Balance Forward	1,410,900	709,500	344,900	709,500	568,200
Current Receipts	13,267,900	14,447,300	15,077,500	14,447,300	15,077,500
Non-Revenue Receipts	78,600	69,900	69,900	69,900	69,900
Total Restricted Funds	14,757,400	15,226,700	15,492,300	15,226,700	15,715,600
Federal Fund					
Current Receipts	1,923,700	1,863,500	1,863,500	1,863,500	1,863,500
Non-Revenue Receipts	-78,600	-69,900	-69,900	-69,900	-69,900
Total Federal Fund	1,845,100	1,793,600	1,793,600	1,793,600	1,793,600
TOTAL SOURCE OF FUNDS	16,602,500	17,394,900	17,757,400	17,020,300	17,509,200
EXPENDITURES BY CLASS					
Personnel Costs	13,340,800	14,177,100	14,837,800	13,661,000	13,708,200
Operating Expenses	1,825,200	2,123,100	2,090,000	2,041,300	2,008,200
Grants Loans Benefits	185,900	185,900	185,900	185,900	185,900
Capital Outlay	541,100	563,900	643,700	563,900	643,700
TOTAL EXPENDITURES	15,893,000	17,050,000	17,757,400	16,452,100	16,546,000
EXPENDITURES BY FUND SOURCE					
General Fund		374,600	471,500		
Restricted Funds	14,047,900	14,881,800	15,492,300	14,658,500	14,752,400
Federal Fund	1,845,100	1,793,600	1,793,600	1,793,600	1,793,600
TOTAL EXPENDITURES	15,893,000	17,050,000	17,757,400	16,452,100	16,546,000

The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission through air quality monitoring, permitting, source inspections and enforcement to ensure compliance with air pollution laws and regulations.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the new requirements. If a state does not have continued authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program. The Division has been granted authority to enforce portions of the Clean Air Act in the Commonwealth. Under that authority the Division operates the Title V Operating Permit Program, and costs associated therewith are funded through emission fees assessed pursuant to the Clean Air Act and KRS 224.20-050.

**Energy and Environment
Environmental Protection**

Environmental Program Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,183,600	6,245,600	6,664,900	5,513,700	5,586,300
Other	257,100				
Total General Fund	5,440,700	6,245,600	6,664,900	5,513,700	5,586,300
Restricted Funds					
Balance Forward	450,200	179,700		179,700	
Current Receipts	104,200	104,200	104,200	104,200	104,200
Non-Revenue Receipts	1,435,800	1,375,400	1,396,500	1,375,400	1,396,500
Total Restricted Funds	1,990,200	1,659,300	1,500,700	1,659,300	1,500,700
Federal Fund					
Current Receipts	258,000	153,300	49,700	153,300	49,700
Total Federal Fund	258,000	153,300	49,700	153,300	49,700
TOTAL SOURCE OF FUNDS	7,688,900	8,058,200	8,215,300	7,326,300	7,136,700
EXPENDITURES BY CLASS					
Personnel Costs	5,556,700	5,742,300	6,066,700	5,816,700	5,918,300
Operating Expenses	1,360,400	1,927,100	1,879,700	1,120,800	949,500
Grants Loans Benefits	60,900	140,800	900	140,800	900
Capital Outlay	283,100	248,000	268,000	248,000	268,000
TOTAL EXPENDITURES	7,261,100	8,058,200	8,215,300	7,326,300	7,136,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,192,600	6,245,600	6,664,900	5,513,700	5,586,300
Restricted Funds	1,810,500	1,659,300	1,500,700	1,659,300	1,500,700
Federal Fund	258,000	153,300	49,700	153,300	49,700
TOTAL EXPENDITURES	7,261,100	8,058,200	8,215,300	7,326,300	7,136,700

The Division of Environmental Program Support provides support to the Department in the areas of laboratory services, personnel, budget, information technology and overall administration. The Division provides centralized laboratory testing for the Department. The Division also supports and directs the activities of the Environmental Response Team and is responsible for the cabinet's twenty-four (24) hour environmental response line. Activities are conducted pursuant to KRS 224.10-100(7).

**Energy and Environment
Environmental Protection**

Enforcement

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	908,400	1,035,300	1,124,000	908,100	922,400
Total General Fund	908,400	1,035,300	1,124,000	908,100	922,400
Restricted Funds					
Balance Forward	141,000	86,900	42,600	86,900	42,600
Non-Revenue Receipts	483,200	503,200	504,300	503,200	504,300
Total Restricted Funds	624,200	590,100	546,900	590,100	546,900
Federal Fund					
Current Receipts	430,800	430,800	430,800	430,800	430,800
Non-Revenue Receipts	-26,100	-26,100	-26,100	-26,100	-26,100
Total Federal Fund	404,700	404,700	404,700	404,700	404,700
TOTAL SOURCE OF FUNDS	1,937,300	2,030,100	2,075,600	1,902,900	1,874,000
EXPENDITURES BY CLASS					
Personnel Costs	1,674,500	1,761,100	1,851,300	1,741,800	1,755,500
Operating Expenses	131,800	226,400	224,300	118,500	118,500
TOTAL EXPENDITURES	1,806,300	1,987,500	2,075,600	1,860,300	1,874,000
EXPENDITURES BY FUND SOURCE					
General Fund	864,300	1,035,300	1,124,000	908,100	922,400
Restricted Funds	537,300	547,500	546,900	547,500	546,900
Federal Fund	404,700	404,700	404,700	404,700	404,700
TOTAL EXPENDITURES	1,806,300	1,987,500	2,075,600	1,860,300	1,874,000

The Division of Enforcement, pursuant to KRS 224.10-050, is responsible for effective and timely enforcement of Kentucky's environmental laws pertaining to air, waste, and water. The Division carries out enforcement actions against corporations and individuals who are out of compliance with environmental law and/or regulations.

**Energy and Environment
Environmental Protection
Compliance Assistance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	313,400	385,800	442,000	304,800	309,000
Total General Fund	313,400	385,800	442,000	304,800	309,000
Restricted Funds					
Balance Forward	464,600	458,000	306,100	458,000	352,600
Current Receipts	344,500	297,400	344,500	297,400	344,500
Non-Revenue Receipts	215,300	219,500	219,700	219,500	219,700
Total Restricted Funds	1,024,400	974,900	870,300	974,900	916,800
Federal Fund					
Balance Forward					48,700
Current Receipts	1,063,200	1,024,800	1,016,700	1,024,800	1,016,700
Non-Revenue Receipts	-39,500	-43,700	-43,900	-43,700	-43,900
Total Federal Fund	1,023,700	981,100	972,800	981,100	1,021,500
TOTAL SOURCE OF FUNDS	2,361,500	2,341,800	2,285,100	2,260,800	2,247,300
EXPENDITURES BY CLASS					
Personnel Costs	1,599,200	1,742,900	1,817,800	1,615,600	1,626,000
Operating Expenses	208,500	266,700	260,700	217,800	225,700
Grants Loans Benefits	78,500	26,100	26,100	26,100	26,100
TOTAL EXPENDITURES	1,886,200	2,035,700	2,104,600	1,859,500	1,877,800
EXPENDITURES BY FUND SOURCE					
General Fund	296,100	385,800	442,000	304,800	309,000
Restricted Funds	566,400	668,800	689,800	622,300	642,700
Federal Fund	1,023,700	981,100	972,800	932,400	926,100
TOTAL EXPENDITURES	1,886,200	2,035,700	2,104,600	1,859,500	1,877,800

The Division of Compliance Assistance supports the Cabinet's environmental mission by providing training and technical assistance to regulated facilities, helping communities in brownfield redevelopment efforts, certifying environmental professionals and encouraging environmental leadership.

**Energy and Environment
Environmental Protection**

Petroleum Storage Tank Environmental Assurance Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	4,184,600	2,913,700	8,545,900	2,913,700	8,209,900
Current Receipts	145,000	145,000	145,000	145,000	145,000
Non-Revenue Receipts	36,529,900	36,185,700	36,150,500	35,484,900	35,142,800
Fund Transfers	-7,723,000				
Total Restricted Funds	33,136,500	39,244,400	44,841,400	38,543,600	43,497,700
TOTAL SOURCE OF FUNDS	33,136,500	39,244,400	44,841,400	38,543,600	43,497,700
EXPENDITURES BY CLASS					
Personnel Costs	6,203,400	6,379,500	6,712,800	6,155,500	6,203,500
Operating Expenses	21,224,000	21,762,300	21,727,400	21,621,500	21,594,000
Grants Loans Benefits	21,000	21,000	21,000	21,000	21,000
Capital Outlay	2,774,400	2,535,700	2,535,700	2,535,700	2,535,700
TOTAL EXPENDITURES	30,222,800	30,698,500	30,996,900	30,333,700	30,354,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	30,222,800	30,698,500	30,996,900	30,333,700	30,354,200
TOTAL EXPENDITURES	30,222,800	30,698,500	30,996,900	30,333,700	30,354,200

The Petroleum Storage Tank Environmental Assurance Fund (PSTEAF), pursuant to KRS Chapter 224.60, assists owners and operators of underground storage tanks to meet federal environmental mandates and provides reimbursement for eligible clean-up costs and third party damages in the event of a release into the environment. Pursuant to KRS 224.60-130, the Fund is managed by the Department for Environmental Protection, Division of Waste Management.

Energy and Environment

Natural Resources

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,579,600	38,149,200	39,731,200	32,330,000	32,632,200
Total General Fund	33,579,600	38,149,200	39,731,200	32,330,000	32,632,200
Tobacco Fund					
Tobacco Settlement - Phase I		5,000,000	5,000,000	5,000,000	5,000,000
Special Appropriation	5,000,000				
Continuing Approp-Tob Settlement	11,483,500				
Total Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds					
Balance Forward	8,477,000	4,650,900	3,199,200	4,650,900	3,322,300
Current Receipts	2,601,900	2,808,100	2,840,400	2,808,100	2,840,400
Non-Revenue Receipts	9,914,400	10,712,600	10,783,500	10,708,100	10,779,000
Total Restricted Funds	20,993,300	18,171,600	16,823,100	18,167,100	16,941,700
Federal Fund					
Current Receipts	57,387,500	50,923,200	48,682,200	50,527,200	48,318,700
Non-Revenue Receipts	-1,676,200	-1,964,200	-1,964,800	-1,959,700	-1,960,300
Total Federal Fund	55,711,300	48,959,000	46,717,400	48,567,500	46,358,400
TOTAL SOURCE OF FUNDS	126,767,700	110,279,800	108,271,700	104,064,600	100,932,300
EXPENDITURES BY CLASS					
Personnel Costs	49,247,700	53,292,300	55,859,200	50,481,500	50,959,100
Operating Expenses	9,471,000	10,412,200	10,113,800	8,703,900	8,647,300
Grants Loans Benefits	33,375,600	20,497,900	19,530,100	20,337,900	19,370,100
Capital Outlay	2,933,800	3,915,200	3,821,300	2,256,000	2,109,100
Construction	25,577,600	18,963,000	16,963,000	18,963,000	16,963,000
TOTAL EXPENDITURES	120,605,700	107,080,600	106,287,400	100,742,300	98,048,600
EXPENDITURES BY FUND SOURCE					
General Fund	32,068,500	38,149,200	39,731,200	32,330,000	32,632,200
Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds	16,342,400	14,972,400	14,838,800	14,844,800	14,657,900
Federal Fund	55,711,300	48,959,000	46,717,400	48,567,500	45,758,500
TOTAL EXPENDITURES	120,605,700	107,080,600	106,287,400	100,742,300	98,048,600
EXPENDITURES BY UNIT					
Commissioner	877,700	1,039,200	1,087,400	923,900	929,200
Forestry	15,999,600	18,187,800	18,649,400	15,628,300	15,657,100
Technical and Administrative Support	696,600	771,400	769,600	743,300	712,400
Conservation	20,636,800	9,448,400	9,554,000	9,201,300	9,252,200
Oil and Gas	2,161,900	2,838,600	2,925,400	2,258,600	2,276,600
Mine Permits	5,757,500	6,245,400	6,508,100	5,820,300	5,966,500
Mine Reclamation and Enforcement	13,429,600	14,550,700	15,081,300	13,572,800	13,674,300
Abandoned Mine Lands	16,412,800	16,075,200	16,453,900	15,834,200	15,853,900
Mine Safety	10,516,400	11,151,800	11,455,900	10,082,900	10,035,200
Bond Pool Reclamation Fund	545,000	276,200	276,100	276,200	276,100
Reclamation Guaranty Fund	1,674,700	1,790,800	1,816,100	1,741,700	1,754,900
Abandoned Mine Land Reclamation Projects	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000
Mine Safety Review Commission	154,700	189,100	194,200	142,800	144,200
TOTAL EXPENDITURES	120,605,700	107,080,600	106,287,400	100,742,300	98,048,600

The Department for Natural Resources' mission is to preserve, protect, and enhance the Commonwealth's natural land resources.

The Department oversees activities and programs related to forestry, conservation, mining, oil and gas, and land preservation. The Department, through its divisions and partnerships, provides technical assistance, educational programs, and funding to assist the general public, landowners, institutions, industries, and communities in conserving and sustaining Kentucky's natural resources. In addition, the Department is responsible for the inspection of timber harvests, mining operations, and oil and gas wells to ensure compliance with laws that protect the public, the environment, and Kentucky's coal miners.

Energy and Environment

Natural Resources

Commissioner

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	390,300	696,700	728,900	623,800	628,500
Total General Fund	390,300	696,700	728,900	623,800	628,500
Restricted Funds					
Balance Forward	56,600	19,200	17,600	19,200	60,000
Non-Revenue Receipts	450,000	340,900	340,900	340,900	340,900
Total Restricted Funds	506,600	360,100	358,500	360,100	400,900
TOTAL SOURCE OF FUNDS	896,900	1,056,800	1,087,400	983,900	1,029,400
EXPENDITURES BY CLASS					
Personnel Costs	804,800	927,600	977,600	833,700	839,400
Operating Expenses	72,900	111,600	109,800	90,200	89,800
TOTAL EXPENDITURES	877,700	1,039,200	1,087,400	923,900	929,200
EXPENDITURES BY FUND SOURCE					
General Fund	390,300	696,700	728,900	623,800	628,500
Restricted Funds	487,400	342,500	358,500	300,100	300,700
TOTAL EXPENDITURES	877,700	1,039,200	1,087,400	923,900	929,200

The Office of the Commissioner provides leadership, policy direction, and management for the Department for Natural Resources. The Commissioner provides guidance in policy and program implementation for the sustainability of Kentucky's natural resources and the safety of Kentucky's miners. The Office also provides administrative oversight for the Kentucky Heritage Land Conservation Fund Board and the Biodiversity Council.

**Energy and Environment
Natural Resources**

Forestry

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,005,800	13,166,700	13,703,000	10,607,200	10,710,700
Total General Fund	11,005,800	13,166,700	13,703,000	10,607,200	10,710,700
Restricted Funds					
Balance Forward	1,541,800	708,300	493,700	708,300	493,700
Current Receipts	732,900	752,700	752,700	752,700	752,700
Non-Revenue Receipts	45,000	160,600	135,600	160,600	135,600
Total Restricted Funds	2,319,700	1,621,600	1,382,000	1,621,600	1,382,000
Federal Fund					
Current Receipts	3,965,700	3,953,800	3,953,800	3,953,800	3,953,800
Non-Revenue Receipts	-72,500	-60,600	-60,600	-60,600	-60,600
Total Federal Fund	3,893,200	3,893,200	3,893,200	3,893,200	3,893,200
TOTAL SOURCE OF FUNDS	17,218,700	18,681,500	18,978,200	16,122,000	15,985,900
EXPENDITURES BY CLASS					
Personnel Costs	10,920,900	11,638,200	12,189,900	11,062,800	11,156,100
Operating Expenses	2,100,600	2,640,500	2,554,400	1,944,600	1,937,100
Grants Loans Benefits	1,564,800	1,063,000	1,063,000	1,063,000	1,063,000
Capital Outlay	1,413,300	2,846,100	2,842,100	1,557,900	1,500,900
TOTAL EXPENDITURES	15,999,600	18,187,800	18,649,400	15,628,300	15,657,100
EXPENDITURES BY FUND SOURCE					
General Fund	10,495,000	13,166,700	13,703,000	10,607,200	10,710,700
Restricted Funds	1,611,400	1,127,900	1,053,200	1,127,900	1,053,200
Federal Fund	3,893,200	3,893,200	3,893,200	3,893,200	3,893,200
TOTAL EXPENDITURES	15,999,600	18,187,800	18,649,400	15,628,300	15,657,100

In accordance with KRS 149 the Division of Forestry provides technical assistance on sound forest management practices; provides forest stewardship assistance to private landowners; assists timber operators and wood-using industries; grows and distributes tree seedlings at low cost for timber production; and provides urban and community forestry technical assistance to provide sustainability of the Commonwealth's 11.9 million acres of forestland.

The Division enforces the Kentucky Forest Conservation Act (149.330 – 149.355); the Division is responsible for inspecting logging operations and enforcing compliance with the Kentucky Master Logger Program and Best Management Practices to protect water quality. In addition, the Division maintains an inventory of Kentucky's forests. The Division provides administrative oversight to the Forestry Best Management Practices Board.

The Kentucky Division of Forestry is mandated to provide wildland fire protection for the Commonwealth. The Division has established a statewide system of wildland fire prevention, detection and suppression.

Policy

General Fund baseline resources of \$240,000 annually are provided to the Division for emergency fire suppression costs. Language contained in the appropriations bill declares that expenditures in excess of this amount are a necessary government expense and are to be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705).

**Energy and Environment
Natural Resources**

Technical and Administrative Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation			11,600		
Total General Fund			11,600		
Restricted Funds					
Balance Forward	23,800	25,500	12,600	25,500	40,700
Non-Revenue Receipts	698,300	758,500	745,400	758,500	745,400
Total Restricted Funds	722,100	784,000	758,000	784,000	786,100
TOTAL SOURCE OF FUNDS	722,100	784,000	769,600	784,000	786,100
EXPENDITURES BY CLASS					
Personnel Costs	529,900	564,600	594,500	536,500	537,300
Operating Expenses	98,700	108,800	107,100	108,800	107,100
Grants Loans Benefits	68,000	68,000	68,000	68,000	68,000
Capital Outlay		30,000		30,000	
TOTAL EXPENDITURES	696,600	771,400	769,600	743,300	712,400
EXPENDITURES BY FUND SOURCE					
General Fund			11,600		
Restricted Funds	696,600	771,400	758,000	743,300	712,400
TOTAL EXPENDITURES	696,600	771,400	769,600	743,300	712,400

The Division of Technical and Administrative Support, pursuant to KRS 224.10-020, provides general support to all divisions and programs in the Department for Natural Resources. The Division is responsible for the development, coordination and implementation of all administrative processes within the Department including fiscal affairs, human resources, property management, purchasing, and state and federal program administration. The Division provides technical expertise to develop and implement state and federal regulations relating to surface mining, abandoned mine lands, oil and gas conservation, mine safety, forestry, and conservation. The Division also coordinates information technology processes and applications within the Department in accordance with cabinet, state, and federal guidelines. The Kentucky Heritage Land Conservation Fund is attached to and administered by the Division pursuant to KRS 146.570.

**Energy and Environment
Natural Resources**

Conservation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,132,700	2,139,800	2,205,200	1,892,700	1,903,400
Other	-105,000				
Total General Fund	2,027,700	2,139,800	2,205,200	1,892,700	1,903,400
Tobacco Fund					
Tobacco Settlement - Phase I		5,000,000	5,000,000	5,000,000	5,000,000
Special Appropriation	5,000,000				
Continuing Approp-Tob Settlement	11,483,500				
Total Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds					
Balance Forward	3,295,500	2,626,000	2,141,000	2,626,000	2,141,000
Current Receipts	20,400	199,500	231,800	199,500	231,800
Non-Revenue Receipts	613,500	603,500	603,500	603,500	603,500
Total Restricted Funds	3,929,400	3,429,000	2,976,300	3,429,000	2,976,300
Federal Fund					
Current Receipts	932,400	1,024,100	1,031,500	1,024,100	1,031,500
Non-Revenue Receipts	-3,500	-3,500	-3,500	-3,500	-3,500
Total Federal Fund	928,900	1,020,600	1,028,000	1,020,600	1,028,000
TOTAL SOURCE OF FUNDS	23,369,500	11,589,400	11,209,500	11,342,300	10,907,700
EXPENDITURES BY CLASS					
Personnel Costs	1,289,900	1,502,200	1,578,200	1,430,700	1,447,400
Operating Expenses	171,800	204,300	201,700	188,700	190,700
Grants Loans Benefits	19,175,100	7,741,900	7,774,100	7,581,900	7,614,100
TOTAL EXPENDITURES	20,636,800	9,448,400	9,554,000	9,201,300	9,252,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,921,000	2,139,800	2,205,200	1,892,700	1,903,400
Tobacco Fund	16,483,500	5,000,000	5,000,000	5,000,000	5,000,000
Restricted Funds	1,303,400	1,288,000	1,320,800	1,288,000	1,320,800
Federal Fund	928,900	1,020,600	1,028,000	1,020,600	1,028,000
TOTAL EXPENDITURES	20,636,800	9,448,400	9,554,000	9,201,300	9,252,200

The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources. The Division works with the conservation districts to provide technical and financial assistance, including equipment loans, to Kentucky landowners for conservation and water quality-related work on Kentucky lands.

The Division administers the Kentucky Soil Erosion and Water Quality Cost Share Program and the Kentucky Soil Stewardship Program to help agricultural operations protect and preserve Kentucky's soil and water resources. The Division provides administrative services to the State Soil and Water Conservation Commission. The Division and the conservation districts provide educational opportunities to promote conservation of Kentucky's natural resources. These programs mitigate soil erosion, and other environmental problems associated with agricultural, woodland and construction operations which impact water quality.

Policy

The Executive Budget provides Phase I Tobacco Settlement Funds in the amount of \$5,000,000 in each fiscal year for the state share of the Environmental Stewardship Program.

**Energy and Environment
Natural Resources**

Oil and Gas

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,563,200	2,230,700	2,316,600	1,830,200	1,847,300
Other	105,000				
Total General Fund	1,668,200	2,230,700	2,316,600	1,830,200	1,847,300
Restricted Funds					
Balance Forward	127,100	58,900	29,900	58,900	29,900
Current Receipts	400,500	399,400	399,400	399,400	399,400
Non-Revenue Receipts	25,000	4,500	4,500		
Total Restricted Funds	552,600	462,800	433,800	458,300	429,300
Federal Fund					
Current Receipts		179,500	179,500		
Non-Revenue Receipts		-4,500	-4,500		
Total Federal Fund		175,000	175,000		
TOTAL SOURCE OF FUNDS	2,220,800	2,868,500	2,925,400	2,288,500	2,276,600
EXPENDITURES BY CLASS					
Personnel Costs	1,742,600	2,290,800	2,410,400	1,851,600	1,870,800
Operating Expenses	356,700	410,200	377,400	344,400	343,200
Grants Loans Benefits	62,600	62,600	62,600	62,600	62,600
Capital Outlay		75,000	75,000		
TOTAL EXPENDITURES	2,161,900	2,838,600	2,925,400	2,258,600	2,276,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,668,200	2,230,700	2,316,600	1,830,200	1,847,300
Restricted Funds	493,700	432,900	433,800	428,400	429,300
Federal Fund		175,000	175,000		
TOTAL EXPENDITURES	2,161,900	2,838,600	2,925,400	2,258,600	2,276,600

The Division of Oil and Gas, pursuant to KRS Chapter 353, is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The Division's mission is to prevent waste and unnecessary loss, to encourage the maximum recovery of oil and gas, to promote safety, and to prevent contamination of underground water resources. The Division is also charged with the collection of geological data obtained from the drilling of oil and gas wells for deposit in the Kentucky Geological Survey whose records are for public use. The Division is also responsible for the plugging of abandoned wells.

**Energy and Environment
Natural Resources**

Mine Permits

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,702,400	2,015,400	2,139,900	1,619,400	1,634,300
Total General Fund	1,702,400	2,015,400	2,139,900	1,619,400	1,634,300
Restricted Funds					
Balance Forward	363,000	218,600	108,700	218,600	108,700
Current Receipts	959,100	947,300	947,300	947,300	947,300
Non-Revenue Receipts	162,000	160,300	160,500	160,300	160,500
Total Restricted Funds	1,484,100	1,326,200	1,216,500	1,326,200	1,216,500
Federal Fund					
Current Receipts	3,043,600	3,172,800	3,312,200	3,143,700	3,276,200
Non-Revenue Receipts	-162,000	-160,300	-160,500	-160,300	-160,500
Total Federal Fund	2,881,600	3,012,500	3,151,700	2,983,400	3,115,700
TOTAL SOURCE OF FUNDS	6,068,100	6,354,100	6,508,100	5,929,000	5,966,500
EXPENDITURES BY CLASS					
Personnel Costs	4,676,400	5,009,500	5,287,100	4,802,100	4,848,400
Operating Expenses	632,700	787,500	772,600	569,800	669,700
Grants Loans Benefits	448,400	448,400	448,400	448,400	448,400
TOTAL EXPENDITURES	5,757,500	6,245,400	6,508,100	5,820,300	5,966,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,610,400	2,015,400	2,139,900	1,619,400	1,634,300
Restricted Funds	1,265,500	1,217,500	1,216,500	1,217,500	1,216,500
Federal Fund	2,881,600	3,012,500	3,151,700	2,983,400	3,115,700
TOTAL EXPENDITURES	5,757,500	6,245,400	6,508,100	5,820,300	5,966,500

The Division of Mine Permits, pursuant to KRS 350 and 405 KAR Chapter 8, reviews all surface mining permit applications in accordance with Kentucky law and the federal Surface Mining Control and Reclamation Act. The Division, pursuant to KRS 350.450 and 405 KAR 7:080, administers the federal Small Operator Assistance Program and pursuant to KRS 350.610, the Lands Unsuitable for Mining program. The Division, pursuant to KRS 350.060(13) and 405 KAR 8:040, also reviews underground mining permit applications to determine the surface effects of such operations.

**Energy and Environment
Natural Resources**

Mine Reclamation and Enforcement

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,650,300	7,185,900	7,481,700	6,395,400	6,462,300
Total General Fund	6,650,300	7,185,900	7,481,700	6,395,400	6,462,300
Restricted Funds					
Balance Forward	252,000	89,200	27,200	89,200	27,200
Current Receipts	94,600	94,600	94,600	94,600	94,600
Non-Revenue Receipts	283,800	285,700	286,100	285,700	286,100
Total Restricted Funds	630,400	469,500	407,900	469,500	407,900
Federal Fund					
Current Receipts	6,880,900	7,252,500	7,522,100	7,065,100	7,374,100
Non-Revenue Receipts	-328,100	-330,000	-330,400	-330,000	-330,400
Total Federal Fund	6,552,800	6,922,500	7,191,700	6,735,100	7,043,700
TOTAL SOURCE OF FUNDS	13,833,500	14,577,900	15,081,300	13,600,000	13,913,900
EXPENDITURES BY CLASS					
Personnel Costs	10,864,100	11,873,200	12,487,200	11,539,500	11,669,600
Operating Expenses	1,991,500	2,091,900	2,008,500	1,743,700	1,715,100
Grants Loans Benefits	260,000	260,000	260,000	260,000	260,000
Capital Outlay	314,000	325,600	325,600	29,600	29,600
TOTAL EXPENDITURES	13,429,600	14,550,700	15,081,300	13,572,800	13,674,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,335,600	7,185,900	7,481,700	6,395,400	6,462,300
Restricted Funds	541,200	442,300	407,900	442,300	407,900
Federal Fund	6,552,800	6,922,500	7,191,700	6,735,100	6,804,100
TOTAL EXPENDITURES	13,429,600	14,550,700	15,081,300	13,572,800	13,674,300

The Division of Mine Reclamation and Enforcement, pursuant to KRS 350, develops policies and procedures for reclamation and enforcement programs related to coal and non-coal minerals. The Division reviews permit applications for non-coal mineral operations pursuant to KRS 350.028 and 405 KAR 5:032. The Division conducts inspection programs to carry out these policies and procedures in accordance with applicable federal and state statutes. Pursuant to KRS 351 and 805 KAR Chapter 4, the Division is charged with ensuring the safety and regulation of all blasting operations within the Commonwealth, which includes the use, storage or transportation of explosives. The Division investigates citizens' complaints relating to surface mining and blasting activities.

Energy and Environment

Natural Resources

Abandoned Mine Lands

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		237,500	227,900		
Total General Fund		237,500	227,900		
Restricted Funds					
Balance Forward	1,468,200	190,900	92,400	190,900	95,900
Current Receipts	13,000	13,000	13,000	13,000	13,000
Non-Revenue Receipts	6,243,600	7,027,800	7,036,500	7,027,800	7,036,500
Total Restricted Funds	7,724,800	7,231,700	7,141,900	7,231,700	7,145,400
Federal Fund					
Current Receipts	9,263,500	9,073,300	9,459,500	9,073,300	9,459,500
Non-Revenue Receipts	-384,600	-374,900	-375,400	-374,900	-375,400
Total Federal Fund	8,878,900	8,698,400	9,084,100	8,698,400	9,084,100
TOTAL SOURCE OF FUNDS	16,603,700	16,167,600	16,453,900	15,930,100	16,229,500
EXPENDITURES BY CLASS					
Personnel Costs	9,380,200	9,430,200	9,813,700	9,268,400	9,339,300
Operating Expenses	952,000	1,094,500	1,089,700	1,015,300	964,100
Grants Loans Benefits	87,500	87,500	87,500	87,500	87,500
Capital Outlay	700,000	500,000	500,000	500,000	500,000
Construction	5,293,100	4,963,000	4,963,000	4,963,000	4,963,000
TOTAL EXPENDITURES	16,412,800	16,075,200	16,453,900	15,834,200	15,853,900
EXPENDITURES BY FUND SOURCE					
General Fund		237,500	227,900		
Restricted Funds	7,533,900	7,139,300	7,141,900	7,135,800	7,130,100
Federal Fund	8,878,900	8,698,400	9,084,100	8,698,400	8,723,800
TOTAL EXPENDITURES	16,412,800	16,075,200	16,453,900	15,834,200	15,853,900

The Division of Abandoned Mine Lands administers abandoned or unreclaimed land reclamation activities on previously surface-mined land or land used in connection with surface mining under Title IV of Public Law 95-87 and/or KRS 350.550 to KRS 350.597.

The division administers a bond forfeiture reclamation program; bonds forfeited to the commonwealth due to the failure to mine and reclaim a coal mine site to the standards specified by the mine permit are used by the state to reclaim the site for which the bond was posted.

The division administers a water supply replacement program which extends waterlines into areas where drinking water has been contaminated by past mining. The division budgets up to 30 percent of its annual funding on waterline projects each year. Federal funds for this program are provided from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for reclamation. All state and partial federal project contracts are administered by this agency.

**Energy and Environment
Natural Resources**

Bond Pool Reclamation Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,097,300	552,300	276,100	552,300	276,100
Total Restricted Funds	1,097,300	552,300	276,100	552,300	276,100
TOTAL SOURCE OF FUNDS	1,097,300	552,300	276,100	552,300	276,100
EXPENDITURES BY CLASS					
Personnel Costs	545,000	276,200	276,100	276,200	276,100
TOTAL EXPENDITURES	545,000	276,200	276,100	276,200	276,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	545,000	276,200	276,100	276,200	276,100
TOTAL EXPENDITURES	545,000	276,200	276,100	276,200	276,100

The Abandoned Mine Lands Bond Pool Reclamation Fund, pursuant to KRS 350.595, provides the additional money necessary to reclaim permitted mine areas. In the event that an entire bond is not needed to complete the required reclamation on a permit, the remaining balance is deposited into the Fund.

**Energy and Environment
Natural Resources**

Reclamation Guaranty Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	95,900	89,700		89,700	49,100
Current Receipts	100	100	100	100	100
Non-Revenue Receipts	1,377,100	1,356,900	1,458,000	1,356,900	1,458,000
Total Restricted Funds	1,473,100	1,446,700	1,458,100	1,446,700	1,507,200
Federal Fund					
Current Receipts	304,400	360,600	375,400	360,600	375,400
Non-Revenue Receipts	-13,100	-16,500	-17,400	-16,500	-17,400
Total Federal Fund	291,300	344,100	358,000	344,100	358,000
TOTAL SOURCE OF FUNDS	1,764,400	1,790,800	1,816,100	1,790,800	1,865,200
EXPENDITURES BY CLASS					
Personnel Costs	470,600	569,300	595,500	524,700	538,800
Operating Expenses	1,034,100	1,051,500	1,050,600	1,047,000	1,046,100
Grants Loans Benefits	170,000	170,000	170,000	170,000	170,000
TOTAL EXPENDITURES	1,674,700	1,790,800	1,816,100	1,741,700	1,754,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	1,383,400	1,446,700	1,458,100	1,397,600	1,396,900
Federal Fund	291,300	344,100	358,000	344,100	358,000
TOTAL EXPENDITURES	1,674,700	1,790,800	1,816,100	1,741,700	1,754,900

The Office of Reclamation Guaranty Fund, pursuant to KRS 350.500-350.521, provides the additional money necessary to reclaim permitted mine areas. In the event a permit-specific reclamation bond is insufficient to complete reclamation on the permitted mine site, the Fund provides financial assistance to the cabinet for reclamation.

**Energy and Environment
Natural Resources**

Abandoned Mine Land Reclamation Projects

SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
Federal Fund					
Current Receipts	32,438,700	25,516,000	22,516,000	25,516,000	22,516,000
Non-Revenue Receipts	-696,300	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Total Federal Fund	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000
TOTAL SOURCE OF FUNDS	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000
EXPENDITURES BY CLASS					
Personnel Costs	15,200	16,000	16,000	16,000	16,000
Grants Loans Benefits	11,442,700	10,500,000	9,500,000	10,500,000	9,500,000
Construction	20,284,500	14,000,000	12,000,000	14,000,000	12,000,000
TOTAL EXPENDITURES	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000
EXPENDITURES BY FUND SOURCE					
Federal Fund	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000
TOTAL EXPENDITURES	31,742,400	24,516,000	21,516,000	24,516,000	21,516,000

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Natural Resources receives 100 percent federal funding for the reclamation of certain mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350. If the Commonwealth does not maintain an approved AML Reclamation program, federal funds allocated for reclamation projects within Kentucky may be reallocated to other coal-producing states. The Department reclaims abandoned mine sites through a priority ranking system based on human health and safety considerations.

**Energy and Environment
Natural Resources**

Mine Safety Review Commission

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	178,100	189,100	194,200	142,800	144,200
Total General Fund	178,100	189,100	194,200	142,800	144,200
TOTAL SOURCE OF FUNDS	178,100	189,100	194,200	142,800	144,200
EXPENDITURES BY CLASS					
Personnel Costs	143,800	168,100	173,600	139,700	141,200
Operating Expenses	10,900	21,000	20,600	3,100	3,000
TOTAL EXPENDITURES	154,700	189,100	194,200	142,800	144,200
EXPENDITURES BY FUND SOURCE					
General Fund	154,700	189,100	194,200	142,800	144,200
TOTAL EXPENDITURES	154,700	189,100	194,200	142,800	144,200

The Mine Safety Review Commission, pursuant to KRS Chapter 351, protects the health and safety of coal miners by ensuring the enforcement of mine safety regulations. Its three members, appointed by the governor, conduct hearings on drug and safety violations and impose penalties for serious violations. The Commission has the power to probate, revoke or suspend a mine's license or an individual miner's certification and fine certified miners up to the equivalent of wages for ten working days for their first offense.

The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

**Energy and Environment
Natural Resources
Mine Safety and Licensing**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,956,800	10,287,400	10,722,200	9,218,500	9,301,500
Total General Fund	9,956,800	10,287,400	10,722,200	9,218,500	9,301,500
Restricted Funds					
Balance Forward	155,800	72,300		72,300	
Current Receipts	381,300	401,500	401,500	401,500	401,500
Non-Revenue Receipts	16,100	13,900	12,500	13,900	12,500
Total Restricted Funds	553,200	487,700	414,000	487,700	414,000
Federal Fund					
Current Receipts	558,300	390,600	332,200	390,600	332,200
Non-Revenue Receipts	-16,100	-13,900	-12,500	-13,900	-12,500
Total Federal Fund	542,200	376,700	319,700	376,700	319,700
TOTAL SOURCE OF FUNDS	11,052,200	11,151,800	11,455,900	10,082,900	10,035,200
EXPENDITURES BY CLASS					
Personnel Costs	7,864,300	9,026,400	9,459,400	8,199,600	8,278,700
Operating Expenses	2,049,100	1,890,400	1,821,400	1,648,300	1,581,400
Grants Loans Benefits	96,500	96,500	96,500	96,500	96,500
Capital Outlay	506,500	138,500	78,600	138,500	78,600
TOTAL EXPENDITURES	10,516,400	11,151,800	11,455,900	10,082,900	10,035,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,493,300	10,287,400	10,722,200	9,218,500	9,301,500
Restricted Funds	480,900	487,700	414,000	487,700	414,000
Federal Fund	542,200	376,700	319,700	376,700	319,700
TOTAL EXPENDITURES	10,516,400	11,151,800	11,455,900	10,082,900	10,035,200

The Office of Mine Safety and Licensing, pursuant to KRS Chapter 351, is responsible for the regulation of mining practices to prevent injuries and fatalities in underground, strip, and auger mines.

The Office trains, tests, and licenses mine personnel. Mine safety instructors provide general and technical safety training and education courses to mine personnel to maintain an adequate number of certified and qualified personnel for the mining industry. Moreover, the agency encourages safe work habits of coal miners by providing quality on-the-job, one-on-one safety training for surface and underground miners.

The Office licenses all underground and surface coal mines in the Commonwealth. It issues permits for specific mining methods including the use of diesel equipment, roof control, extended cuts, mining near oil and gas wells, and additional mine openings. The agency inspects mines and investigates illegal mining operations.

The Office develops and maintains a database to track information about each mining operation. The database includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

The Office administers drug testing of all miners as a condition of certification. A database is maintained on the status of those miners whose certifications have been revoked as a result of testing positive for drugs. The Office provides administrative oversight of the Kentucky Mining Board.

Federal Law 30 CFR, Section 49, requires mine rescue teams to be stationed within one hour of each active coal mine and to be trained and knowledgeable about each mine the team covers. The Commonwealth, through the Office of Mine Safety and Licensing, provides state-sponsored mine rescue teams to help Kentucky's mines comply with this federal regulation.

Energy and Environment
Energy Development and Independence

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,356,600	4,247,200	4,302,300	1,241,200	1,249,200
Total General Fund	1,356,600	4,247,200	4,302,300	1,241,200	1,249,200
Restricted Funds					
Balance Forward	2,576,800	2,053,600	1,787,100	1,403,400	582,900
Current Receipts	1,500	31,500	1,500	31,500	1,500
Non-Revenue Receipts	672,500	1,584,200	1,543,000	560,400	519,200
Total Restricted Funds	3,250,800	3,669,300	3,331,600	1,995,300	1,103,600
Federal Fund					
Current Receipts	1,080,600	972,800	751,200	972,800	751,200
Non-Revenue Receipts	-228,900	-210,400	-169,200	-210,400	-169,200
Total Federal Fund	851,700	762,400	582,000	762,400	582,000
TOTAL SOURCE OF FUNDS	5,459,100	8,678,900	8,215,900	3,998,900	2,934,800
EXPENDITURES BY CLASS					
Personnel Costs	1,559,500	1,658,900	1,749,300	1,520,600	1,530,500
Operating Expenses	262,700	252,900	250,000	208,800	205,900
Grants Loans Benefits	2,172,500	4,980,000	4,797,700	1,686,600	1,198,400
TOTAL EXPENDITURES	3,994,700	6,891,800	6,797,000	3,416,000	2,934,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,295,600	4,247,200	4,302,300	1,241,200	1,249,200
Restricted Funds	1,847,400	1,882,200	1,912,700	1,412,400	1,103,600
Federal Fund	851,700	762,400	582,000	762,400	582,000
TOTAL EXPENDITURES	3,994,700	6,891,800	6,797,000	3,416,000	2,934,800
EXPENDITURES BY UNIT					
Energy Development and Independence	3,994,700	6,891,800	6,797,000	3,416,000	2,934,800
TOTAL EXPENDITURES	3,994,700	6,891,800	6,797,000	3,416,000	2,934,800

The Department for Energy Development and Independence is comprised of the following divisions: Division of Efficiency and Conservation; Division of Renewable Energy; Division of Biofuels; Division of Carbon Management and Data Analysis; Division of Energy Generation, Transmission, and Distribution; and Division of Fossil Energy Development.

The Department oversees the development and implementation of Kentucky's comprehensive energy strategy, *Intelligent Energy Choices for Kentucky's Future*. The Department provides leadership to enhance the benefits of energy efficiency and alternative energy through supporting awareness, technology development, energy preparedness, partnerships and resource development. The Department also enhances the economic opportunities and benefits to Kentucky's citizens and industry by expanding current markets and developing market opportunities for Kentucky coal, natural gas, petroleum, oil shale, tar sands, liquid and gaseous fuels from coal, and chemicals from coal.

To the extent that funding is available, the Department administers grant programs to support energy-related research, development and demonstration, including supporting multi-state cooperative regional partnerships and research initiatives. The Department develops and implements programs for the production, utilization and conservation of energy in a manner that meets basic needs while maintaining Kentucky's economic growth at the highest feasible level.

The Department enters into agreements, administers grant programs and serves as a liaison with the federal government and other states in matters relating to energy; and participates in the review of applications, and upon request of the Kentucky Economic Development Finance Authority, assists in monitoring tax incentive agreements as provided in Subchapter 27 of KRS 154.

Policy

The Executive Budget includes \$400,000 in each fiscal year to be paid to the State Treasury and credited to the Department for Energy Development and Independence for the purpose of public education of coal-related issues pursuant to KRS 132.020(5).

Energy and Environment
Kentucky Nature Preserves Commission

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,086,400	1,508,600	1,577,500	1,050,000	1,061,500
Total General Fund	1,086,400	1,508,600	1,577,500	1,050,000	1,061,500
Restricted Funds					
Balance Forward	295,200	292,300	143,600	292,300	143,600
Current Receipts	295,900	162,400	162,400	162,400	162,400
Non-Revenue Receipts	20,200	25,800	25,800	25,800	25,800
Total Restricted Funds	611,300	480,500	331,800	480,500	331,800
Federal Fund					
Current Receipts	52,200	40,800	40,800	40,800	40,800
Non-Revenue Receipts	-2,000	-1,800	-1,800	-1,800	-1,800
Total Federal Fund	50,200	39,000	39,000	39,000	39,000
TOTAL SOURCE OF FUNDS	1,747,900	2,028,100	1,948,300	1,569,500	1,432,300
EXPENDITURES BY CLASS					
Personnel Costs	1,137,600	1,525,500	1,601,600	1,204,500	1,218,000
Operating Expenses	190,900	241,200	234,600	153,600	152,200
Grants Loans Benefits	63,200	18,900	18,900	18,900	18,900
Capital Outlay	15,000	98,900	50,000	48,900	
TOTAL EXPENDITURES	1,406,700	1,884,500	1,905,100	1,425,900	1,389,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,037,500	1,508,600	1,577,500	1,050,000	1,061,500
Restricted Funds	319,000	336,900	288,600	336,900	288,600
Federal Fund	50,200	39,000	39,000	39,000	39,000
TOTAL EXPENDITURES	1,406,700	1,884,500	1,905,100	1,425,900	1,389,100
EXPENDITURES BY UNIT					
Kentucky Nature Preserves Commission	1,406,700	1,884,500	1,905,100	1,425,900	1,389,100
TOTAL EXPENDITURES	1,406,700	1,884,500	1,905,100	1,425,900	1,389,100

Pursuant to KRS 146.410-146.530, the Kentucky State Nature Preserves Commission's mission is two-fold: to inventory the Commonwealth for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance, and to protect these natural features by establishing a system of nature preserves. Pursuant to KRS 224.10-022, the Commission is attached to the Energy and Environment Cabinet.

Acquisition and management funds for the agency are derived through a tax refund check-off system authorized in KRS 141.450-141.480, through gifts, grants, devises and bequests pursuant to KRS 146.465, and through allocations from the Kentucky Heritage Land Conservation Fund pursuant to KRS 146.570. The Commission, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program.

**Energy and Environment
Public Service Commission**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,000,000	11,808,300	11,858,100	16,498,900	16,582,600
Continuing Approp-General Fund	674,500				
Total General Fund	17,674,500	11,808,300	11,858,100	16,498,900	16,582,600
Restricted Funds					
Balance Forward	72,700		15,000		15,000
Current Receipts	35,000	15,000	15,000	15,000	15,000
Non-Revenue Receipts	115,400	200,000	200,000	200,000	200,000
Total Restricted Funds	223,100	215,000	230,000	215,000	230,000
Federal Fund					
Current Receipts	511,900	444,400	445,100	444,400	445,100
Total Federal Fund	511,900	444,400	445,100	444,400	445,100
TOTAL SOURCE OF FUNDS	18,409,500	12,467,700	12,533,200	17,158,300	17,257,700
EXPENDITURES BY CLASS					
Personnel Costs	8,356,600	9,860,700	10,378,100	8,661,300	8,755,800
Operating Expenses	1,925,500	1,800,000	1,651,100	940,000	929,900
Debt Service	589,000	474,000	474,000	474,000	474,000
Capital Outlay	50,000	318,000			
TOTAL EXPENDITURES	10,921,100	12,452,700	12,503,200	10,075,300	10,159,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,186,100	11,808,300	11,858,100	9,430,900	9,514,600
Restricted Funds	223,100	200,000	200,000	200,000	200,000
Federal Fund	511,900	444,400	445,100	444,400	445,100
TOTAL EXPENDITURES	10,921,100	12,452,700	12,503,200	10,075,300	10,159,700
EXPENDITURES BY UNIT					
Commission Operations	5,021,800	5,420,800	5,618,200	4,506,700	4,534,500
Financial Analysis	1,661,600	1,887,100	1,988,500	1,738,900	1,758,900
Engineering	1,471,300	2,212,200	1,832,700	1,192,900	1,207,800
Division of Filings	1,599,700	1,747,700	1,819,400	1,611,000	1,625,300
Consumer Services	401,200	443,300	467,600	409,900	414,800
Gas Pipeline Safety	765,500	741,600	776,800	615,900	618,400
TOTAL EXPENDITURES	10,921,100	12,452,700	12,503,200	10,075,300	10,159,700

The Public Service Commission, pursuant to KRS Chapter 278, regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The three-member Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in statute. The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

The Commission's goal is to ensure that every utility charges fair, just, and reasonable rates for the services rendered and that those services are adequate and efficient.

The agency is funded by an assessment of all utilities under the Commission's jurisdiction based on the annual gross intrastate revenues.

The Commission staff is organized into the Divisions of Consumer Services, Filings, Engineering, and Financial Analysis and Gas Pipeline Safety.

Policy

The Executive Budget includes \$7,068,000 in each fiscal year that shall lapse to the credit of the General Fund from the Public Service Commission.

Finance and Administration

Finance and Administration

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	629,963,900	612,879,500	687,163,500	590,726,300	640,156,000
Special Appropriation	5,459,000				
Total General Fund	635,422,900	612,879,500	687,163,500	590,726,300	640,156,000
Tobacco Fund					
Tobacco Settlement - Phase I	30,907,000	27,102,100	26,784,500	27,235,300	26,917,700
Total Tobacco Fund	30,907,000	27,102,100	26,784,500	27,235,300	26,917,700
Restricted Funds					
Balance Forward	53,033,000	39,064,100	24,920,300	46,950,100	25,193,500
Current Receipts	217,574,200	237,887,300	239,057,700	234,518,200	234,608,100
Non-Revenue Receipts	1,550,900	1,943,700	1,943,700	1,709,500	1,721,100
Fund Transfers	-1,000,000			-6,300,000	-5,000,000
Total Restricted Funds	271,158,100	278,895,100	265,921,700	276,877,800	256,522,700
Federal Fund					
Current Receipts	1,546,300	1,262,800	1,262,800	1,262,800	1,262,800
Total Federal Fund	1,546,300	1,262,800	1,262,800	1,262,800	1,262,800
Road Fund					
Regular Appropriation	3,399,600	3,399,600	3,399,600	3,523,100	3,545,900
Total Road Fund	3,399,600	3,399,600	3,399,600	3,523,100	3,545,900
TOTAL SOURCE OF FUNDS	942,433,900	923,539,100	984,532,100	899,625,300	928,405,100
EXPENDITURES BY CLASS					
Personnel Costs	237,150,000	270,323,100	281,488,300	259,838,700	258,220,200
Operating Expenses	128,457,300	144,751,700	144,762,600	130,136,400	129,658,100
Grants Loans Benefits	1,991,800	1,698,300	1,421,000	1,698,300	1,421,000
Debt Service	441,954,600	430,176,400	496,235,400	439,011,500	489,019,000
Capital Outlay	20,920,000	33,198,100	31,654,600	29,475,600	26,652,900
TOTAL EXPENDITURES	830,473,700	880,147,600	955,561,900	860,160,500	904,971,200
EXPENDITURES BY FUND SOURCE					
General Fund	572,592,300	600,759,700	674,721,800	578,606,400	627,714,300
Tobacco Fund	28,727,500	24,950,700	24,566,500	25,083,900	24,699,700
Restricted Funds	224,208,000	249,774,800	251,611,200	251,684,300	247,748,500
Federal Fund	1,546,300	1,262,800	1,262,800	1,262,800	1,262,800
Road Fund	3,399,600	3,399,600	3,399,600	3,523,100	3,545,900
TOTAL EXPENDITURES	830,473,700	880,147,600	955,561,900	860,160,500	904,971,200
EXPENDITURES BY UNIT					
General Administration	39,521,900	46,476,100	47,036,400	46,743,300	47,442,600
Controller	15,026,400	15,899,400	16,442,900	17,190,900	17,415,100
Debt Service	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500
Facilities and Support Services	44,828,300	51,856,900	63,213,900	53,192,400	51,865,900
County Costs	17,599,500	23,317,500	23,317,500	17,599,500	17,599,500
Commonwealth Office of Technology	124,824,300	140,712,100	143,338,600	140,118,800	137,638,900
Revenue	100,438,200	115,158,000	123,751,400	100,737,600	101,476,700
Property Valuation Administrators	46,285,500	56,556,200	58,976,800	48,758,000	49,775,000
TOTAL EXPENDITURES	830,473,700	880,147,600	955,561,900	860,160,500	904,971,200

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and for providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing state government with the resources necessary to carry out its mission by equitable and efficient revenue collection.

The Cabinet's duties include construction of state facilities, property management including motor vehicles, tax administration and collection, management of the Commonwealth's information technology systems, expenditure control, and state purchasing.

Finance and Administration

General Administration

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,333,900	7,802,600	9,555,400	12,866,700	13,356,300
Total General Fund	7,333,900	7,802,600	9,555,400	12,866,700	13,356,300
Restricted Funds					
Balance Forward	12,032,100	13,550,500	9,422,400	11,917,200	6,299,500
Current Receipts	34,157,200	34,157,200	34,157,200	34,157,200	34,157,200
Non-Revenue Receipts	-1,466,600	-40,800	-40,800	-343,300	-343,300
Fund Transfers	-1,000,000			-6,000,000	-5,000,000
Total Restricted Funds	43,722,700	47,666,900	43,538,800	39,731,100	35,113,400
Federal Fund					
Current Receipts	283,500				
Total Federal Fund	283,500				
Road Fund					
Regular Appropriation	429,000	429,000	429,000	445,100	448,100
Total Road Fund	429,000	429,000	429,000	445,100	448,100
TOTAL SOURCE OF FUNDS	51,769,100	55,898,500	53,523,200	53,042,900	48,917,800
EXPENDITURES BY CLASS					
Personnel Costs	11,692,400	12,390,000	12,968,900	14,968,600	12,085,400
Operating Expenses	16,915,700	16,997,300	16,949,200	16,998,100	16,985,600
Grants Loans Benefits	283,500				
Debt Service			1,573,000	3,025,000	6,443,000
Capital Outlay	10,630,300	17,088,800	15,545,300	11,751,600	11,928,600
TOTAL EXPENDITURES	39,521,900	46,476,100	47,036,400	46,743,300	47,442,600
EXPENDITURES BY FUND SOURCE					
General Fund	7,003,900	7,802,600	9,555,400	12,866,600	13,356,300
Restricted Funds	31,805,500	38,244,500	37,052,000	33,431,600	33,638,200
Federal Fund	283,500				
Road Fund	429,000	429,000	429,000	445,100	448,100
TOTAL EXPENDITURES	39,521,900	46,476,100	47,036,400	46,743,300	47,442,600
EXPENDITURES BY UNIT					
Secretary	2,381,500	2,449,300	4,107,700	8,317,500	8,753,500
Gubernatorial Transition	220,000				
Office of General Counsel	2,241,900	2,582,700	2,688,900	2,348,800	2,368,500
Office of Administrative Services	2,984,300	3,122,500	3,267,900	3,128,900	3,155,600
Fleet Management	27,477,300	34,202,500	32,753,700	28,873,800	29,062,300
Postal Services	3,115,700	3,218,400	3,329,100	3,228,500	3,249,400
Policy and Audit	817,700	900,700	889,100	845,800	853,300
Weatherization	283,500				
TOTAL EXPENDITURES	39,521,900	46,476,100	47,036,400	46,743,300	47,442,600

The General Administration appropriation unit provides coordination and management of the Cabinet. It is comprised of the Office of the Secretary, Office of Public Information, Office of General Counsel, Office of Equal Employment Opportunity and Contract Compliance, Office of Policy and Audit, and Office of Administrative Services.

The Office of the Secretary, including the Office of Public Information, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel

administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of Finance serves on numerous boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and the Kentucky Housing Corporation.

The Office of Equal Employment Opportunity (EEO) and Contract Compliance is responsible for developing, implementing, and monitoring the Finance and Administration Cabinet's affirmative action plan as required by KRS 18A.138. The Office also monitors all contracts in excess of \$250,000 awarded by the Cabinet to ensure compliance with the affirmative action provisions of the Kentucky Equal Opportunity Act.

The Office of General Counsel provides legal services to the departments of the Finance and Administration Cabinet and Cabinet-related entities. Members of this office represent the Secretary of the Cabinet in civil litigation. The unit also reviews legislation being considered by the General Assembly.

The Office of Administrative Services manages personnel, fiscal policy, and payroll functions for all units within the Finance and Administration Cabinet, the Governor's Office, the Executive Branch Ethics Commission, the School Facilities Construction Commission, and the Lieutenant Governor's Office. This unit prepares the Cabinet's budget and manages the Cabinet's personal property inventory. The Office also has responsibility for the management and oversight of the Division of Postal Services and the Division of Fleet Management.

The Division of Postal Services has recently consolidated from five locations into one mail management center which provides a more secure environment for the Commonwealth's mail. The Division provides messenger service to all state agencies and performs mail processing functions for over 125 state agencies. This division advises agencies about USPS rules, regulations, and services. The Division of Fleet Management manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

The Office of Policy and Audit is responsible for assuring the reliability and integrity of information used to support management decision making, evaluating how state assets are safeguarded, providing risk and insurance management to the Cabinet, and appraising the economy and efficiency of resource use. Staff also ascertains whether the operations and programs are being implemented as planned, and performs special studies at the request of management.

Policy

The Executive Budget provides General Fund in the amount of \$3,025,000 in fiscal year 2016-2017 and \$6,443,000 in fiscal year 2017-2018 for debt service on new bonds included in the capital budget.

Finance and Administration

Controller

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,984,000	6,957,200	7,197,400	5,848,700	5,893,900
Total General Fund	5,984,000	6,957,200	7,197,400	5,848,700	5,893,900
Restricted Funds					
Balance Forward	3,962,000	3,564,000	2,675,400	3,298,600	1,738,300
Current Receipts	6,230,800	6,069,100	6,069,100	7,979,100	7,979,100
Non-Revenue Receipts	2,417,500	1,984,500	1,984,500	1,802,800	1,814,400
Total Restricted Funds	12,610,300	11,617,600	10,729,000	13,080,500	11,531,800
TOTAL SOURCE OF FUNDS	18,594,300	18,574,800	17,926,400	18,929,200	17,425,700
EXPENDITURES BY CLASS					
Personnel Costs	8,673,300	9,482,600	9,885,000	9,518,000	9,593,800
Operating Expenses	6,348,100	6,411,800	6,552,900	7,667,900	7,816,300
Debt Service	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	15,026,400	15,899,400	16,442,900	17,190,900	17,415,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,714,700	6,957,200	7,197,400	5,848,700	5,893,900
Restricted Funds	9,311,700	8,942,200	9,245,500	11,342,200	11,521,200
TOTAL EXPENDITURES	15,026,400	15,899,400	16,442,900	17,190,900	17,415,100
EXPENDITURES BY UNIT					
Controller	2,218,900	2,343,400	2,428,700	3,890,500	3,907,900
Local Government Services	751,700	845,300	879,200	781,500	787,000
Financial Management	3,841,500	3,942,400	4,041,500	3,939,900	3,958,100
Procurement Services	1,890,600	2,282,300	2,368,000	1,976,700	1,992,500
Customer Resource Center	4,622,600	4,726,200	4,903,400	4,838,600	4,994,300
State Risk and Insurance Services	1,701,100	1,759,800	1,822,100	1,763,700	1,775,300
TOTAL EXPENDITURES	15,026,400	15,899,400	16,442,900	17,190,900	17,415,100

The Office of the Controller provides management for financial accounting control policies and procedures; financial accounting systems; debt management; state purchasing; administration of the Old-Age, Survivors, Disability and Hospital Insurance program; and functions relating to the county fee systems for local entities. The State Controller functions as the Commonwealth's Chief Accounting Officer and participates in the development and maintenance of the Commonwealth's strategic financial management program.

The Division of Local Government Services administers, for the benefit of state employees and political subdivisions within the Commonwealth, the Old Age and Survivors Insurance program under Section 218 of the federal Social Security Act. This program is responsible for ensuring that the social security obligations of the state and its political subdivisions are met. To fulfill this responsibility, the State Office for Social Security periodically visits each of the political subdivisions for a procedural, compliance, and fiscal audit pursuant to KRS 61.410 61.500. The Division also provides personnel, accounting, and other administrative services to counties through the County Costs, County Fees, and PVA programs.

The Division of Statewide Accounting Services is responsible for maintenance and operation of the central statewide accounting system and provides centralized accounting of all receipts and disbursements of the Commonwealth. In addition, this division prepares daily, monthly, and annual financial reports, which constitute a complete report of the financial activities and condition of the Commonwealth.

The Office of Financial Management manages the state's investments and debt. This includes managing cash flow to maximize the return on state investments, making debt service payments, managing the sale of bonds, and reporting to the General Assembly on all investment and debt matters. The Office is responsible for developing a long-term debt plan for the Commonwealth, including the development of criteria for the issuance of debt, providing an evaluation of how much total state debt is justified, and evaluating revenue projections relative to proposed revenue bond issues. The Office handles all investments on behalf of the General Fund, the Capital Construction Fund, the Road Fund, and approximately 50 other accounts.

The Office of Material and Procurement Services is responsible for the central purchasing and materials management for state government (excluding construction and road maintenance). The Office supports the Procurement software module of eMARS, designing and testing modifications to the software to ensure it meets the needs of using agencies. The Division of Goods and Services Procurement and the Division of Technology Services Procurement are responsible, with respect to their area of expertise, for purchasing all commodities and non-professional services for state agencies that exceed an agency's small purchase authority limit. The office also provides administrative oversight and review of all personal service contracts and Memoranda of Agreement, and ensures compliance with the provisions of KRS Chapter 45A prior to forwarding contracts to the Legislative Research Commission, Government Contract Review Committee, for review.

The Office of the Customer Resource Center (CRC) operates a help desk to support nearly 5,000 users of the eMARS system and is responsible for training Commonwealth employees on all eMARS products. In addition, CRC is responsible for developing and analyzing reports to identify areas that need improvement.

The Division of State Risk Services manages the state property insurance program, the state building sprinkler system program and the state automobile insurance program in accordance with KRS Chapter 56.

Finance and Administration

Debt Service

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	464,095,000	417,590,500	467,609,600	423,105,900	469,749,500
Special Appropriation	5,459,000				
Total General Fund	469,554,000	417,590,500	467,609,600	423,105,900	469,749,500
Tobacco Fund					
Tobacco Settlement - Phase I	30,657,000	26,852,100	26,534,500	26,985,300	26,667,700
Total Tobacco Fund	30,657,000	26,852,100	26,534,500	26,985,300	26,667,700
TOTAL SOURCE OF FUNDS	500,211,000	444,442,600	494,144,100	450,091,200	496,417,200
EXPENDITURES BY CLASS					
Debt Service	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500
TOTAL EXPENDITURES	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500
EXPENDITURES BY FUND SOURCE					
General Fund	413,472,100	405,470,700	455,167,900	410,986,100	457,307,800
Tobacco Fund	28,477,500	24,700,700	24,316,500	24,833,900	24,449,700
TOTAL EXPENDITURES	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500
EXPENDITURES BY UNIT					
Debt Service	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500
TOTAL EXPENDITURES	441,949,600	430,171,400	479,484,400	435,820,000	481,757,500

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2016-2018 General Fund debt service is reflected in budgets of the affected agencies.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the General Fund. The amount of the General Fund lapse is \$12,119,800 in fiscal year 2016-2017 and \$12,441,700 in fiscal year 2017-2018. The amount of Tobacco Fund lapse is \$2,151,400 in fiscal year 2016-2017 and \$2,218,000 in fiscal year 2017-2018.

**Finance and Administration
Facilities and Support Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,455,800	6,504,100	17,836,400	5,406,700	6,110,800
Total General Fund	5,455,800	6,504,100	17,836,400	5,406,700	6,110,800
Restricted Funds					
Balance Forward	16,522,500	14,042,400	8,055,000	14,396,900	7,184,800
Current Receipts	36,892,400	39,365,400	40,535,800	40,623,600	40,585,900
Non-Revenue Receipts	600,000			250,000	250,000
Fund Transfers				-300,000	
Total Restricted Funds	54,014,900	53,407,800	48,590,800	54,970,500	48,020,700
TOTAL SOURCE OF FUNDS	59,470,700	59,911,900	66,427,200	60,377,200	54,131,500
EXPENDITURES BY CLASS					
Personnel Costs	23,825,600	25,507,900	26,618,200	26,390,600	24,942,900
Operating Expenses	18,210,600	18,631,700	18,659,400	18,563,100	18,032,000
Debt Service			10,219,000	161,500	813,500
Capital Outlay	2,792,100	7,717,300	7,717,300	8,077,200	8,077,500
TOTAL EXPENDITURES	44,828,300	51,856,900	63,213,900	53,192,400	51,865,900
EXPENDITURES BY FUND SOURCE					
General Fund	5,210,300	6,504,100	17,836,400	5,406,700	6,110,800
Restricted Funds	39,618,000	45,352,800	45,377,500	47,785,700	45,755,100
TOTAL EXPENDITURES	44,828,300	51,856,900	63,213,900	53,192,400	51,865,900
EXPENDITURES BY UNIT					
Commissioner's Office	695,900	700,400	10,947,100	692,900	698,700
Facility Development and Efficiency	5,739,600	6,062,300	6,358,600	6,046,700	6,105,900
Real Property	1,395,300	1,480,600	1,560,100	1,482,200	1,498,200
Historic Properties	337,800	348,800	359,400	348,800	350,800
Building and Mechanical Services	35,455,800	42,006,600	42,683,500	43,367,300	41,948,400
State Surplus Property	635,200	664,000	688,000	667,300	673,100
Federal Surplus Property	568,700	594,200	617,200	587,200	590,800
TOTAL EXPENDITURES	44,828,300	51,856,900	63,213,900	53,192,400	51,865,900

The Department for Facilities and Support Services consists of the Commissioner's Office and five offices/divisions: Facility Development and Efficiency, Historic Properties, Real Properties, Surplus Properties, and the Office of Building and Mechanical Services. The Department manages the State's facilities construction program, maintains Finance and Administration Cabinet buildings, provides management and oversight of state-owned historical buildings and sites, and provides real property acquisition, disposition, leasing, and inventory services.

The Commissioner's Office coordinates and supervises the activities of the five offices/divisions authorized in KRS 42.027.

The Office of Facility Development and Efficiency includes the Division of Engineering and Contract Administration which provides professional and technical engineering and architectural services to state agencies, reviews capital construction design documents, acts as a liaison between the Department and state agencies on new construction and major maintenance projects, and monitors construction and maintenance contracts for compliance with plans and specifications. The Division is also responsible for administering the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges, as prescribed by the Kentucky Model Procurement Code (KRS 45A) and the related administrative regulations. The Division prepares invitations to bid, opens and evaluates those bids, and awards contracts. The General Contracting Branch provides general construction procurement, administers the advertising and awarding of state general construction projects and related support systems, provides procurement information to state agencies, and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related support systems; provides procurement information to state agencies; and administers programs such as reclamation under the Abandoned Mines Lands program, the procurement of state-owned telephone

switching systems, asbestos abatement projects, and master agreements for maintenance of elevators, escalators, and similar services. The Administrative Services Branch and the Pre-Audit Branch provide support services to the Division and Department.

The Office of Facility Development and Efficiency also includes the Division of Facility Efficiency which is responsible for managing the Guaranteed Energy Saving Performance Contracting program and for implementing the Commonwealth Energy Management and Control System (CEMCS). The CEMCS project is an aggressive effort to use an enterprise software platform to reduce energy use in state buildings.

The Division of Real Properties provides buildings and parking facilities for state agencies throughout the Commonwealth. The Leased Properties Branch is responsible for administering space requests for leased property, acquisitions of privately-owned leased property for state use, lease renewals and cancellations, modifications to leased property, and related activities. The State Properties Branch administers space assignments for state-owned real property, acquisitions and sales of real properties, leases of state-owned real property to other entities, easements on state-owned real property, appraisals and appraisal reviews for acquisitions and dispositions, authorization of demolition of state-owned buildings, and relocation assistance. The Inventory and Property Utilization Branch plans space utilization including minor building alterations and renovations and interior space standards and administers inventory of state-owned real property, inventory of state-owned leased-out real property, inventory of state leased-in real property, building use permits, reserved parking assignments in Frankfort, and deed and easement records of state-owned real property.

The Division of Historic Properties, in accordance with KRS 42.019 and KRS 11.026, is responsible for the preservation and maintenance of Finance and Administration Cabinet-owned historic sites including the Kentucky State Capitol, Executive Mansion, Old Governor's Mansion, Berry Hill Mansion, and the Vest-Lindsey State Meeting House. The Division consults with the Department of Parks to preserve and maintain those historic sites under the management and control of the Tourism Development Cabinet. The same consultation services are provided to other agencies within state government as requested. The Director of the Division of Historic Properties serves as State Curator and a member of the Historic Properties Advisory Commission. The Commission is statutorily responsible for overseeing the maintenance, restoration, preservation, and care of furnishings and grounds of the Executive Mansion, Old Governor's Mansion, and State Capitol grounds. Historic Properties staff is responsible for scheduling and coordinating events held in the public areas of the Capitol Building and grounds. Staff have established and implemented policies and guidelines for the use of this space to allow public access while preserving and protecting the historic and architectural integrity of the buildings and grounds.

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities. The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Capital Plaza Complex, Human Resources Building, Executive Mansion, Old Governor's Mansion, New State Office Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center and the Transportation Cabinet building. The Office also services buildings at the London Regional and Madisonville state office complexes, the Spindletop Research Complex in Fayette County, and offices in Ashland, Jackson, Louisville, Owensboro, and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

Additionally, the Office is responsible for developing plans and specifications for a wide variety of construction projects. After plans and specifications are complete and have been approved, the Office oversees the construction phase and provides contract administration.

Policy

The Executive Budget provides General Fund in the amount of \$161,500 in fiscal year 2016-2017 and \$813,500 in fiscal year 2017-2018 for debt service on new bonds included in the capital budget.

The 2014-2016 Executive Branch appropriations act authorized the Department for Facilities and Support Services to construct a new state office building to house displaced state workers from the Capital Plaza Tower and privately leased space. The Department entered into an agreement with a private developer to construct, operate, and maintain the property for a period of 35 years, at which time the Commonwealth will take over ownership of the property. Construction is due to be complete in the spring of 2016, at which time the Department for Facilities and Support Services will begin equipping the building for its future tenants. State employees are slated to begin occupying the building in the summer of 2016. The above Restricted Fund appropriation includes funding for payments to the developer for amortization of the construction cost and for ongoing maintenance and operations.

**Finance and Administration
County Costs**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,897,000	21,615,000	21,615,000	15,897,000	15,897,000
Total General Fund	15,897,000	21,615,000	21,615,000	15,897,000	15,897,000
Restricted Funds					
Balance Forward	200				
Current Receipts	1,702,300	1,702,500	1,702,500	1,702,500	1,702,500
Total Restricted Funds	1,702,500	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL SOURCE OF FUNDS	17,599,500	23,317,500	23,317,500	17,599,500	17,599,500
EXPENDITURES BY CLASS					
Personnel Costs	1,889,500	3,966,300	3,966,300	1,889,500	1,889,500
Operating Expenses	14,514,500	18,155,700	18,155,700	14,514,500	14,514,500
Grants Loans Benefits	1,195,500	1,195,500	1,195,500	1,195,500	1,195,500
TOTAL EXPENDITURES	17,599,500	23,317,500	23,317,500	17,599,500	17,599,500
EXPENDITURES BY FUND SOURCE					
General Fund	15,897,000	21,615,000	21,615,000	15,897,000	15,897,000
Restricted Funds	1,702,500	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL EXPENDITURES	17,599,500	23,317,500	23,317,500	17,599,500	17,599,500
EXPENDITURES BY UNIT					
Public Defender Program	1,858,200	3,935,000	3,935,000	1,858,200	1,858,200
Witnesses	100,000	100,000	100,000	100,000	100,000
DUI Service Fees	1,195,500	1,195,500	1,195,500	1,195,500	1,195,500
Sheriffs Fees'	9,981,300	13,622,500	13,622,500	9,981,300	9,981,300
County Clerks (Make Tax Bills)	254,000	254,000	254,000	254,000	254,000
Board Of Assessment Appeals	40,000	40,000	40,000	40,000	40,000
Fugitive From Justice	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000
Jury Fund	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Sheriffs Expense Allowance	463,500	463,500	463,500	463,500	463,500
Premium On Sheriffs' Bonds	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	17,599,500	23,317,500	23,317,500	17,599,500	17,599,500

The County Costs program provides payment to local officials for the performance of functions required by state statutes. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government, containing less than ten circuit judges, to annually appropriate twelve and one-half cents (\$.125) per capita to the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

In accordance with KRS 421.015 and 421.250, circuit and district court clerks provide witnesses compensation with reimbursement being provided by the State Treasury upon claim accompanied by documentation.

The service fee imposed by KRS 189.050 for persons convicted of driving under the influence of alcohol or other substances shall be disbursed among various state and local agencies to fund such programs as enforcement, indigent defense, and the traumatic brain injury trust fund.

Pursuant to KRS 64.092, the sheriff or other law enforcement officer providing security in a Circuit or District Court shall be compensated at the rate of \$8 per hour of service.

Pursuant to KRS 133.240, county clerks are paid \$0.30 per tax bill for preparing property tax bills and \$1.00 for omitted assessments. The Finance and Administration Cabinet is responsible for remitting half of the allowed amount to the county clerk.

Pursuant to KRS 133.030, each member of a county board of assessment appeals is compensated \$100 per day for their services in hearing tax appeals and reviewing tax assessments. The Finance and Administration Cabinet refunds county fiscal courts for half of the board members' compensation.

As authorized by the County Judge Executive or the Governor, and pursuant to KRS 440.090 and 440.380, duly appointed officers are reimbursed by the Finance and Administration Cabinet for mileage and expenses incurred while traveling out of state and returning a fugitive from justice to Kentucky.

KRS 29A.170 and KRS 30A.110 require that all jurors in circuit and district court be paid a daily compensation of \$12.50 per day plus expenses. The Finance and Administration Cabinet administers this compensation and reimbursement program in cooperation with each county circuit court clerk office. Under KRS 29A.180, sequestered jurors are provided meals, housing, transportation, and security which are funded by the Finance and Administration Cabinet.

Pursuant to KRS 70.170, the Finance and Administration Cabinet administers the sheriffs' expense allowance program by issuing monthly checks to each of the 120 county sheriffs. The payments of \$300 per month are for expenses incurred in the performance of his or her official duties.

KRS 62.140 and KRS 62.155 requires the Commonwealth to reimburse each county sheriff for the cost of bond premiums required by law in the performance of his or her official duties.

Under KRS 27A.630, filing fees for civil actions include \$20 in Circuit Court and \$10 in District Court to support access to justice by indigent clients. The fees are paid to the General Fund, and the Finance and Administration Cabinet distributes them monthly to non-profit agencies designated by the Chief Justice in each judicial district to provide the legal services. In previous years these have been accounted for as expenditures requiring an appropriation upon recommendation of the Finance Cabinet. These will be considered as reductions to revenue and accounted for solely on the revenue side of the ledger.

Policy

Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

The Executive Budget includes a wage of \$9 per hour for court security officers.

Finance and Administration
Commonwealth Office of Technology

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	14,094,600	4,012,200	2,685,500	13,905,100	8,191,500
Current Receipts	123,372,000	142,322,600	142,322,600	133,142,400	133,207,400
Total Restricted Funds	137,466,600	146,334,800	145,008,100	147,047,500	141,398,900
Federal Fund					
Current Receipts	1,262,800	1,262,800	1,262,800	1,262,800	1,262,800
Total Federal Fund	1,262,800	1,262,800	1,262,800	1,262,800	1,262,800
TOTAL SOURCE OF FUNDS	138,729,400	147,597,600	146,270,900	148,310,300	142,661,700
EXPENDITURES BY CLASS					
Personnel Costs	78,607,200	83,434,800	86,389,300	91,249,400	92,121,100
Operating Expenses	38,206,700	48,382,500	48,331,800	38,719,800	38,645,500
Grants Loans Benefits	512,800	502,800	225,500	502,800	225,500
Capital Outlay	7,497,600	8,392,000	8,392,000	9,646,800	6,646,800
TOTAL EXPENDITURES	124,824,300	140,712,100	143,338,600	140,118,800	137,638,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	123,561,500	139,449,300	142,075,800	138,856,000	136,376,100
Federal Fund	1,262,800	1,262,800	1,262,800	1,262,800	1,262,800
TOTAL EXPENDITURES	124,824,300	140,712,100	143,338,600	140,118,800	137,638,900
EXPENDITURES BY UNIT					
Commonwealth Office of Technology	4,842,300	4,829,000	4,897,200	8,269,400	8,330,900
Chief Information Security Officer	6,711,700	6,723,500	6,900,900	6,108,200	6,143,200
Application Development	23,822,300	24,122,300	24,526,200	24,118,400	24,198,700
Infrastructure Services	78,139,800	93,411,900	95,012,000	90,026,500	87,294,700
Office of Enterprise Technology	5,719,400	5,705,700	5,801,800	5,695,100	5,714,200
IT Service Management	5,588,800	5,919,700	6,200,500	5,901,200	5,957,200
TOTAL EXPENDITURES	124,824,300	140,712,100	143,338,600	140,118,800	137,638,900

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all executive branch agencies in the application of information technology and the delivery of information services. This broad statement of responsibility encompasses major information resource functions such as data center operations; voice, data, and video communications; application development; data security administration; computer hardware selection and installation; and related end-user and customer support services. The workload for COT is highly sensitive to agency programmatic shifts, particularly changes mandated by state and federal legislation.

COT consists of six units: Commissioner, Chief Information Security Officer, Application Development, Infrastructure Services, Enterprise Technology, and IT Service Management.

The Commissioner's Office is responsible for developing strategies and policies to promote the effective application of information technology within state government as a means of saving money, increasing efficiency and employee productivity, and improving services to the public, including electronic access to information of the Commonwealth.

The Chief Information Security Officer manages security, access and acceptable use policies for all COT functions. As more and more of the Commonwealth's mission-critical applications go on-line, their potential exposure to malicious activity increases. In addition to maintaining the physical security of the Commonwealth Data Center and other COT facilities, the Security Office develops and maintains the disaster recovery business continuity plan.

The Office of Infrastructure Services operates the Commonwealth's enterprise computing and communications environment. This Office includes the daily operation of the Commonwealth Data Center and the Alternate Data Center, operation and maintenance of the Kentucky Information Highway, and all communication services, including data, voice, video, and wireless. Other responsibilities include providing help desk assistance to end-users and ensuring the security of client information in the areas of electronic commerce and network computing.

The Office of Enterprise Technology is responsible for the statewide strategic information technology (IT) plan. Staff in this office assist state agencies in developing their own IT plans that conform with the policies and architecture standards determined by COT. Other responsibilities include enterprise capacity planning, testing, research, and development.

The Office of IT Service Management is responsible for the IT Infrastructure Library (ITIL) framework and support functions of COT. The office will oversee the transition of agency IT infrastructure to COT as part of the IT infrastructure consolidation initiative.

The Office of Application Development analyzes, designs, develops and installs systems and applications for client agencies throughout state government. Support is provided for systems that drive mission-critical activities for the Commonwealth, including public assistance, public health and safety, collection of taxes, and financial and personnel management of state government. The Office provides consulting services and support in a broad range of technical environments including Windows NT, 2000, and XP; UNIX; and Z/OS using languages such as Java, VB, .NET, COBOL, SAS, and others.

The Commonwealth Office of Technology operates as an internal service fund agency with budgetary support derived through the application of a federally-approved cost allocation plan, which distributes costs to user agencies based upon utilization of services. The rate schedule by which COT bills agencies for IT services is reviewed annually and adjusted as necessary to accurately reflect actual cost. By consolidating infrastructure services and purchases of equipment and software licenses, COT is able to provide many basic services at very competitive rates.

Executive Order 2012-880 directed that operational control and management of all information technology infrastructure services for the Executive Branch be consolidated under COT. Infrastructure services include computing equipment, server, storage, network, desktop support, telephony, IT facilities and enterprise-level shared systems, IT security, disaster recovery and business continuity, database administration, software licensing, and related planning, administration, asset management, and procurement. The consolidation of IT infrastructure services required the transfer of 218 IT infrastructure employees from various state agencies to COT. The Executive Order also created the position of Chief Information Officer (CIO) as the head of COT and made the CIO a member of the Governor's Executive Cabinet.

Finance and Administration

Revenue

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	87,642,700	99,353,900	107,872,900	84,876,600	85,468,300
Total General Fund	87,642,700	99,353,900	107,872,900	84,876,600	85,468,300
Tobacco Fund					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
Total Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Funds					
Balance Forward	6,180,600	3,895,000	2,082,000	3,432,300	1,779,400
Current Receipts	10,770,500	10,770,500	10,770,500	10,880,100	10,881,200
Total Restricted Funds	16,951,100	14,665,500	12,852,500	14,312,400	12,660,600
Road Fund					
Regular Appropriation	2,970,600	2,970,600	2,970,600	3,078,000	3,097,800
Total Road Fund	2,970,600	2,970,600	2,970,600	3,078,000	3,097,800
TOTAL SOURCE OF FUNDS	107,814,400	117,240,000	123,946,000	102,517,000	101,476,700
EXPENDITURES BY CLASS					
Personnel Costs	66,666,100	79,468,400	83,167,000	67,746,600	68,494,600
Operating Expenses	33,772,100	35,689,600	35,630,400	32,991,000	32,982,100
Debt Service			4,954,000		
TOTAL EXPENDITURES	100,438,200	115,158,000	123,751,400	100,737,600	101,476,700
EXPENDITURES BY FUND SOURCE					
General Fund	83,698,800	99,353,900	107,872,900	84,876,600	85,468,300
Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Funds	13,518,800	12,583,500	12,657,900	12,533,000	12,660,600
Road Fund	2,970,600	2,970,600	2,970,600	3,078,000	3,097,800
TOTAL EXPENDITURES	100,438,200	115,158,000	123,751,400	100,737,600	101,476,700
EXPENDITURES BY UNIT					
Commissioner's Office	29,977,900	37,569,900	42,593,300	30,222,400	30,243,700
Property Valuation	7,391,600	7,885,400	8,259,700	7,398,100	7,473,000
Field Operations	14,519,500	15,505,900	16,279,900	14,309,900	14,466,300
Income Taxation	8,776,700	9,758,200	10,242,800	8,894,400	8,992,700
Sales and Excise Taxes	8,748,700	8,839,200	9,216,300	8,825,300	8,897,100
Processing and Enforcement	31,023,800	35,599,400	37,159,400	31,087,500	31,403,900
TOTAL EXPENDITURES	100,438,200	115,158,000	123,751,400	100,737,600	101,476,700

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of over 40 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

The Commissioner's Office includes the Division of Special Investigations, the Security and Disclosure Branch and the Taxpayer Ombudsman. Department-wide costs such as office rent, printing, postage, and information technology are budgeted in this unit.

The Office of Property Valuation monitors and evaluates the real property assessments produced by the 120 locally-elected Property Valuation Administrators (PVAs). The office is charged with assessing the property of public service companies; collecting and distributing personal property taxes; and providing education, training, and technical support to the PVAs and sheriffs.

The Office of Field Operations has 10 regional taxpayer service centers located across the state and is responsible for field audits and providing taxpayer assistance.

The Office of Income Taxation administers individual and business income taxes, including employer withholding. The Office is responsible for technical tax research, compliance, taxpayer assistance, tax-specific training, and publications.

The Office of Sales and Excise Taxes administers sales and use taxes and miscellaneous excise taxes. The Office conducts technical tax research and is responsible for compliance, taxpayer assistance, training and publications.

The Office of Processing and Enforcement receives all tax receipts, returns, refunds, documents and correspondence; registers new businesses; and maintains appropriate storage, retrieval and management of tax records for the Commonwealth.

Policy

The Executive Budget includes General Fund in the amount of \$1,100,000 in each fiscal year for operating costs of the Kentucky Business One-Stop Portal.

Finance and Administration
Property Valuation Administrators

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	43,555,500	53,056,200	55,476,800	42,724,700	43,680,200
Total General Fund	43,555,500	53,056,200	55,476,800	42,724,700	43,680,200
Restricted Funds					
Balance Forward	241,000				
Current Receipts	4,449,000	3,500,000	3,500,000	6,033,300	6,094,800
Total Restricted Funds	4,690,000	3,500,000	3,500,000	6,033,300	6,094,800
TOTAL SOURCE OF FUNDS	48,245,500	56,556,200	58,976,800	48,758,000	49,775,000
EXPENDITURES BY CLASS					
Personnel Costs	45,795,900	56,073,100	58,493,600	48,076,000	49,092,900
Operating Expenses	489,600	483,100	483,200	682,000	682,100
TOTAL EXPENDITURES	46,285,500	56,556,200	58,976,800	48,758,000	49,775,000
EXPENDITURES BY FUND SOURCE					
General Fund	41,595,500	53,056,200	55,476,800	42,724,700	43,680,200
Restricted Funds	4,690,000	3,500,000	3,500,000	6,033,300	6,094,800
TOTAL EXPENDITURES	46,285,500	56,556,200	58,976,800	48,758,000	49,775,000
EXPENDITURES BY UNIT					
Property Valuation Administrators	46,285,500	56,556,200	58,976,800	48,758,000	49,775,000
TOTAL EXPENDITURES	46,285,500	56,556,200	58,976,800	48,758,000	49,775,000

Each of the state's 120 counties has a locally elected Property Valuation Administrator (PVA). The PVA and an appointed staff are responsible for locating, identifying, and assessing at fair market value all taxable real property (land and improvements) and tangible personal property in the county. Tax revenues generated by these assessments are used to fund services provided by the state, cities, counties, and school districts as well as special taxing districts such as fire departments, libraries, extension offices, and refuse disposal services. Funding for PVA offices is provided by state, county, and city governments as well as from sales of maps and other geographic information.

Policy

Pursuant to KRS 132.590, the Executive Budget includes funding for the required increase in Property Valuation Administrators' salaries and educational incentive based on the estimated consumer price index in calendar years 2017 and 2018.

Health and Family Services

Health and Family Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,381,426,800	2,754,720,700	2,987,946,600	2,512,167,400	2,714,506,600
Total General Fund	2,381,426,800	2,754,720,700	2,987,946,600	2,512,167,400	2,714,506,600
Tobacco Fund					
Tobacco Settlement - Phase I	25,036,800	20,556,300	19,977,500	21,492,900	23,954,200
Special Appropriation	682,500				
Continuing Approp-Tob Settlement	5,017,000			2,046,600	
Total Tobacco Fund	30,736,300	20,556,300	19,977,500	23,539,500	23,954,200
Restricted Funds					
Balance Forward	52,321,300	20,803,700	13,695,500	20,803,700	23,211,100
Current Receipts	596,540,300	590,537,500	597,169,600	592,520,800	598,512,200
Non-Revenue Receipts	472,186,800	458,206,800	469,135,000	458,555,700	469,004,500
Fund Transfers				-500,000	500,000
Total Restricted Funds	1,121,048,400	1,069,548,000	1,080,000,100	1,071,380,200	1,091,227,800
Federal Fund					
Balance Forward	63,073,900				
Current Receipts	9,070,805,900	9,447,230,900	9,759,242,800	9,370,930,900	9,651,262,700
Total Federal Fund	9,133,879,800	9,447,230,900	9,759,242,800	9,370,930,900	9,651,262,700
TOTAL SOURCE OF FUNDS	12,667,091,300	13,292,055,900	13,847,167,000	12,978,018,000	13,480,951,300
EXPENDITURES BY CLASS					
Personnel Costs	778,573,100	944,070,500	967,002,200	879,335,700	866,596,900
Operating Expenses	144,196,100	153,317,300	153,724,000	139,707,200	138,042,400
Grants Loans Benefits	11,676,708,400	12,168,108,800	12,691,122,400	11,922,773,000	12,424,125,800
Debt Service	11,257,700	11,587,900	28,244,400	11,715,100	12,145,100
Capital Outlay	2,404,800	1,275,900	1,275,900	1,275,900	1,275,900
TOTAL EXPENDITURES	12,613,140,100	13,278,360,400	13,841,368,900	12,954,806,900	13,442,186,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,350,325,900	2,754,720,700	2,987,946,600	2,512,167,400	2,714,506,600
Tobacco Fund	28,689,700	20,556,300	19,977,500	23,539,500	23,954,200
Restricted Funds	1,100,244,700	1,055,852,500	1,074,202,100	1,048,169,100	1,052,462,600
Federal Fund	9,133,879,800	9,447,230,900	9,759,242,800	9,370,930,900	9,651,262,700
TOTAL EXPENDITURES	12,613,140,100	13,278,360,400	13,841,369,000	12,954,806,900	13,442,186,100
EXPENDITURES BY UNIT					
Health Benefit and Information Exchange	47,627,600	41,986,200	36,615,100	43,028,600	17,413,800
General Administration and Program Support	84,802,900	95,689,100	99,061,900	89,932,600	90,326,400
Health Policy	3,253,200	2,773,700	2,273,700	2,767,100	2,273,200
Aging and Independent Living	70,678,400	84,433,500	84,951,500	70,596,900	70,730,500
Income Support	104,095,200	108,364,100	117,335,100	106,993,100	108,735,300
Public Health	372,026,000	377,260,400	382,521,300	361,317,000	362,276,600
Behavioral Health, Developmental & Intellectual Disabilities	456,032,000	479,902,900	489,814,200	430,876,800	431,676,500
Family Resource Centers and Volunteer Services	4,481,800	13,241,400	13,313,700	6,271,400	6,281,700
Community Based Services	1,020,334,700	1,126,864,600	1,144,497,000	1,049,257,800	1,056,270,000
Medicaid Services	10,431,154,800	10,928,118,500	11,450,487,700	10,773,900,900	11,275,946,300
Comm for Children with Special Health Care Needs	18,653,500	19,726,000	20,497,800	19,864,700	20,255,800
TOTAL EXPENDITURES	12,613,140,100	13,278,360,400	13,841,369,000	12,954,806,900	13,442,186,100

Health and Family Services
General Administration and Program Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,713,600	35,975,800	38,327,600	30,510,500	31,065,700
Total General Fund	28,713,600	35,975,800	38,327,600	30,510,500	31,065,700
Restricted Funds					
Balance Forward	3,940,900	1,114,500	646,500	1,114,500	
Current Receipts	7,062,200	8,335,400	9,038,700	8,335,400	9,038,700
Non-Revenue Receipts	6,911,600	7,011,600	7,011,700	7,011,600	7,011,700
Fund Transfers				500,000	500,000
Total Restricted Funds	17,914,700	16,461,500	16,696,900	16,961,500	16,550,400
Federal Fund					
Balance Forward	4,160,200				
Current Receipts	36,421,000	43,898,300	44,217,100	42,460,600	42,710,300
Total Federal Fund	40,581,200	43,898,300	44,217,100	42,460,600	42,710,300
TOTAL SOURCE OF FUNDS	87,209,500	96,335,600	99,241,600	89,932,600	90,326,400
EXPENDITURES BY CLASS					
Personnel Costs	54,251,200	63,260,900	65,246,400	61,603,300	61,986,900
Operating Expenses	30,317,200	32,193,700	32,248,000	27,988,800	27,787,000
Grants Loans Benefits	156,000	156,000	156,000	156,000	156,000
Debt Service			1,333,000	106,000	318,000
Capital Outlay	78,500	78,500	78,500	78,500	78,500
TOTAL EXPENDITURES	84,802,900	95,689,100	99,061,900	89,932,600	90,326,400
EXPENDITURES BY FUND SOURCE					
General Fund	27,421,500	35,975,800	38,327,600	30,510,500	31,065,700
Restricted Funds	16,800,200	15,815,000	16,517,200	16,961,500	16,550,400
Federal Fund	40,581,200	43,898,300	44,217,100	42,460,600	42,710,300
TOTAL EXPENDITURES	84,802,900	95,689,100	99,061,900	89,932,600	90,326,400
EXPENDITURES BY UNIT					
Administrative Support	62,864,900	67,016,200	69,876,900	64,349,200	64,909,800
Inspector General	21,938,000	28,672,900	29,185,000	25,583,400	25,416,600
TOTAL EXPENDITURES	84,802,900	95,689,100	99,061,900	89,932,600	90,326,400

General Administration and Program Support consists of Administrative Support and the Office of the Inspector General.

The Administrative Support area includes the Office of the Secretary, the Office of Legal Services, the Office of Communications and Administrative Review, the Office of Human Resource Management, the Office of Policy and Budget, the Office of Administrative and Technology Services, and the Office of the Ombudsman. These offices provide policy, administrative, legal, financial, technological, and personnel support services to the program areas of the Cabinet.

The Inspector General (OIG) provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation. The OIG has three major functions; 1) Audits and Investigations, 2) Child Care Licensing and Regulation, and 3) Health Care Licensing.

Policy

The Executive Budget includes General Fund in the amount of \$106,000 in fiscal year 2016-2017 and \$318,000 in fiscal year 2017-2018 to support new bonds as set forth in Part II, Capital Projects Budget.

Health and Family Services
General Administration and Program Support
Administrative Support

SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
General Fund					
Regular Appropriation	25,484,300	27,203,300	29,483,500	24,321,900	24,649,300
Total General Fund	25,484,300	27,203,300	29,483,500	24,321,900	24,649,300
Restricted Funds					
Balance Forward	496,000	327,300	163,600	327,300	
Current Receipts	5,233,800	4,620,300	4,620,300	4,620,300	4,620,300
Non-Revenue Receipts	6,936,600	7,036,600	7,036,700	7,036,600	7,036,700
Fund Transfers				500,000	500,000
Total Restricted Funds	12,666,400	11,984,200	11,820,600	12,484,200	12,157,000
Federal Fund					
Balance Forward	3,462,400				
Current Receipts	22,725,800	27,992,300	28,572,800	27,543,100	28,103,500
Total Federal Fund	26,188,200	27,992,300	28,572,800	27,543,100	28,103,500
TOTAL SOURCE OF FUNDS	64,338,900	67,179,800	69,876,900	64,349,200	64,909,800
EXPENDITURES BY CLASS					
Personnel Costs	35,251,200	37,689,800	39,216,700	38,925,500	39,624,700
Operating Expenses	27,535,200	29,247,900	29,248,700	25,239,200	24,888,600
Debt Service			1,333,000	106,000	318,000
Capital Outlay	78,500	78,500	78,500	78,500	78,500
TOTAL EXPENDITURES	62,864,900	67,016,200	69,876,900	64,349,200	64,909,800
EXPENDITURES BY FUND SOURCE					
General Fund	24,337,600	27,203,300	29,483,500	24,321,900	24,649,300
Restricted Funds	12,339,100	11,820,600	11,820,600	12,484,200	12,157,000
Federal Fund	26,188,200	27,992,300	28,572,800	27,543,100	28,103,500
TOTAL EXPENDITURES	62,864,900	67,016,200	69,876,900	64,349,200	64,909,800

Administrative Support provides funding for eight organizational units within the Cabinet for Health and Family Services (CHFS) including the Office of the Secretary, the Office of Legal Services, the Office of Communications and Administrative Review, the Office of Human Resource Management, the Office of Policy and Budget, the Office of Administrative and Technology Services, and the Office of the Ombudsman.

The Secretary provides oversight and leadership for the Cabinet and its programs.

Legal Services provides legal guidance and assistance to all units of the Cabinet in any legal action in which it may be involved. This office provides legal representation for the Cabinet in federal courts, state courts, and before quasi-judicial and administrative bodies; administers all personal service contracts of the Cabinet for legal services; assists in drafting and reviewing legislation, regulations, statutes, and other legal documents and instruments; and provides the Secretary, Commissioners, and Directors in the Cabinet with the legal guidance and representation necessary for them to properly administer the Cabinet's programs.

Communications and Administrative Review is responsible for providing qualified administrative law judges/hearing officials to conduct administrative hearings related to Cabinet matters, overseeing and monitoring legislative activities, and representing the Cabinet in matters of public information, including media inquiries, open records requests, press releases, public relations, and internal communications.

Human Resource Management serves all Cabinet employees and programs and provides payroll and health benefits administration, equal employment opportunity compliance, and professional development and training activities. This office serves as the Cabinet's appointing authority and performs all the duties, responsibilities and functions required to maintain an effective and efficient personnel management system in accordance with the Kentucky Revised Statutes, Kentucky Administrative Regulations, and the policy guidelines of the Secretary of the Cabinet.

Policy and Budget is responsible for the coordination of budgetary, administrative and legislative activities of the Cabinet's

agencies on behalf of the Office of the Secretary. This Office reviews and coordinates activities related to programmatic issues across agency lines within the Cabinet as well as with other state agencies outside the Cabinet, including the Governor's Office for Policy and Management, the Finance and Administration Cabinet and the Legislative Branch of government. Functional areas of oversight include contract monitoring, grants, administrative regulations, legislation and budget.

Administrative and Technology Services consists of Cabinet functions related to accounting, facilities management, procurement, and technology services. Accounting services is responsible for tracking of accounting and payments including travel for the Cabinet; filing required financial reports, including federal cash management activities; responding to audits of the Cabinet's programs, and providing maintenance and security of the accounting systems. Facility Services is responsible for monitoring all facilities of the Cabinet, including space design and utilization, establishment, monitoring, and reporting on safety programs, property insurance, claims processing, preparation and maintenance of the Cabinet's Six-Year Capital Plan; coordinating, tracking, and monitoring capital construction projects; tracking and reporting on the Cabinet's physical assets and public records. Procurement services oversees the purchasing and procurement process, provides technical support to Cabinet staff in procurement and contracting procedures, and ensures compliance with all applicable statutes, regulations, policy, and procedures related to procurement. Technology Services provides technology resources for the Cabinet, including the development, operation, and security of the extensive statewide application systems that support direct delivery of frontline services.

The Ombudsman answers questions from recipients of CHFS programs and provides information to the public about CHFS programs. The Office also investigates customer complaints and works with CHFS management to resolve them. The Ombudsman advises CHFS management regarding patterns of complaints and recommends corrective action when appropriate. Staff conducts federally mandated management evaluation and access reviews for the food stamp program and assists in writing county and regional corrective action plans. The Ombudsman is responsible for determining administrative hearing eligibility related to service complaints regarding the Department for Community Based Services Protection and Permanency cases and requests to appeal child abuse and/or child neglect substantiations. The CHFS Institutional Review Board for the Protection of Human Subjects is housed within the Office of the Ombudsman. The Board reviews and approves all research projects conducted by CHFS or involving CHFS clients or employees as subjects to ensure that the safety and welfare of the research subjects is protected.

**Health and Family Services
General Administration and Program Support**

Inspector General

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,229,300	8,772,500	8,844,100	6,188,600	6,416,400
Total General Fund	3,229,300	8,772,500	8,844,100	6,188,600	6,416,400
Restricted Funds					
Balance Forward	3,444,900	787,200	482,900	787,200	
Current Receipts	1,828,400	3,715,100	4,418,400	3,715,100	4,418,400
Non-Revenue Receipts	-25,000	-25,000	-25,000	-25,000	-25,000
Total Restricted Funds	5,248,300	4,477,300	4,876,300	4,477,300	4,393,400
Federal Fund					
Balance Forward	697,800				
Current Receipts	13,695,200	15,906,000	15,644,300	14,917,500	14,606,800
Total Federal Fund	14,393,000	15,906,000	15,644,300	14,917,500	14,606,800
TOTAL SOURCE OF FUNDS	22,870,600	29,155,800	29,364,700	25,583,400	25,416,600
EXPENDITURES BY CLASS					
Personnel Costs	19,000,000	25,571,100	26,029,700	22,677,800	22,362,200
Operating Expenses	2,782,000	2,945,800	2,999,300	2,749,600	2,898,400
Grants Loans Benefits	156,000	156,000	156,000	156,000	156,000
TOTAL EXPENDITURES	21,938,000	28,672,900	29,185,000	25,583,400	25,416,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,083,900	8,772,500	8,844,100	6,188,600	6,416,400
Restricted Funds	4,461,100	3,994,400	4,696,600	4,477,300	4,393,400
Federal Fund	14,393,000	15,906,000	15,644,300	14,917,500	14,606,800
TOTAL EXPENDITURES	21,938,000	28,672,900	29,185,000	25,583,400	25,416,600

The Inspector General has three divisions: the Division of Audits and Investigations, the Division of Regulated Child Care, and the Division of Health Care. The general authority for the Office of the Inspector General is codified within KRS 194A.030.

The Division of Audits and Investigations examine Cabinet programs to assess contractor compliance with state and federal laws and regulations. In accordance with KRS 194A.030, the Division is responsible for conducting audits of programs within the Cabinet for Health and Family Services, their grantees and contractors. Investigations are conducted to detect fraud or abuse of any program by any client, or vendor of services with whom the Cabinet has contracted. Special investigations may be requested by the Secretary, commissioners, or agency heads into matters related to the Cabinet and its programs. Any information relevant to possible criminal violations is forwarded to the appropriate prosecuting authority. The agency operates a toll-free welfare and Medicaid fraud and abuse hotline (mandated by KRS 205.8483 and 42 CFR 455), conducts investigations of Women, Infants, and Children program vendors, and collects and reports data on assistance program fraud investigations by the Office of the Inspector General and the Office of the Attorney General. The Kentucky All Schedule Prescription Enforcement Reporting or KASPER system is also maintained here.

Regulated Child Care is charged with licensing certified Family Day Care homes, licensed day care centers (Type I and II), child caring facilities, child-placing agencies, and private adoptive service agencies. This includes initial licensure surveys, yearly re-licensure surveys, and complaint surveys.

Health Care Licensing is responsible for inspecting, monitoring, licensing and certifying all health care facilities as defined by KRS 216.510 (1). On-site inspections are conducted of all health facilities and services throughout the state (including nursing homes, hospitals and laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. Allegations of abuse and neglect that may occur in a licensed health facility are also investigated.

Policy

The Executive Budget includes a fund source replacement of General Fund in the amount of \$3,100,000 in fiscal year 2016-2017 and \$3,300,000 in fiscal year 2017-2018 for the Kentucky All Schedule Prescription Electronic Reporting System (KASPER). KASPER is a vital tool for public health and safety by helping prescribers, dispensers, law enforcement officers and authorized regulatory agencies to address prescription drug abuse and diversion in Kentucky.

The Executive Budget provides \$3,800 in fiscal year 2016-2017 and \$3,900 in fiscal year 2017-2018 from the General Fund to support implementation of a new minimum salary plan to assist with retention of social workers.

Health and Family Services
Commission for Children with Special Health Care Needs

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,587,200	5,587,200	5,587,200	5,711,100	5,824,800
Total General Fund	5,587,200	5,587,200	5,587,200	5,711,100	5,824,800
Restricted Funds					
Balance Forward	5,397,400	3,775,400	2,221,800	3,775,400	1,207,000
Current Receipts	9,586,000	8,279,100	8,917,900	8,279,100	8,917,900
Non-Revenue Receipts	-2,456,400	-260,000	-260,000	-260,000	-260,000
Fund Transfers				-1,000,000	
Total Restricted Funds	12,527,000	11,794,500	10,879,700	10,794,500	9,864,900
Federal Fund					
Current Receipts	4,566,100	4,566,100	4,566,100	4,566,100	4,566,100
Total Federal Fund	4,566,100	4,566,100	4,566,100	4,566,100	4,566,100
TOTAL SOURCE OF FUNDS	22,680,300	21,947,800	21,033,000	21,071,700	20,255,800
EXPENDITURES BY CLASS					
Personnel Costs	14,661,500	15,911,100	16,735,800	15,403,200	17,388,800
Operating Expenses	1,896,800	1,911,100	1,915,700	2,557,700	1,020,700
Grants Loans Benefits	2,033,700	1,842,300	1,784,800	1,842,300	1,784,800
Capital Outlay	61,500	61,500	61,500	61,500	61,500
TOTAL EXPENDITURES	18,653,500	19,726,000	20,497,800	19,864,700	20,255,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,335,800	5,587,200	5,587,200	5,711,100	5,824,800
Restricted Funds	8,751,600	9,572,700	10,344,500	9,587,500	9,864,900
Federal Fund	4,566,100	4,566,100	4,566,100	4,566,100	4,566,100
TOTAL EXPENDITURES	18,653,500	19,726,000	20,497,800	19,864,700	20,255,800
EXPENDITURES BY UNIT					
Children's Health Services	18,653,500	19,726,000	20,497,800	19,864,700	20,255,800
TOTAL EXPENDITURES	18,653,500	19,726,000	20,497,800	19,864,700	20,255,800

The Commission for Children with Special Health Care Needs (CCSHCN) has over 91 years of experience in providing care for children with a variety of special needs. The mission of the Commission for Children with Special Health Care Needs (CCSHCN) is to enhance the quality of life for Kentucky's children with special health care needs through quality service, leadership, advocacy, education and collaboration with community partners to ensure that services to children are comprehensive, community-based, family-centered and coordinated. CCSHCN supports the highest quality of life for Kentucky's children with special health care needs and their families through collaboration and facilitation of an easily accessible community based system of support. Improved communication across the service delivery system is a high priority goal to avoid duplication while improving access to quality services.

CCSHCN is charged with planning, developing, providing, and evaluating the public statewide system of care for children with special health care needs and providing early hearing and detection intervention services. CCSHCN works collaboratively with other agencies to assure services to children with disabilities are comprehensive, community-based, family-centered, and coordinated, thus avoiding duplication and fragmentation of the service delivery system. Accessibility is a key component of the delivery system. The program provides an array of preventative, diagnostic, and treatment services for special needs children and youth under 21 including: medical care, hospitalization, medications, durable medical goods, case management, therapy, transportation, and nutritional education. Because rapid advances in medical science have enabled over 90 percent of youth with disabilities and chronic conditions to reach adulthood, the program has expanded its focus to include services and supports for academic achievement, transition from education to employment, from pediatric to adult health care, and to independent living. Because health care is so critical to learning and success in school, CCSHCN has an active partnership with the Kentucky Department of Education and other health, education, and social services providers to support children and youth and families and their schools. The Early Hearing Detection and Intervention Program provides surveillance and support for statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The Hemophilia Program provides medical and social services to children and adults

with blood disorders. The Foster Care Program represents a collaborative effort with the Department of Community Based Services to provide medical consultation services to the foster care support program by making regular home visits to the entire population of medically fragile foster care children and acting as onsite, medical resources for the social workers charged with responsibility for both children who are currently in the child welfare system and those who may be at risk for entering that system.

The family's financial status can play a role in determining whether the child is accepted into the Children with Special Health Care Needs Program and/or Hemophilia Program. All programs serve children and youth with or at-risk for special health care needs under age 21, with the exception of the Hemophilia Program, which also serves adults. The direct service programs require that specific medical eligibility requirements be met. For families with incomes less than 213% of the federal poverty level, a sliding scale is applied to determine the amount the family must contribute for treatment. Eligible children and youth in families with incomes in excess of 213% of federal poverty level also can receive services if they reside in medically under-served areas of the state, would benefit from a multidisciplinary approach to care, and/or are underinsured in the areas of hearing aids, durable medical equipment or nutritional supplements. These families are required to reimburse CSHCN for the entire costs of their treatment, but are able to take advantage of the Commission's negotiated rates with contracted medical providers.

Policy

The Executive Budget provides \$14,100 in fiscal year 2016-2017 and \$14,300 in fiscal year 2017-2018 from the General Fund to support implementation of a new minimum salary plan to assist with retention of social workers.

Health and Family Services

Medicaid Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,611,591,800	1,867,793,200	2,068,372,600	1,799,007,700	1,998,180,000
Total General Fund	1,611,591,800	1,867,793,200	2,068,372,600	1,799,007,700	1,998,180,000
Restricted Funds					
Balance Forward	2,217,500				
Current Receipts	92,274,300	94,504,300	96,734,300	94,504,300	96,734,300
Non-Revenue Receipts	498,923,800	436,656,800	449,087,500	436,656,800	449,087,500
Total Restricted Funds	593,415,600	531,161,100	545,821,800	531,161,100	545,821,800
Federal Fund					
Balance Forward	32,215,700				
Current Receipts	8,193,931,700	8,529,164,200	8,836,293,300	8,443,732,100	8,731,944,500
Total Federal Fund	8,226,147,400	8,529,164,200	8,836,293,300	8,443,732,100	8,731,944,500
TOTAL SOURCE OF FUNDS	10,431,154,800	10,928,118,500	11,450,487,700	10,773,900,900	11,275,946,300
EXPENDITURES BY CLASS					
Personnel Costs	91,935,700	192,391,200	192,768,900	161,786,500	163,196,000
Operating Expenses	2,411,100	4,054,200	4,069,900	2,785,800	2,801,200
Grants Loans Benefits	10,336,808,000	10,731,667,000	11,253,642,800	10,609,322,500	11,109,943,000
Capital Outlay		6,100	6,100	6,100	6,100
TOTAL EXPENDITURES	10,431,154,800	10,928,118,500	11,450,487,700	10,773,900,900	11,275,946,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,611,591,800	1,867,793,200	2,068,372,600	1,799,007,700	1,998,180,000
Restricted Funds	593,415,600	531,161,100	545,821,800	531,161,100	545,821,800
Federal Fund	8,226,147,400	8,529,164,200	8,836,293,300	8,443,732,100	8,731,944,500
TOTAL EXPENDITURES	10,431,154,800	10,928,118,500	11,450,487,700	10,773,900,900	11,275,946,300
EXPENDITURES BY UNIT					
Medicaid Administration	128,508,500	235,332,300	235,087,500	195,481,300	196,268,000
Medicaid Benefits	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300
TOTAL EXPENDITURES	10,431,154,800	10,928,118,500	11,450,487,700	10,773,900,900	11,275,946,300

Medicaid Services is comprised of two appropriation units: Administration and Benefits. Additionally, two major programs operate within each of those appropriation units: the Kentucky Medical Assistance program (regular Medicaid program) and the Kentucky Children's Health Insurance program (KCHIP).

The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. Providers are reimbursed directly on a fee-for-service basis or indirectly through contractual arrangements with managed care organizations who receive a monthly capitation payment for each enrolled recipient. Eligibility for services is determined by staff in each county through a contractual agreement with the Department for Community Based Services. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration.

KCHIP provides for comprehensive physical and behavioral health services for uninsured children up to 200 percent of the federal poverty level who are not otherwise eligible for Medicaid.

**Health and Family Services
Medicaid Administration**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,398,600	59,811,500	58,818,700	41,085,800	40,549,800
Total General Fund	33,398,600	59,811,500	58,818,700	41,085,800	40,549,800
Restricted Funds					
Balance Forward	1,247,300				
Current Receipts	29,000	29,000	29,000	29,000	29,000
Non-Revenue Receipts	16,123,700	10,372,600	10,372,600	10,372,600	10,372,600
Total Restricted Funds	17,400,000	10,401,600	10,401,600	10,401,600	10,401,600
Federal Fund					
Balance Forward	19,690,100				
Current Receipts	58,019,800	165,119,200	165,867,200	143,993,900	145,316,600
Total Federal Fund	77,709,900	165,119,200	165,867,200	143,993,900	145,316,600
TOTAL SOURCE OF FUNDS	128,508,500	235,332,300	235,087,500	195,481,300	196,268,000
EXPENDITURES BY CLASS					
Personnel Costs	91,935,700	192,391,200	192,768,900	161,786,500	163,196,000
Operating Expenses	2,411,100	4,054,200	4,069,900	2,785,800	2,801,200
Grants Loans Benefits	34,161,700	38,880,800	38,242,600	30,902,900	30,264,700
Capital Outlay		6,100	6,100	6,100	6,100
TOTAL EXPENDITURES	128,508,500	235,332,300	235,087,500	195,481,300	196,268,000
EXPENDITURES BY FUND SOURCE					
General Fund	33,398,600	59,811,500	58,818,700	41,085,800	40,549,800
Restricted Funds	17,400,000	10,401,600	10,401,600	10,401,600	10,401,600
Federal Fund	77,709,900	165,119,200	165,867,200	143,993,900	145,316,600
TOTAL EXPENDITURES	128,508,500	235,332,300	235,087,500	195,481,300	196,268,000
EXPENDITURES BY UNIT					
Medical Assistance Administration	114,789,700	232,307,000	231,962,100	192,462,700	193,156,600
KCHIP Administration	13,718,800	3,025,300	3,125,400	3,018,600	3,111,400
TOTAL EXPENDITURES	128,508,500	235,332,300	235,087,500	195,481,300	196,268,000

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization of medical services, and managed care oversight. For the fee for service elements of the program, claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. For the managed care elements of the program, a monthly capitation fee for each member is paid. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities.

The Department for Community Based Services performs the eligibility determination function on behalf of the Department for Medicaid Services through a contractual arrangement. The Department for Medicaid Services also administers KCHIP, a program to provide health care services for uninsured children with family incomes below 200 percent of the federal poverty level but above the federal income level for the Medicaid Program.

Policy

The Executive Budget includes General Fund of \$7,300,000 in fiscal year 2017 and \$6,700,000 in fiscal year 2017-2018 for the development and implementation of a Medicaid Enterprise Management System (MEMS). The state will draw an enhanced federal match in the amount of \$27,865,900 in fiscal year 2016-2017 and \$26,317,400 in fiscal year 2017-2018.

Health and Family Services

Medicaid Benefits

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,578,193,200	1,807,981,700	2,009,553,900	1,757,921,900	1,957,630,200
Total General Fund	1,578,193,200	1,807,981,700	2,009,553,900	1,757,921,900	1,957,630,200
Restricted Funds					
Balance Forward	970,200				
Current Receipts	92,245,300	94,475,300	96,705,300	94,475,300	96,705,300
Non-Revenue Receipts	482,800,100	426,284,200	438,714,900	426,284,200	438,714,900
Total Restricted Funds	576,015,600	520,759,500	535,420,200	520,759,500	535,420,200
Federal Fund					
Balance Forward	12,525,600				
Current Receipts	8,135,911,900	8,364,045,000	8,670,426,100	8,299,738,200	8,586,627,900
Total Federal Fund	8,148,437,500	8,364,045,000	8,670,426,100	8,299,738,200	8,586,627,900
TOTAL SOURCE OF FUNDS	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300
TOTAL EXPENDITURES	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,578,193,200	1,807,981,700	2,009,553,900	1,757,921,900	1,957,630,200
Restricted Funds	576,015,600	520,759,500	535,420,200	520,759,500	535,420,200
Federal Fund	8,148,437,500	8,364,045,000	8,670,426,100	8,299,738,200	8,586,627,900
TOTAL EXPENDITURES	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300
EXPENDITURES BY UNIT					
Medicaid Benefits	10,014,018,300	10,473,645,600	10,980,741,600	10,359,279,000	10,845,019,700
KCHIP Benefits	288,628,000	219,140,600	234,658,600	219,140,600	234,658,600
TOTAL EXPENDITURES	10,302,646,300	10,692,786,200	11,215,400,200	10,578,419,600	11,079,678,300

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for Medicaid eligibility. The following services are currently provided by Kentucky's Medicaid program: Inpatient Hospital, Mental Hospital (for individuals under age 21 and age 65 and over), Renal Dialysis, Model Waiver II (home based services for individuals who are ventilator dependent), Psychiatric Residential Treatment Facilities (8-9 bed group homes for adolescents needing psychiatric residential services), Outpatient Hospital (including Emergency Room), Ambulatory Surgical Centers, HANDS (home visiting services for new and expectant parents), Specialized Children's Services Clinics (sexual abuse examinations), School-Based Services (Medicaid coverage for health services provided by schools to children with disabilities), Commission for Children with Special Health Care Needs, Intermediate Care Facility Services for Individuals with Intellectual Disabilities-ICF/IID (residential habilitation for Medicaid recipients with intellectual disabilities), Nursing Facility Services (residential placement for the elderly and/or disabled), Preventative Services (health care) through the Local Health Departments, Early Intervention Services for Infants through age 2 with developmental problems, Early and Periodic Screening, Diagnosis and Treatment Services (EPSDT) which is preventive health care for children under 21 and coverage of any Federally-allowable, medically necessary Medicaid service for children, even if the service is not covered by the state's Medicaid plan, Chiropractic, X-ray and Laboratory Services, Physical, Occupational and Speech Therapy, Durable Medical Equipment (DME), Federally Qualified Health Centers, (FQHC), Primary Care Centers (PCC), Community Mental Health Centers (CMHC), Rural Health Centers, Family Planning, Home Health services, Supports for Community Living –SCL (long term community services and supports for individuals with intellectual disabilities), Home and Community Based Waiver – HCBS (long term community services and supports for individuals who meet nursing facility level of care), Adult Day Health Care, Brain Injury Waiver Services (long term community services and supports for individuals with acquired brain injuries), Michelle P. Waiver services (long term community services and supports for individuals with intellectual or developmental disabilities), Nurse Anesthetist, Hospice, Transportation (Non-Emergency and Emergency/Ambulance), Pharmacy, Vision Care, Dental, Physician Services, Nurse Practitioner/Midwife, Audiology Services, Podiatry, Comprehensive Outpatient Rehabilitative Facilities (CORF), Distinct Psychiatric Units in hospitals, Distinct Rehabilitative Units in hospitals, Physicians Assistants, Private Duty Nursing Services, Behavioral health (mental

health or substance use disorder services) provided by licensed practitioners, practitioner groups and licensed organizations, Targeted Case Management for individuals with serious mental health or substance abuse disorders, Medicare Premiums, Medicare beneficiaries with incomes below the federal poverty level receive Medicaid assistance for payment of Medicare premiums, deductibles and cost sharing. These individuals are Qualified Medicare Beneficiaries (QMBs). Individuals at the lowest income levels are entitled to full Medicaid benefits. Medicare beneficiaries with income levels slightly higher than poverty receive Medicaid assistance for payment of Medicare premiums. These individuals are Specified Low-Income Medicare Beneficiaries (SLMBs).

Effective January 1, 2014, the federal Patient Protection and Affordable Care Act (ACA) changed the basis for Medicaid eligibility from eligibility categories tied to deprivation to income-based eligibility, with household income for most beneficiaries determined by the Modified Adjusted Gross Income (MAGI) reported on income tax returns. ACA also simplified and streamlined eligibility processes for most beneficiaries. ACA required states with Medicaid benchmark benefit packages, including Kentucky, to align their Medicaid benefits with the ten essential health benefits mandated by ACA and defined by the benchmark plan adopted for the state’s health benefit exchange (the 2012 Anthem PPO plan for Kentucky). This required Kentucky to add substance use treatment services and private duty nursing to its benefit package for all Medicaid beneficiaries. Prior to ACA, Kentucky Medicaid only covered substance use treatment for children and pregnant women. Kentucky adopted the ACA adult Medicaid eligibility expansion which extends Medicaid eligibility to individuals in households with income at or below 138% of the federal poverty level (FPL).

**Medicaid Enrollment
Projections FY 2016-18**

	MCO (Traditional Medicaid)	MCO (Medicaid Expansion)	MCO (KCHIP)	Fee For Service (FFS)	Grand Total
SFY_16	743,211	420,817	74,468	119,801	1,358,297
SFY_17	766,891	428,947	76,631	121,997	1,394,466
SFY_18	786,953	435,202	78,392	122,653	1,423,200

The Medicaid Expansion population for fiscal year 2015 was 391,934. The fiscal year 2014-2015 enrollment projections from the 2014 Whitepaper Report was 393,337. Medicaid forecasted eligibles and Whitepaper projected eligibles for each fiscal year also closely align.

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Based on the eligibility changes in ACA, individuals who are eligible for KMAP benefits are classified into two groups: the Modified Adjusted Gross Income (MAGI) eligibility group and the non-MAGI eligibility group.

The **MAGI eligibility group** includes children and non-disabled adults under age 65. Specifically, this group includes children, pregnant women, caretaker relatives of children eligible for Medicaid, the new adult Medicaid expansion eligibility group authorized by ACA and former foster care children who are eligible for Medicaid up to age 26, as mandated by ACA. Eligibility for each of these groups is based on the following income levels: pregnant women and infants under one year of age – 200% of the Federal Poverty Level (FPL); children from one to eighteen years of age: 147% FPL; the new adult Medicaid expansion eligibility group: 138% FPL. Former foster care children are eligible for Medicaid up to age 26 regardless of their income.

The **non-MAGI eligibility group** includes aged, blind and disabled individuals whose eligibility is associated with their health status and who are subject to resource requirements as well as income limits in establishing Medicaid eligibility.

Projecting Benefits Cost

Forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared cash forecasts to arrive at a consensus forecast. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures, adjusting for policy changes. It should be noted that fewer members and services remain under fee-for-service due to the expansion of managed care which was implemented November 1, 2011. Using member eligibility information, historical monthly cash fee-for-service data was classified as either fee-for-service or managed care. Managed care costs were calculated based on the monthly member forecast and the negotiated rates with the contracted managed care organizations. The managed care portion of the budget does not include individual categories of service; therefore, total projected costs for individual services cannot be determined.

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the

General Fund, approximately 25 percent of the program's fiscal year 2015 and 20 percent of the program's fiscal year 2016 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, Intermediate Care Facilities for Persons with Intellectual Disabilities, providers of alternative community services and long-term care facilities. The recommended budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The budget includes funding for Disproportionate Share Hospital (DSH) payments equal to the maximum amount established by federal law. Disproportionate Share Hospital payments to state mental hospitals are budgeted in each year of the biennium. This budget includes funds transferred from the university teaching hospitals to be used as state matching funds for the portion of DSH funds received by those facilities.

Managed Care

The budget request assumes that Medicaid services are provided statewide by five (5) contracted Managed Care Organizations (MCOs): Anthem, Aetna (Coventry Cares), Humana CareSource, Passport, and Wellcare. Recipients in long term care facilities and waiver programs are excluded from managed care enrollment.

Benefit Match Rate

The budget request assumes a federal medical assistance percentage of 70.43 for state fiscal year 2016-2017 and 70.46 percent for fiscal year 2017-2018 for eligibility groups other than the ACA Medicaid expansion group for most budget items. The federal medical assistance percentage for the Medicaid expansion eligibility group authorized by the ACA is 100% for state fiscal years 2014-2015 and 2015-2016. In calendar year 2017, the ACA federal match drops from 100% to 95% (impacts six months of fiscal year 2016-2017 and six months of fiscal year 2017-2018) and drops to 94% in calendar year 2018 (impacts six months of fiscal year 2018). The federal Medicaid match rate for KCHIP for state fiscal year 2015-2016 effective 10/1/15 and beyond is calculated at 100 percent.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and currently serves eligible children up to 213 percent of the federal poverty level.

Funding for CHIP was again reauthorized for federal fiscal years 2016 and 2017. The Affordable Care Act (ACA) increased the CHIP match rate by an additional 23 percentage points beginning October 1, 2015 through September 30, 2019, resulting in a 100% Federal match rate for CHIP benefits in Kentucky. ACA presumed that CHIP would be reauthorized through this period.

Policy

The Executive Budget includes General Fund of \$814,400 in fiscal year 2016-2017 and \$2,603,000 in fiscal year 2017-2018 to continue the roll-out of the Supports for Community Living program. There will be 41 slots added in fiscal year 2016-2017 and an additional 130 slots added in fiscal year 2017-2018 for a total of 171 slots added over the biennium.

The Executive Budget includes General Fund of \$946,100 in fiscal year 2016-2017 and \$1,989,000 in fiscal year 2017-2018 to continue the roll-out of the Michelle P program. There will be 83 slots added in fiscal year 2016-2017 and an additional 166 slots added in fiscal year 2017-2018 for a total of 249 slots added over the biennium.

The current Medicaid program which includes an additional 400,000 recipients since the implementation of the Affordable Care Act, is financially unsustainable. The program cannot remain on the current trajectory. Therefore, it is the policy of the Commonwealth to work with the federal government to determine their willingness to grant the necessary waivers to transform the program, tailored specifically to meet Kentucky's needs. The proposed solution will focus on improving health outcomes, encouraging personal responsibility, eliminating waste, fraud and abuse in the program and, ultimately, will be designed in a manner that is financially sustainable.

The Department for Medicaid Services plans to pursue a waiver from the federal Centers for Medicare and Medicaid Services to impose cost-sharing measures on Medicaid recipients through premiums and co-pays.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	194,854,000	231,432,800	241,344,100	180,371,200	180,846,400
Total General Fund	194,854,000	231,432,800	241,344,100	180,371,200	180,846,400
Tobacco Fund					
Tobacco Settlement - Phase I	891,400	891,400	891,400	891,400	891,400
Continuing Approp-Tob Settlement	216,100				
Total Tobacco Fund	1,107,500	891,400	891,400	891,400	891,400
Restricted Funds					
Balance Forward	20,396,100	6,239,200	4,679,400	6,239,200	4,679,400
Current Receipts	208,749,000	200,982,500	200,982,500	202,903,700	203,206,900
Non-Revenue Receipts	4,795,600	4,906,900	4,906,900	4,934,800	4,940,000
Total Restricted Funds	233,940,700	212,128,600	210,568,800	214,077,700	212,826,300
Federal Fund					
Current Receipts	40,630,800	40,129,500	40,129,500	40,215,900	40,232,000
Total Federal Fund	40,630,800	40,129,500	40,129,500	40,215,900	40,232,000
TOTAL SOURCE OF FUNDS	470,533,000	484,582,300	492,933,800	435,556,200	434,796,100
EXPENDITURES BY CLASS					
Personnel Costs	135,553,800	139,175,900	142,677,500	139,042,000	139,703,400
Operating Expenses	26,863,300	23,202,500	23,220,500	23,636,400	23,646,500
Grants Loans Benefits	280,092,700	304,807,100	301,785,300	255,459,800	255,370,000
Debt Service	11,257,700	11,587,900	21,001,400	11,609,100	11,827,100
Capital Outlay	2,264,500	1,129,500	1,129,500	1,129,500	1,129,500
TOTAL EXPENDITURES	456,032,000	479,902,900	489,814,200	430,876,800	431,676,500
EXPENDITURES BY FUND SOURCE					
General Fund	186,592,200	231,432,800	241,344,100	180,371,200	180,846,400
Tobacco Fund	1,107,500	891,400	891,400	891,400	891,400
Restricted Funds	227,701,500	207,449,200	207,449,200	209,398,300	209,706,700
Federal Fund	40,630,800	40,129,500	40,129,500	40,215,900	40,232,000
TOTAL EXPENDITURES	456,032,000	479,902,900	489,814,200	430,876,800	431,676,500
EXPENDITURES BY UNIT					
Community Behavioral Health	116,595,200	123,261,100	120,109,600	98,084,200	98,138,200
Community Developmental and Intellectual Disabilities	26,860,100	29,420,300	29,627,800	26,238,200	26,278,800
General Support	26,751,800	39,038,600	39,694,600	25,983,100	26,060,900
Residential	285,824,900	288,182,900	300,382,200	280,571,300	281,198,600
TOTAL EXPENDITURES	456,032,000	479,902,900	489,814,200	430,876,800	431,676,500

The Department for Behavioral Health, Developmental and Intellectual Disabilities operates behavioral health, substance abuse, developmental and intellectual disabilities, and brain injury programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 1,300 inpatients are cared for daily in the facilities operated or contracted by the Cabinet, and several thousand more are treated as outpatients in the community setting by the 14 Regional Boards for Mental Health or Individuals with an Intellectual Disability established by KRS 210.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Behavioral Health

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,414,100	77,095,000	73,943,500	51,918,100	51,972,100
Total General Fund	56,414,100	77,095,000	73,943,500	51,918,100	51,972,100
Tobacco Fund					
Tobacco Settlement - Phase I	891,400	891,400	891,400	891,400	891,400
Continuing Approp-Tob Settlement	216,100				
Total Tobacco Fund	1,107,500	891,400	891,400	891,400	891,400
Restricted Funds					
Balance Forward	4,196,900				
Current Receipts	20,252,300	8,285,800	8,285,800	8,285,800	8,285,800
Non-Revenue Receipts	1,836,300	1,836,300	1,836,300	1,836,300	1,836,300
Total Restricted Funds	26,285,500	10,122,100	10,122,100	10,122,100	10,122,100
Federal Fund					
Balance Forward	1,458,800				
Current Receipts	33,721,100	35,152,600	35,152,600	35,152,600	35,152,600
Total Federal Fund	35,179,900	35,152,600	35,152,600	35,152,600	35,152,600
TOTAL SOURCE OF FUNDS	118,987,000	123,261,100	120,109,600	98,084,200	98,138,200
EXPENDITURES BY CLASS					
Personnel Costs	4,044,000	4,122,800	4,305,400	4,222,400	4,280,500
Operating Expenses	543,800	527,700	527,700	527,700	527,700
Grants Loans Benefits	112,007,400	118,610,600	115,276,500	93,334,100	93,330,000
TOTAL EXPENDITURES	116,595,200	123,261,100	120,109,600	98,084,200	98,138,200
EXPENDITURES BY FUND SOURCE					
General Fund	54,022,300	77,095,000	73,943,500	51,918,100	51,972,100
Tobacco Fund	1,107,500	891,400	891,400	891,400	891,400
Restricted Funds	26,285,500	10,122,100	10,122,100	10,122,100	10,122,100
Federal Fund	35,179,900	35,152,600	35,152,600	35,152,600	35,152,600
TOTAL EXPENDITURES	116,595,200	123,261,100	120,109,600	98,084,200	98,138,200
EXPENDITURES BY UNIT					
Community Alcohol and Drug Services	40,436,700	49,503,300	46,330,400	39,920,600	39,943,900
Community Mental Health Services	76,158,500	73,757,800	73,779,200	58,163,600	58,194,300
TOTAL EXPENDITURES	116,595,200	123,261,100	120,109,600	98,084,200	98,138,200

Community Mental Health Services

The Community Mental Health Services program provides services and support to Kentuckians with mental health conditions in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 Regional Community Mental Health Centers (CMHCs) and other local entities. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable citizens with behavioral health conditions. These include:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children/youth with severe emotional disabilities (KRS 200.501 to KRS 200.509)
- Uninsured or underinsured individuals with behavioral health disorders.

In accordance with KRS 210.410, CMHCs must provide persons suffering from mental health conditions with specific services such as: consultation and educational services to help individuals, and their families, understand their illnesses and treatment options; community support programs to assist individuals with mental illness in developing skills that allow them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to crisis stabilization units or state or community hospitals.

State and federal funds are used to provide psychiatric screening and assessment services, case management services, psychotropic medications, housing, and vocational support services for adults with severe mental illness and children with severe emotional disabilities. Funds are also provided for unique services and supports designed to “wraparound” an adult or child who is at risk of psychiatric hospitalization or other out of home placement.

Funding is also used to support promotion of mental “wellness” and early intervention assessment and treatment services. Suicide prevention for youth, adults and older adults is an important focus of the Department as well as services to individuals, and their families, dealing with behavioral health issues related to or exasperated by military service.

Funding is used to support statewide needs assessment and planning, monitoring of services provided, training and technical assistance for providers and other community partners (child welfare, law enforcement, education), and procurement and administration of federal and other funds for the provision of effective, community-based services and supports. Integrated (physical and behavioral health) healthcare delivery is necessary for achieving optimal outcomes.

Community Alcohol and Drug Services

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, substance use disorders (tobacco, alcohol and prescription or illegal drugs). Services are provided primarily through contracts with the CMHCs. Substance abuse prevention and treatment services are provided pursuant to KRS 222. The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Property subject to forfeiture).

Contracts with the CMHCs and their subcontractors, schools, local government agencies, and other community-based organizations provide services which include: community prevention programming (offered through 14 Regional Prevention Centers; juvenile diversion programs; DUI assessment, education, and treatment programs; Consultation with businesses on the development of a drug-free work place and employee assistance programs; Social setting detoxification centers, residential treatment for men, women and youth, outpatient treatment and intensive outpatient treatment, and case management services; and specialized treatment services for pregnant women, women with dependent children, adolescents, and intravenous drug users. In addition, opiate replacement therapy (medication) and corresponding counseling is available to opiate dependent persons who are at high risk for HIV/AIDS due to their intravenous drug use. Training, consultation and client evaluations are made available, within budget limitations, to criminal justice agencies and other agencies within the Cabinet for Health and Family Services for clients with substance use disorders.

During the past four years, CMHCs have been required to adjust to delivery system changes due to implementation of:

- Medicaid Managed Care
- Medicaid Expansion;
- The Patient Protection and Affordable Care Act (“PPACA”; Public Law 111–148);
- The Health Care and Education Reconciliation Act and the Mental Health Parity; and
- The Addiction Equity Act (MHPAEA).

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Developmental and Intellectual Disabilities

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,769,900	21,492,800	21,700,300	18,196,100	18,215,200
Total General Fund	19,769,900	21,492,800	21,700,300	18,196,100	18,215,200
Restricted Funds					
Balance Forward	111,300				
Non-Revenue Receipts	2,959,300	3,070,600	3,070,600	3,098,500	3,103,700
Total Restricted Funds	3,070,600	3,070,600	3,070,600	3,098,500	3,103,700
Federal Fund					
Balance Forward	-1,473,600				
Current Receipts	6,330,500	4,856,900	4,856,900	4,943,600	4,959,900
Total Federal Fund	4,856,900	4,856,900	4,856,900	4,943,600	4,959,900
TOTAL SOURCE OF FUNDS	27,697,400	29,420,300	29,627,800	26,238,200	26,278,800
EXPENDITURES BY CLASS					
Personnel Costs	4,874,500	5,135,800	5,348,000	5,129,200	5,174,500
Operating Expenses	1,110,300	1,110,300	1,110,300	1,110,300	1,110,300
Grants Loans Benefits	20,875,300	23,174,200	23,169,500	19,998,700	19,994,000
TOTAL EXPENDITURES	26,860,100	29,420,300	29,627,800	26,238,200	26,278,800
EXPENDITURES BY FUND SOURCE					
General Fund	18,932,600	21,492,800	21,700,300	18,196,100	18,215,200
Restricted Funds	3,070,600	3,070,600	3,070,600	3,098,500	3,103,700
Federal Fund	4,856,900	4,856,900	4,856,900	4,943,600	4,959,900
TOTAL EXPENDITURES	26,860,100	29,420,300	29,627,800	26,238,200	26,278,800
EXPENDITURES BY UNIT					
Local Developmental and Intellectual Disabilities	25,424,000	27,957,400	28,152,800	24,802,900	24,841,500
KY Developmental Disability Council	1,436,100	1,462,900	1,475,000	1,435,300	1,437,300
TOTAL EXPENDITURES	26,860,100	29,420,300	29,627,800	26,238,200	26,278,800

Community Developmental and Intellectual Disabilities is responsible for administration of the Supports for Community Living Medicaid waiver program for individuals with intellectual and developmental disabilities and for the oversight of community providers of both waiver and state General Fund service programs.

Developmental and Intellectual Disability Services provides support and services to individuals to help them be contributing members of their community. Services are provided through contracts with the 14 Regional Community Mental Health Centers and with for-profit and non-profit agencies which provide residential, vocational, community, respite, and a variety of other services that increase independence in the community. Some of the residential services include support to individuals within their own homes, family homes, group home living placements, apartment living supervision, community staffed residences, and assistance with other living arrangements. Participating providers must support people who choose their agencies to assist them to live in the community. It is the responsibility of the provider to ensure that people are safe, healthy, respected and valued; that they live in the community with effective, individualized assistance; and are contributing members of the community in which they live and work. Additionally, each of the 14 Regional Community Mental Health Centers have 24/7 crisis prevention and intervention support available to individuals, families and providers with the goal of enabling an individual to remain in his/her community and to prevent future crisis events.

The Kentucky Council on Developmental Disabilities is administratively attached to the Division of Developmental and Intellectual Disabilities. The Council is made up of 26 members (individuals with developmental disabilities and family/guardian/siblings) appointed by the Governor and state agency representatives as defined in (PL 106-402 and KRS 194.135). The Council promotes systems change, capacity building and advocacy for individuals with developmental disabilities. The Council on Developmental Disabilities represents the interests of approximately 122,000 Kentuckians who have developmental disabilities. The Council funds time-limited demonstration projects and engages in outreach activities to assist individuals with developmental disabilities and their families.

**Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities**

General Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,936,500	39,038,600	39,694,600	25,983,100	26,060,900
Total General Fund	27,936,500	39,038,600	39,694,600	25,983,100	26,060,900
TOTAL SOURCE OF FUNDS	27,936,500	39,038,600	39,694,600	25,983,100	26,060,900
EXPENDITURES BY CLASS					
Personnel Costs	4,660,200	4,983,700	5,247,800	5,128,400	5,212,300
Operating Expenses	786,100	785,100	788,200	785,100	788,200
Grants Loans Benefits	21,305,500	33,269,800	33,658,600	20,069,600	20,060,400
TOTAL EXPENDITURES	26,751,800	39,038,600	39,694,600	25,983,100	26,060,900
EXPENDITURES BY FUND SOURCE					
General Fund	26,751,800	39,038,600	39,694,600	25,983,100	26,060,900
TOTAL EXPENDITURES	26,751,800	39,038,600	39,694,600	25,983,100	26,060,900

General Support includes the Commissioner's Office, the Division of Administration and Financial Management, and the Division of Program Integrity. This unit's activities include policy and budget development, program monitoring, standards development, and management decision-making for the overall direction of the Department. The Divisions of Program Integrity and Administration and Financial Management provide oversight of all department contracts, including those with Community Mental Health Centers (CMHCs). Through desk reviews and onsite visits, these Divisions examine measurable performance in regards to service deliverables, as well as verify compliance with contract terms and conditions.

Policy

The 2014-2016 Budget of the Commonwealth added funding for the higher retirement costs for Regional Mental Health/ Mental Retardation Boards. That was based on a covered payroll which required about \$63.5 million for the Boards' retirement costs, an increase of \$19.3 million at that time. The fiscal year 2014-2015 covered payroll was \$122 million, as reported by the Kentucky Retirement Systems. The higher retirement rates in the 2016-2018 biennium are still satisfied by the fiscal year 2015-2016 funding for the Boards.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities

Residential

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	90,733,500	93,806,400	106,005,700	84,273,900	84,598,200
Total General Fund	90,733,500	93,806,400	106,005,700	84,273,900	84,598,200
Restricted Funds					
Balance Forward	16,087,900	6,239,200	4,679,400	6,239,200	4,679,400
Current Receipts	188,496,700	192,696,700	192,696,700	194,617,900	194,921,100
Total Restricted Funds	204,584,600	198,935,900	197,376,100	200,857,100	199,600,500
Federal Fund					
Balance Forward	14,800				
Current Receipts	579,200	120,000	120,000	119,700	119,500
Total Federal Fund	594,000	120,000	120,000	119,700	119,500
TOTAL SOURCE OF FUNDS	295,912,100	292,862,300	303,501,800	285,250,700	284,318,200
EXPENDITURES BY CLASS					
Personnel Costs	121,975,100	124,933,600	127,776,300	124,562,000	125,036,100
Operating Expenses	24,423,100	20,779,400	20,794,300	21,213,300	21,220,300
Grants Loans Benefits	125,904,500	129,752,500	129,680,700	122,057,400	121,985,600
Debt Service	11,257,700	11,587,900	21,001,400	11,609,100	11,827,100
Capital Outlay	2,264,500	1,129,500	1,129,500	1,129,500	1,129,500
TOTAL EXPENDITURES	285,824,900	288,182,900	300,382,200	280,571,300	281,198,600
EXPENDITURES BY FUND SOURCE					
General Fund	86,885,500	93,806,400	106,005,700	84,273,900	84,598,200
Restricted Funds	198,345,400	194,256,500	194,256,500	196,177,700	196,480,900
Federal Fund	594,000	120,000	120,000	119,700	119,500
TOTAL EXPENDITURES	285,824,900	288,182,900	300,382,200	280,571,300	281,198,600

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, and forensic psychiatry for approximately 900 individuals each day.

Inpatient psychiatric services are provided for adults through four psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 119; Central State Hospital in Louisville with an ADC of 46; and Western State Hospital in Hopkinsville with an ADC of 136. The ARH Psychiatric Facility located in Hazard, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 73, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with the University of Kentucky.

Glasgow Nursing Facility with an ADC of 72 and Western State Nursing Facility with an ADC of 111 provide quality care to adults with severe and persistent mental illness who require a skilled nursing facility's level of care. Eastern State Hospital Nursing Facility, with an ADC of 14, opened in FY 2015 and provides care to adults with acquired brain injury and geriatric long-term care.

Ten facilities provide intermediate care for individuals with development and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 114, Outwood in Dawson Springs with an ADC of 38, Hazelwood in Louisville with an ADC of 93, Bingham Gardens located in Louisville with an ADC of 21, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 7. Residents are assisted in self-care skills and appropriate social behavior and are provided specialized services to promote their personal growth.

The Department has established three specialty clinics in support of individuals with developmental and intellectual disabilities living in the community, who may have transitioned from a facility placement. Moving from a facility placement to a community placement creates a gap in services that can negatively impact clients and jeopardize a successful placement. These clinics provide a vast array of specialized services including medical, dental and therapeutic services on an outpatient basis, avoiding institutionalization. These three specialty clinics are located on the campuses of Bingham Gardens, Hazelwood Center, and Oakwood.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange (97 licensed beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component may serve some post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

The Executive Budget includes General Fund in the amount of \$22,500 in fiscal year 2016-2017 and \$240,500 in fiscal year 2017-2018 for debt service to support new bonds as set forth in Part II, Capital Projects Budget.

The Executive Budget includes \$192,700 in fiscal year 2016-2017 and \$192,200 in fiscal year 2017-2018 from the General Fund to increase entry level Correctional Officers salary for new employees in an effort to increase recruitment. The increase will impact entry level salary for Correctional Officers, Sergeants, and Lieutenants.

The Executive Budget provides \$8,100 in fiscal year 2016-2017 and \$8,200 in fiscal year 2017-2018 from the General Fund to support implementation of a new minimum salary plan to assist with retention of social workers.

Health and Family Services

Public Health

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	70,686,300	89,499,700	94,386,900	73,703,400	74,548,200
Total General Fund	70,686,300	89,499,700	94,386,900	73,703,400	74,548,200
Tobacco Fund					
Tobacco Settlement - Phase I	13,383,800	14,066,300	14,066,300	13,933,100	14,168,100
Special Appropriation	682,500				
Continuing Approp-Tob Settlement	4,800,900				
Total Tobacco Fund	18,867,200	14,066,300	14,066,300	13,933,100	14,168,100
Restricted Funds					
Balance Forward	13,505,000	8,387,100	5,156,400	8,387,100	5,156,400
Current Receipts	98,434,000	88,457,400	88,317,600	88,519,200	88,455,000
Non-Revenue Receipts	-6,391,900	-6,487,000	-6,631,000	-6,487,000	-6,631,000
Total Restricted Funds	105,547,100	90,357,500	86,843,000	90,419,300	86,980,400
Federal Fund					
Balance Forward	2,056,700				
Current Receipts	186,436,700	188,493,300	188,493,500	188,417,600	187,879,400
Total Federal Fund	188,493,400	188,493,300	188,493,500	188,417,600	187,879,400
TOTAL SOURCE OF FUNDS	383,594,000	382,416,800	383,789,700	366,473,400	363,576,100
EXPENDITURES BY CLASS					
Personnel Costs	72,452,000	72,430,800	74,371,900	71,276,000	71,667,700
Operating Expenses	14,607,200	14,250,500	14,239,000	14,038,900	14,245,200
Grants Loans Benefits	284,966,800	290,579,100	290,585,400	276,002,100	276,363,700
Debt Service			3,325,000		
TOTAL EXPENDITURES	372,026,000	377,260,400	382,521,300	361,317,000	362,276,600
EXPENDITURES BY FUND SOURCE					
General Fund	67,505,400	89,499,700	94,386,900	73,703,400	74,548,200
Tobacco Fund	18,867,200	14,066,300	14,066,300	13,933,100	14,168,100
Restricted Funds	97,160,000	85,201,100	85,574,600	85,262,900	85,680,900
Federal Fund	188,493,400	188,493,300	188,493,500	188,417,600	187,879,400
TOTAL EXPENDITURES	372,026,000	377,260,400	382,521,300	361,317,000	362,276,600
EXPENDITURES BY UNIT					
General Health Support	47,305,500	54,000,100	58,132,000	45,926,500	46,671,100
Women's Health	10,809,800	10,694,200	10,703,800	10,624,800	10,590,400
Prevention and Quality Improvement	12,346,800	10,878,800	10,934,400	10,217,900	10,196,400
Epidemiology and Health Planning	50,191,000	52,615,100	53,066,800	48,535,400	48,489,000
Maternal and Child Health	227,961,500	224,788,400	224,932,600	222,475,200	222,570,200
Laboratory Services	10,504,600	10,891,400	11,072,600	10,499,100	10,573,500
Public Health Protection and Safety	12,906,800	13,392,400	13,679,100	13,038,100	13,186,000
TOTAL EXPENDITURES	372,026,000	377,260,400	382,521,300	361,317,000	362,276,600

The Department for Public Health (DPH) is responsible for developing, monitoring and operating state public health programs and activities for the citizens of Kentucky. DPH oversees a variety of programs designed to improve the lives of our citizens and visitors through prevention of negative health outcomes, promotion of healthy lifestyles and protection from diseases, injury, and environmental health impacts. DPH carries out and enforces public health laws and regulations, assists local boards of health and health departments, and acts to protect and improve health. DPH has almost 150 different programs to help Kentuckians become healthier in cooperation with its partners such as local health departments, universities, private providers, etc.

with the other health services programs in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments. Administration and Financial Management also plays a vital role in providing effective and efficient training that enhances workforce abilities of the department, local health departments, public health preparedness, and other public health system partners.

The program is also responsible for providing guidance on the day-to-day operation of the 61 local health jurisdictions across the state and has the responsibilities for personnel management of nearly 2,600 local health personnel; medical records and forms management, reporting of clinical and community-based services, policy interpretation, and the Local Board of Health nomination process. Training on medical coding and billing practices, local health personnel procedures, and financial operations is also provided by program staff.

Policy

The Executive Budget includes \$26,390,900 in fiscal year 2016-2017 and \$27,087,600 in fiscal year 2017-2018 for Local and District Health Departments to assist them with employer contributions for the Kentucky Employees Retirement System. Of those amounts, fiscal year 2016-2017 includes an additional \$8,481,200 and fiscal year 2017-2018 includes an additional \$9,177,900 to fund the increase in employer contribution rates.

Health and Family Services

Public Health

General Health Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,051,100	41,505,700	45,633,300	33,432,100	34,172,400
Total General Fund	27,051,100	41,505,700	45,633,300	33,432,100	34,172,400
Restricted Funds					
Balance Forward	159,200				
Current Receipts	26,712,500	18,614,400	18,762,700	18,614,400	18,762,700
Non-Revenue Receipts	-5,800,000	-6,120,000	-6,264,000	-6,120,000	-6,264,000
Total Restricted Funds	21,071,700	12,494,400	12,498,700	12,494,400	12,498,700
Federal Fund					
Balance Forward	2,000				
Current Receipts	398,000				
Total Federal Fund	400,000				
TOTAL SOURCE OF FUNDS	48,522,800	54,000,100	58,132,000	45,926,500	46,671,100
EXPENDITURES BY CLASS					
Personnel Costs	12,479,200	12,812,100	13,065,200	12,753,700	12,802,200
Operating Expenses	1,740,400	1,403,900	1,404,600	1,503,700	1,508,000
Grants Loans Benefits	33,085,900	39,784,100	40,337,200	31,669,100	32,360,900
Debt Service			3,325,000		
TOTAL EXPENDITURES	47,305,500	54,000,100	58,132,000	45,926,500	46,671,100
EXPENDITURES BY FUND SOURCE					
General Fund	25,833,800	41,505,700	45,633,300	33,432,100	34,172,400
Restricted Funds	21,071,700	12,494,400	12,498,700	12,494,400	12,498,700
Federal Fund	400,000				
TOTAL EXPENDITURES	47,305,500	54,000,100	58,132,000	45,926,500	46,671,100

The General Health Support Program includes two organizational units: the Commissioner and Administration and Financial Management.

The Commissioner is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role includes the coordination of public health emergency response capabilities with federal and other state agencies and involvement in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities. The Commissioner provides leadership in transforming the role of public health in Kentucky to new models as more of the uninsured citizens have opportunities for healthcare coverage under the new insurance marketplace and expanded Medicaid coverage.

The Chief Nursing Officer for Public Health, located in the Commissioner's Office, provides nurse administration consultation and technical assistance to the Commissioner, executive staff, and state and local health departments including approximately 1,200 nurses and APRNs who practice in local health departments across the state. This guidance includes nursing scope of practice issues, the development and implementation of clinical protocols, nursing education and clinical competencies as well as public health nursing workforce development initiatives.

The Center for Health Equity was established in September 2008 and functionally operates through the Commissioner's Office. The Center seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural, and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions across the Department of Public Health.

Administration and Financial Management provides resource support to the Department for Public Health including approximately 400+ department-level personnel. It provides budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support, as well as oversight of local health departments' fiscal planning and

administrative management functions. The Department's biennial budget is developed by Administration and Financial Management. It works in concert with the other health services programs in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments. Administration and Financial Management also plays a vital role in providing effective and efficient training that enhances workforce abilities of the department, local health departments, public health preparedness, and other public health system partners.

The program is also responsible for providing guidance on the day-to-day operation of the 61 local health jurisdictions across the state and has the responsibilities for personnel management of nearly 2,600 local health personnel; medical records and forms management, reporting of clinical and community-based services, policy interpretation, and the Local Board of Health nomination process. Training on medical coding and billing practices, local health personnel procedures, and financial operations is also provided by program staff.

Policy

The Executive Budget includes \$26,390,900 in fiscal year 2016-2017 and \$27,087,600 in fiscal year 2017-2018 for Local and District Health Departments to assist them with employer contributions for the Kentucky Employees Retirement System. Of those amounts, fiscal year 2016-2017 includes an additional \$8,481,200 and fiscal year 2017-2018 includes an additional \$9,177,900 to fund the increase in employer contribution rates.

Health and Family Services

Public Health

Women's Health

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	698,200	707,400	717,000	644,500	646,200
Total General Fund	698,200	707,400	717,000	644,500	646,200
Tobacco Fund					
Tobacco Settlement - Phase I	80,000	80,000	80,000	80,000	80,000
Continuing Approp-Tob Settlement	156,300				
Total Tobacco Fund	236,300	80,000	80,000	80,000	80,000
Restricted Funds					
Balance Forward	8,000				
Current Receipts	292,000	300,000	300,000	300,000	300,000
Total Restricted Funds	300,000	300,000	300,000	300,000	300,000
Federal Fund					
Balance Forward	146,900				
Current Receipts	9,459,900	9,606,800	9,606,800	9,600,300	9,564,200
Total Federal Fund	9,606,800	9,606,800	9,606,800	9,600,300	9,564,200
TOTAL SOURCE OF FUNDS	10,841,300	10,694,200	10,703,800	10,624,800	10,590,400
EXPENDITURES BY CLASS					
Personnel Costs	1,297,500	1,363,400	1,418,400	1,357,000	1,368,000
Operating Expenses	421,500	420,900	420,900	420,900	420,900
Grants Loans Benefits	9,090,800	8,909,900	8,864,500	8,846,900	8,801,500
TOTAL EXPENDITURES	10,809,800	10,694,200	10,703,800	10,624,800	10,590,400
EXPENDITURES BY FUND SOURCE					
General Fund	666,700	707,400	717,000	644,500	646,200
Tobacco Fund	236,300	80,000	80,000	80,000	80,000
Restricted Funds	300,000	300,000	300,000	300,000	300,000
Federal Fund	9,606,800	9,606,800	9,606,800	9,600,300	9,564,200
TOTAL EXPENDITURES	10,809,800	10,694,200	10,703,800	10,624,800	10,590,400

Women's Health, in partnership with key stakeholders, provides leadership to improve the physical, socio-emotional health, safety, and well-being of Kentucky's women, including those with low incomes, diverse ethnic or racial backgrounds, and isolated populations with limited access to care. The program also serves as Kentucky's representative to the federal Health Resources Service Administration (HRSA) Office of Women's Health. Women's Health includes the following subprograms:

The Kentucky Women's Cancer Screening subprogram provides breast and cervical cancer screenings and diagnostic services, case management, and treatment referral services to reduce cancer morbidity and mortality among medically underserved, low income, and uninsured women in Kentucky. Supported by a federal grant from the Centers for Disease Control and Prevention the Kentucky Women's Cancer Screening program provides breast and cervical cancer screening for women as a preventive health measure. The grant also requires the program to provide appropriate referrals for medical treatment; to ensure appropriate follow-up services and case management; to develop and disseminate public information and education programs for the detection and control of breast and cervical cancers; to improve the education, training, and skills of health professionals; to monitor the quality of screening procedures for breast and cervical cancers; and to evaluate activities through appropriate surveillance.

The Breast Cancer Research and Education Trust Fund subprogram, created in 2005, is funded by revenue collected from the breast cancer license plates purchases and the State Income tax form optional checkbox. Funds collected through these methods are distributed to community based affiliates through an annual Request for Proposal process. Projects awarded support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Folic Acid Counseling and Supplementation subprogram services are provided in every health department (61) and sub-delegate sites. Research has shown that when women consume adequate folic acid, the incidence of neural tube defects such as spina bifida can be decreased by as much as 70%. Since the inception of this program, the number of neural tube defects in infants in Kentucky has declined. The Folic Acid program is funded by Tobacco Settlement funds.

The Title X Family Planning subprogram provides individuals with the information and means to exercise personal choice in determining the number and spacing of children. Title X family planning clinics play a critical role in ensuring access to voluntary, confidential family planning services for low-income or uninsured families. Services are provided to participants at no cost or at a reduced cost. Family Planning services are currently offered in local health departments and clinics targeting special populations (e.g. males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as: patient education and counseling; breast and pelvic examinations; cervical cancer screenings; STD and HIV screenings; preconception counseling; and pregnancy diagnosis.

The Abstinence Education Grant Program provides abstinence education to middle school students to encourage students to choose abstaining from sexual activity as the best choice to achieve optimal health and well-being. This program provides students with knowledge about the physical and emotional benefits of abstaining from sexual activity until adulthood and equips them with refusal skills and decision-making skills to accomplish this goal.

The Personal Responsibility Education Program (PREP) provides ready-for-adulthood education to teenagers ages 13-18 in middle and high school. Two programs are utilized to provide age-appropriate, abstinence-based, comprehensive sexuality education and other positive youth development subjects. Youth most at risk make poor health decisions and are statistically more likely to have decreased adulthood successes. One program is delivered in the classroom setting for 5-10 days and the other program is an after-school program delivered throughout the school year. Curriculum delivered in the classroom includes sexual health subjects and information on healthy relationships, self-esteem, goal setting and decision making skills. The afterschool curriculum additionally includes lessons on values and community and 20 hours of community-service learning each year.

Health and Family Services

Public Health

Prevention and Quality Improvement

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,244,800	7,300,800	7,356,400	6,646,100	6,656,100
Total General Fund	7,244,800	7,300,800	7,356,400	6,646,100	6,656,100
Restricted Funds					
Balance Forward	514,900				
Non-Revenue Receipts	35,100				
Total Restricted Funds	550,000				
Federal Fund					
Balance Forward	-192,700				
Current Receipts	5,070,700	3,578,000	3,578,000	3,571,800	3,540,300
Total Federal Fund	4,878,000	3,578,000	3,578,000	3,571,800	3,540,300
TOTAL SOURCE OF FUNDS	12,672,800	10,878,800	10,934,400	10,217,900	10,196,400
EXPENDITURES BY CLASS					
Personnel Costs	2,382,900	2,467,600	2,564,000	2,458,800	2,478,100
Operating Expenses	446,100	431,400	431,400	431,400	431,400
Grants Loans Benefits	9,517,800	7,979,800	7,939,000	7,327,700	7,286,900
TOTAL EXPENDITURES	12,346,800	10,878,800	10,934,400	10,217,900	10,196,400
EXPENDITURES BY FUND SOURCE					
General Fund	6,918,800	7,300,800	7,356,400	6,646,100	6,656,100
Restricted Funds	550,000				
Federal Fund	4,878,000	3,578,000	3,578,000	3,571,800	3,540,300
TOTAL EXPENDITURES	12,346,800	10,878,800	10,934,400	10,217,900	10,196,400

The Prevention and Quality Improvement Program is comprised of two subprograms: Chronic Disease Prevention and Health Care Access.

The mission of the Prevention and Quality Improvement (PQI) program is to deliver programs and services, including chronic disease management, clinical and community education/promotion, quality improvement, health access for low income Kentuckians, and health risk behavior data analysis in order to promote healthy behaviors by Kentuckians. The program's activities cover the spectrum of population-based and personal preventive health services, delivered through a wide range of health care providers and related groups.

The PQI program provides leadership and partners with key stakeholders in order to improve care and services to the public comprised of low incomes, diverse ethnicity and racial backgrounds, and isolated populations with limited access to care. Program staff support clinical and community based services and infrastructure building through policy development and implementation, surveillance activities, case management, and technical assistance.

The PQI program identifies best practices to reduce the risks of poor health and sets standards to focus more on positive outcomes. This is accomplished through community-based health education programs, clinical care programs for adults primarily of a preventive nature, awareness and education, and promotion of an adequate network of primary care providers throughout the Commonwealth especially in the underserved areas of the state.

The PQI program is responsible for the Kentucky Prescription Assistance Program (KPAP) and the Kentucky Colon Cancer Screening Program (KCCSP).

Chronic Disease Prevention and Control subprogram is responsible for decreasing the morbidity and mortality from chronic diseases, with emphasis on prevention and risk factors that can be reduced through healthy lifestyles. Prevention programs include asthma, arthritis and osteoporosis, comprehensive cancer, colon cancer, chronic obstructive pulmonary disease, diabetes, heart disease and stroke, and worksite wellness. The sub program provides funding to local health departments for community-based services aimed at individuals and at bringing about policy and environmental changes that will improve the health status of Kentuckians. This branch also manages the Kentucky Colon Cancer Screening Program (KCCSP).

The Health Care Access subprogram provides a departmental focus on primary care and administers federal grants and programs relative to primary care. Through these programs, approximately 150 additional physicians are serving Kentucky's medically underserved population. The Program is responsible for determining areas of Kentucky that meet Health Professional Shortage Area and Medically Underserved Area criteria. This subprogram is also responsible for the Charitable Health Program, the National Health Service Corps Program, Kentucky Physician Care Program, J-1 VISA Program, and the Kentucky Prescription Assistance Program (KPAP) and the Kentucky Spinal Cord and Head Injury Research Board.

**Health and Family Services
Public Health**

Epidemiology and Health Planning

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,576,300	7,405,600	7,674,900	3,344,700	3,361,600
Total General Fund	3,576,300	7,405,600	7,674,900	3,344,700	3,361,600
Tobacco Fund					
Continuing Approp-Tob Settlement	160,400				
Total Tobacco Fund	160,400				
Restricted Funds					
Balance Forward	10,119,200	6,540,600	3,979,500	6,540,600	3,979,500
Current Receipts	14,478,700	12,390,400	12,390,300	12,419,000	12,470,200
Non-Revenue Receipts	-156,900	-156,900	-156,900	-156,900	-156,900
Total Restricted Funds	24,441,000	18,774,100	16,212,900	18,802,700	16,292,800
Federal Fund					
Balance Forward	-133,900				
Current Receipts	28,848,800	30,414,900	30,414,900	30,367,500	30,070,500
Total Federal Fund	28,714,900	30,414,900	30,414,900	30,367,500	30,070,500
TOTAL SOURCE OF FUNDS	56,892,600	56,594,600	54,302,700	52,514,900	49,724,900
EXPENDITURES BY CLASS					
Personnel Costs	31,678,700	30,136,600	30,799,400	29,131,300	29,300,400
Operating Expenses	2,975,900	2,815,500	2,815,500	2,842,000	3,009,600
Grants Loans Benefits	15,536,400	19,663,000	19,451,900	16,562,100	16,179,000
TOTAL EXPENDITURES	50,191,000	52,615,100	53,066,800	48,535,400	48,489,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,415,300	7,405,600	7,674,900	3,344,700	3,361,600
Tobacco Fund	160,400				
Restricted Funds	17,900,400	14,794,600	14,977,000	14,823,200	15,056,900
Federal Fund	28,714,900	30,414,900	30,414,900	30,367,500	30,070,500
TOTAL EXPENDITURES	50,191,000	52,615,100	53,066,800	48,535,400	48,489,000

The mission of Epidemiology and Health Planning is to provide quality epidemiological and vital records services, public health planning and preparedness services, and reportable disease prevention and control services in order to promote, protect, and plan for the health and safety of Kentuckians. The program has responsibility for much of the three D's in public health: "Health Data, Acute Disease Prevention and Control, and Disaster Preparedness."

To accomplish these responsibilities, activities are conducted in four areas:

- Infectious Disease includes disease surveillance, prevention, and control activities related to vaccine-preventable diseases, sexually transmitted diseases, tuberculosis, adult viral hepatitis, healthcare associated infections, and other reportable diseases,
- HIV/AIDS includes prevention activities, client services, and surveillance for HIV/AIDS,
- Vital Statistics collects and preserves mandatory records of vital events including births, deaths, marriages, and divorces, and
- Public Health Preparedness includes the development, implementation, and exercising of statewide emergency preparedness plans for both terrorist (nuclear, biologic, chemical) threats as well as naturally occurring disease outbreaks.

The Immunization Program provides financial support and vaccines to local health departments and other providers for the provision of over one million immunizations each year to about 550,000 persons. Immunization rates are tracked in schools, day care, health department clinics, and among the general child population.

The Sexually Transmitted Disease (STD) Program is designed to reduce the occurrence and prevent the transmission and debilitating complications of sexually transmitted diseases. The STD Program provides educational materials, staff training, program planning and evaluation services, technical consultation, and selected antibiotics to all health departments and other selected health care providers.

The Tuberculosis (TB) Control program aims to reduce the number of cases and deaths due to TB by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by attempting to maintain infected individuals with disease as non-infectious.

The Adult Viral Hepatitis Prevention Program is a federally funded program that focuses on the prevention of viral hepatitis in adults caused by hepatitis A, hepatitis B, and hepatitis C viruses.

The Healthcare Associated Infection (HAI) Program establishes an infrastructure within the Department for Public Health to develop state-wide activities focused on the prevention of HAIs within healthcare facilities.

The Reportable Disease Program is responsible for case confirmation, oversight of disease investigations, and surveillance for reportable diseases such as meningitis, hepatitis, diarrheal diseases, foodborne illnesses, and vector-borne diseases.

The HIV/AIDS program seeks to identify and track cases of HIV and AIDS, prevent the disease by raising awareness and promoting risk reduction behaviors, and connect HIV-positive clients to care. The HIV Prevention Program focuses on testing, awareness of one's status, and strategic intervention activities to reduce HIV transmission for at-risk populations. The HIV/AIDS Services program assists HIV-positive clients with case management, in addition to providing life-saving medications and insurance continuation for qualified clients, as a payor of last resort.

Vital Statistics is responsible for the registration, certification, and issuance of vital records (birth, death, marriage, and divorce certificates) in Kentucky. The program's primary responsibility is the maintenance and security of these vital records as well as responding to specific requests for vital statistics data.

The Public Health Preparedness Program has the responsibility of developing, coordinating, and overseeing the public health response to potential disaster events. It prepares the Commonwealth for disease outbreaks and other public health threats by integrating local public health assets, upgrading the State Laboratory to the capacity required by the Centers for Disease Control and Prevention, and providing hospitals and healthcare facilities across the state with funding to ensure preparedness for events attributable to disasters.

Health and Family Services

Public Health

Maternal and Child Health

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,941,600	24,099,400	24,243,600	21,925,800	21,951,400
Total General Fund	23,941,600	24,099,400	24,243,600	21,925,800	21,951,400
Tobacco Fund					
Tobacco Settlement - Phase I	13,303,800	13,986,300	13,986,300	13,853,100	14,088,100
Special Appropriation	682,500				
Continuing Approp-Tob Settlement	4,484,200				
Total Tobacco Fund	18,470,500	13,986,300	13,986,300	13,853,100	14,088,100
Restricted Funds					
Balance Forward	1,854,300	1,230,600	759,300	1,230,600	759,300
Current Receipts	42,785,700	42,754,000	42,466,000	42,758,700	42,474,200
Non-Revenue Receipts	699,900	959,900	959,900	959,900	959,900
Total Restricted Funds	45,339,900	44,944,500	44,185,200	44,949,200	44,193,400
Federal Fund					
Balance Forward	1,950,600				
Current Receipts	140,566,900	142,517,500	142,517,500	142,506,400	142,368,400
Total Federal Fund	142,517,500	142,517,500	142,517,500	142,506,400	142,368,400
TOTAL SOURCE OF FUNDS	230,269,500	225,547,700	224,932,600	223,234,500	222,601,300
EXPENDITURES BY CLASS					
Personnel Costs	14,320,400	14,742,900	15,094,000	14,714,400	14,753,300
Operating Expenses	1,443,900	1,442,000	1,442,000	1,445,100	1,473,100
Grants Loans Benefits	212,197,200	208,603,500	208,396,600	206,315,700	206,343,800
TOTAL EXPENDITURES	227,961,500	224,788,400	224,932,600	222,475,200	222,570,200
EXPENDITURES BY FUND SOURCE					
General Fund	22,864,200	24,099,400	24,243,600	21,925,800	21,951,400
Tobacco Fund	18,470,500	13,986,300	13,986,300	13,853,100	14,088,100
Restricted Funds	44,109,300	44,185,200	44,185,200	44,189,900	44,162,300
Federal Fund	142,517,500	142,517,500	142,517,500	142,506,400	142,368,400
TOTAL EXPENDITURES	227,961,500	224,788,400	224,932,600	222,475,200	222,570,200

The Maternal and Child Health Program promotes and safeguards the health of Kentuckians, with an emphasis on at-risk mothers, infants and children. The program goal is to help those at-risk achieve the highest level of health and wellness possible through public health surveillance, education, nutrition, perinatal care, early childhood promotion and intervention, well child care, oral health, injury prevention, coordinated school health, health promotion and healthy communities, and selected primary and preventive care activities. The program is responsible for public health surveillance systems including the Neonatal Abstinence Reporting, Pregnancy Risk Assessment Monitoring System, and the Sudden Unexpected Infant Death Registry.

The Early Childhood Development subprogram is required, by statute, to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services or HANDS), childcare health consultation, and early childhood mental health services for children. The Early Childhood Development subprogram also identifies children in Kentucky who are at-risk for serious medical conditions and developmental delays through the Newborn Metabolic Screening and Case Management program and Kentucky Birth Surveillance Registry, both which are also in statute.

The Kentucky Early Intervention System (KEIS) subprogram, also referred to as First Steps provides case management and coordination of services for infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. These early interventions include services such as physical therapy, occupational therapy, speech therapy, hearing and vision services, and other services as needed to meet the child's developmental needs. First Steps services are provided in the home or other community settings, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 Points of Entry covering the 15 Area Development Districts. Children served by First steps transition to the local education agency or other community supports at age three.

The Child and Family Health Improvement subprogram provides oversight to services and activities including: prenatal care; child and adolescent preventive health; childhood lead poisoning prevention; child fatality review and injury prevention; oral health; and coordinated school health. This program also houses the infant mortality efforts, including the Safe Sleep campaign

The Nutrition subprogram administers: the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Clinical Nutrition Services, Breastfeeding Peer Counselor Program; and the Farmer's Market Nutrition Program. The WIC program is funded wholly by the US Department of Agriculture and provides food packages and nutrition education to low-income pregnant and post partum women, infants and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for mothers and children with special nutrition needs.

The Health Promotion subprogram administers programs that focus on behavioral risk factors to promote lifestyle changes for developing a healthy community. The subprogram provides services in the areas of Tobacco Cessation and Control, Tobacco Quit-line, Obesity Prevention, and Healthy Communities Projects.

Health and Family Services

Public Health

Laboratory Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,192,600	4,338,500	4,468,000	3,940,100	3,963,200
Total General Fund	4,192,600	4,338,500	4,468,000	3,940,100	3,963,200
Restricted Funds					
Balance Forward	323,600	156,300	104,000	156,300	104,000
Current Receipts	7,103,300	7,270,600	7,270,600	7,278,500	7,284,400
Non-Revenue Receipts	-1,170,000	-1,170,000	-1,170,000	-1,170,000	-1,170,000
Total Restricted Funds	6,256,900	6,256,900	6,204,600	6,264,800	6,218,400
Federal Fund					
Balance Forward	4,800				
Current Receipts	395,200	400,000	400,000	398,200	391,900
Total Federal Fund	400,000	400,000	400,000	398,200	391,900
TOTAL SOURCE OF FUNDS	10,849,500	10,995,400	11,072,600	10,603,100	10,573,500
EXPENDITURES BY CLASS					
Personnel Costs	3,867,000	4,096,400	4,289,800	4,074,100	4,113,100
Operating Expenses	6,632,600	6,790,000	6,777,800	6,420,000	6,455,400
Grants Loans Benefits	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	10,504,600	10,891,400	11,072,600	10,499,100	10,573,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,004,000	4,338,500	4,468,000	3,940,100	3,963,200
Restricted Funds	6,100,600	6,152,900	6,204,600	6,160,800	6,218,400
Federal Fund	400,000	400,000	400,000	398,200	391,900
TOTAL EXPENDITURES	10,504,600	10,891,400	11,072,600	10,499,100	10,573,500

Laboratory Services provides chemical, biological, and molecular testing to address a variety of public health concerns that require very sophisticated and accurate laboratory analysis. The scope of these concerns spans from global preparedness and environmental to clinical and epidemiological.

Protection of the state and nation's health is supported through disease surveillance activities that use sophisticated equipment and result in early detection of outbreaks caused by emerging infectious diseases, which is essential for guiding epidemiologic investigations that determine the measures needed to prevent and control the spread of disease.

Laboratory Services is responsible for the prompt detection and identification of a wide variety of microorganisms, such as bacteria and viruses, and toxic chemical substances that pose a threat to the public's health. It provides examinations of clinical and environmental specimens to support other state and local health department programs and diagnostic testing not readily available elsewhere for hospitals and practicing physicians. Additionally, it tests environmental samples for water fluoride levels; examines milk, food, and water for evidence of biologic and/or chemical contamination; and performs complex analyses for the detection of pesticides and other environmental and/or workplace chemicals. It is also responsible for the prompt detection of a variety of heritable conditions in newborns.

The state General Fund is the primary funding source. Federal funds are received from grants and a cooperative agreement with Occupational Safety and Health Administration and agency fees are collected for newborn metabolic screening.

The state public health laboratory is certified by the College of American Pathologists as a high-complexity laboratory, obligating it to meet the most stringent of requirements.

Health and Family Services

Public Health

Public Health Protection and Safety

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,981,700	4,142,300	4,293,700	3,770,100	3,797,300
Total General Fund	3,981,700	4,142,300	4,293,700	3,770,100	3,797,300
Restricted Funds					
Balance Forward	525,800	459,600	313,600	459,600	313,600
Current Receipts	7,061,800	7,128,000	7,128,000	7,148,600	7,163,500
Total Restricted Funds	7,587,600	7,587,600	7,441,600	7,608,200	7,477,100
Federal Fund					
Balance Forward	279,000				
Current Receipts	1,697,200	1,976,100	1,976,300	1,973,400	1,944,100
Total Federal Fund	1,976,200	1,976,100	1,976,300	1,973,400	1,944,100
TOTAL SOURCE OF FUNDS	13,545,500	13,706,000	13,711,600	13,351,700	13,218,500
EXPENDITURES BY CLASS					
Personnel Costs	6,426,300	6,811,800	7,141,100	6,786,700	6,852,600
Operating Expenses	946,800	946,800	946,800	975,800	946,800
Grants Loans Benefits	5,533,700	5,633,800	5,591,200	5,275,600	5,386,600
TOTAL EXPENDITURES	12,906,800	13,392,400	13,679,100	13,038,100	13,186,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,802,600	4,142,300	4,293,700	3,770,100	3,797,300
Restricted Funds	7,128,000	7,274,000	7,409,100	7,294,600	7,444,600
Federal Fund	1,976,200	1,976,100	1,976,300	1,973,400	1,944,100
TOTAL EXPENDITURES	12,906,800	13,392,400	13,679,100	13,038,100	13,186,000

Public Health Protection and Safety provides a variety of environmental services, from monitoring exposure to radiation to ensuring sanitation of food, milk, and public facilities. This program provides technical consultation, guidance and training to the sixty-one (61) local health jurisdictions; some 500 local health department environmental registered sanitarians; and provides regulatory oversight to thousands of Kentucky's regulated businesses. The program's mission statement is: promoting a healthier, safer public through prevention, education, communication, and regulation.

The Radiation subprogram inspects and issues over 720 specific licenses to users of radioactive materials, and registers and inspects over 200 users of radiation sources. The subprogram monitors the transportation of radioactive waste, within and through the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours a day. The subprogram registers and inspects more than 4,000 facilities with 10,600 X-Ray tubes, and conducts reviews and inspects approximately 164 mammography facilities and shielding plans for facilities. The subprogram also operates a radiation health laboratory which collects and analyzes approximately 5,000 environmental samples for radiologic contamination annually and conducts over 7,000 analyses on the samples. This subprogram also provides monitoring for radiologic sites such as the Maxey Flats Disposal Site and the Paducah Gaseous Diffusion Plant. Approximately 17,000 quality control analyses are also conducted annually.

The Milk Safety subprogram operates under KRS 217C, to prevent adulteration, misbranding, and false advertising of milk and milk products and protect the public from disease transmission through milk products. This mandate is achieved through inspections of dairy farms, dairy plants, micro-processors, distributors, milk haulers, and all other identities which improve the quality of milk that is produced and sold to the public. This subprogram also monitors the development of product standards of identity and legal labeling for all dairy products as mandated by the U.S. Food and Drug Administration and the U.S. Department of Agriculture. Kentucky adopted the 2011 edition of the Pasteurize Milk Ordinance, a federally mandated ordinance which ensures certain quality standards and which allows milk produced and processed in Kentucky to be produced, processed, transported and sold to all other forty-nine states.

The Food Safety subprogram provides regulatory oversight to Kentucky's multi-billion dollar food industry. The subprogram provides training and technical consultation to local health department employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The subprogram also directly regulates food manufacturing and storage programs and the farmer's market for program

compliance with state regulation. The subprogram responds to and investigates food recalls and works closely with the federal Food and Drug Administration on outbreak investigation involving regulated foods. The Food Safety subprogram is also actively involved during natural and man-made disasters to protect the food supply.

The Environmental Management subprogram is responsible for the oversight and regulatory requirements involving public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections as required by law. The subprogram provides technical assistance and training to the sixty-one (61) local health departments which provide direct inspection of the regulated entities. The subprogram is also responsible for: conducting initial certification and ongoing specialized trainings to local health department environmental staff; providing continuing education for septic system installers; providing consumer education on such issues as mold and bedbugs; operating a radon education program; providing support for the rabies control program and consulting on issues regarding private water sources.

This subprogram also ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by local health department inspectors. Through its education, investigation, permitting, and inspection activities, the Environmental Management Branch has a direct effect on protecting the lives of the public as well as, the operation of most private business entities.

The Public Safety subprogram is responsible for the regulation and certification of lead abatement professionals and clearance testing of mitigated properties. This subprogram also oversees the public swimming pool construction program and the methamphetamine contaminated properties program. Public Safety provides epidemiological support for disease cluster investigations and supports statistical and standardized reporting of environmental data.

Health and Family Services

Health Policy

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	455,400	455,400	455,400	437,400	441,500
Total General Fund	455,400	455,400	455,400	437,400	441,500
Restricted Funds					
Balance Forward	888,200	592,400	296,300	592,400	296,300
Current Receipts	572,500	572,200	572,000	572,500	572,300
Non-Revenue Receipts	-50,000	-50,000	-50,000	-50,000	-50,000
Total Restricted Funds	1,410,700	1,114,600	818,300	1,114,900	818,600
Federal Fund					
Balance Forward	10,000				
Current Receipts	1,990,000	1,500,000	1,000,000	1,511,100	1,013,100
Total Federal Fund	2,000,000	1,500,000	1,000,000	1,511,100	1,013,100
TOTAL SOURCE OF FUNDS	3,866,100	3,070,000	2,273,700	3,063,400	2,273,200
EXPENDITURES BY CLASS					
Personnel Costs	2,737,300	2,268,700	1,869,200	2,262,100	1,868,700
Operating Expenses	56,500	56,500	56,500	56,500	56,500
Grants Loans Benefits	459,400	448,500	348,000	448,500	348,000
TOTAL EXPENDITURES	3,253,200	2,773,700	2,273,700	2,767,100	2,273,200
EXPENDITURES BY FUND SOURCE					
General Fund	434,900	455,400	455,400	437,400	441,500
Restricted Funds	818,300	818,300	818,300	818,600	818,600
Federal Fund	2,000,000	1,500,000	1,000,000	1,511,100	1,013,100
TOTAL EXPENDITURES	3,253,200	2,773,700	2,273,700	2,767,100	2,273,200
EXPENDITURES BY UNIT					
Office of Health Policy	3,253,200	2,773,700	2,273,700	2,767,100	2,273,200
TOTAL EXPENDITURES	3,253,200	2,773,700	2,273,700	2,767,100	2,273,200

The Office of Health Policy is charged with administering the state certificate of need program and coordinating with other Cabinet for Health and Family Services (CHFS) agencies as well as state agencies outside CHFS regarding health care policy issues and health data collection.

There are two functions within the Office of Health Policy: Health Planning and Development and Certificate of Need.

The Health Planning and Development staff seeks to provide coordination among state agencies and programs including: The Department for Medicaid Services, Department for Behavioral Health and Developmental and Intellectual Disabilities and the Department for Public Health as well as agencies outside the Cabinet such as Department of Insurance and the Kentucky Employees' Health Plan. In addition to coordinating health policy and health insurance issues, staff oversees legislative and regulatory efforts to ensure that proposed statutes and regulations are consistent across departments, consistent with the overall goals of the cabinet, and develops health insurance policy in coordination with the Kentucky Department of Insurance. Staff is also responsible for collecting and analyzing statewide health data critical for sound decision making. Through its policy work, data collection and analysis, the Office identifies opportunities for preparing and distributing relevant information to the public about health, health care and public policy.

The Certificate of Need (CON) staff is responsible for administering the certificate of need program in order to prevent unnecessary proliferation and/or duplication of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth. Staff are responsible for developing the State Health Plan which guides the decision-making process for many types of CON applications. The proposed State Health Plan goes through an extensive review process allowing for comment and input from the public as well as the provider community.

A certificate of need is required to establish a health facility; to change bed capacity of health facility; to make a substantial change in a project (as defined by KRS Chapter 216 B.015); to add a health service for which there are review criteria in the state health plan; to add a service subject to licensure; to obligate a capital expenditure or acquire major medical

equipment which exceeds a specific threshold; or, to change the geographic area which has been designated on a certificate of need or license.

Health and Family Services
Family Resource Centers and Volunteer Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,479,300	8,372,300	8,444,600	1,402,300	1,412,600
Total General Fund	1,479,300	8,372,300	8,444,600	1,402,300	1,412,600
Federal Fund					
Balance Forward	215,700				
Current Receipts	2,853,400	4,869,100	4,869,100	4,869,100	4,869,100
Total Federal Fund	3,069,100	4,869,100	4,869,100	4,869,100	4,869,100
TOTAL SOURCE OF FUNDS	4,548,400	13,241,400	13,313,700	6,271,400	6,281,700
EXPENDITURES BY CLASS					
Personnel Costs	380,900	655,000	727,800	452,400	465,400
Operating Expenses	161,000	161,000	161,000	148,500	146,400
Grants Loans Benefits	3,939,900	12,425,400	12,424,800	5,670,500	5,669,900
TOTAL EXPENDITURES	4,481,800	13,241,400	13,313,600	6,271,400	6,281,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,412,700	8,372,300	8,444,600	1,402,300	1,412,600
Federal Fund	3,069,100	4,869,100	4,869,100	4,869,100	4,869,100
TOTAL EXPENDITURES	4,481,800	13,241,400	13,313,700	6,271,400	6,281,700
EXPENDITURES BY UNIT					
Family Resource and Youth Services Center	1,372,600	8,301,500	8,353,200	1,318,300	1,318,500
Kentucky Com. Community Volunteerism and Serv.	3,109,200	4,939,900	4,960,500	4,953,100	4,963,200
TOTAL EXPENDITURES	4,481,800	13,241,400	13,313,700	6,271,400	6,281,700

The Department for Family Resource Centers and Volunteer Services is comprised of two separate programs: Family Resource and Youth Service Centers and the Kentucky Commission on Community Volunteerism and Services.

Health and Family Services
Family Resource Centers and Volunteer Services
Family Resource and Youth Services Center

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,216,100	8,090,300	8,142,000	1,107,100	1,107,300
Total General Fund	1,216,100	8,090,300	8,142,000	1,107,100	1,107,300
Federal Fund					
Balance Forward	69,500				
Current Receipts	141,700	211,200	211,200	211,200	211,200
Total Federal Fund	211,200	211,200	211,200	211,200	211,200
TOTAL SOURCE OF FUNDS	1,427,300	8,301,500	8,353,200	1,318,300	1,318,500
EXPENDITURES BY CLASS					
Personnel Costs		252,500	304,200	13,000	15,400
Operating Expenses	100,000	100,000	100,000	87,500	85,300
Grants Loans Benefits	1,272,600	7,949,000	7,949,000	1,217,800	1,217,800
TOTAL EXPENDITURES	1,372,600	8,301,500	8,353,200	1,318,300	1,318,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,161,400	8,090,300	8,142,000	1,107,100	1,107,300
Federal Fund	211,200	211,200	211,200	211,200	211,200
TOTAL EXPENDITURES	1,372,600	8,301,500	8,353,200	1,318,300	1,318,500

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.496 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). FRYSC provides technical assistance, as well as administrative and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

Each center has a unique blend of program components depending on location, available services, local need, and community input designed to promote the flow of resources and support to families in ways that strengthen their functioning and further the growth and development of each member. Services may include after-school child care, literacy programs, home visits to new/expectant parents, support and training for child day care providers, referrals to social services, employment counseling, summer and part-time job development, drug/alcohol counseling, and family crisis and mental health counseling. Centers also offer programs such as peer mediation, conflict resolution, pregnancy prevention and job shadowing.

Selected FRYSCs are also participating as a partner in one of the Race to the Top: Early Learning Challenge initiatives: Born Learning Academies. Kentucky incorporated the academies as part of its Race to the Top grant application. Kentucky proposes to expand the number of Born Learning Academies to 150 more elementary schools over 4 years. Through a gradual release approach of this evidence-based model, local Academies are implemented to assist parents of preschool children. The Born Learning Academies, which consist of six sessions, enable families to better understand early learning and development of their child by using everyday activities and occurrences as learning moments. FRYSCs currently work in every high-need elementary school in the Commonwealth. The goal of the Race to the Top is full integration of the Born Learning model into Family Resource and Youth Service Centers (FRYSC) core grant components within five years.

**Health and Family Services
Family Resource Centers and Volunteer Services
Kentucky Com. Community Volunteerism and Serv.**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	263,200	282,000	302,600	295,200	305,300
Total General Fund	263,200	282,000	302,600	295,200	305,300
Federal Fund					
Balance Forward	146,200				
Current Receipts	2,711,700	4,657,900	4,657,900	4,657,900	4,657,900
Total Federal Fund	2,857,900	4,657,900	4,657,900	4,657,900	4,657,900
TOTAL SOURCE OF FUNDS	3,121,100	4,939,900	4,960,500	4,953,100	4,963,200
EXPENDITURES BY CLASS					
Personnel Costs	380,900	402,500	423,600	439,400	450,000
Operating Expenses	61,000	61,000	61,000	61,000	61,100
Grants Loans Benefits	2,667,300	4,476,400	4,475,800	4,452,700	4,452,100
TOTAL EXPENDITURES	3,109,200	4,939,900	4,960,400	4,953,100	4,963,200
EXPENDITURES BY FUND SOURCE					
General Fund	251,300	282,000	302,600	295,200	305,300
Federal Fund	2,857,900	4,657,900	4,657,900	4,657,900	4,657,900
TOTAL EXPENDITURES	3,109,200	4,939,900	4,960,500	4,953,100	4,963,200

The Kentucky Commission for Community Volunteerism and Services (KCCVS) was created in 1994 to serve as a conduit for federal funds that support AmeriCorps programs in the Commonwealth and to assume responsibility for the statewide coordination of volunteer activities.

Federal funds received by KCCVS are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide household budget training, home renovation assistance, life skills training, and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in math and reading and provide drug abuse prevention education in elementary and secondary schools. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. Since 1994, Kentucky AmeriCorps members have served more than 15 million hours and have qualified for Education Awards totaling more than \$34.1 million.

Health and Family Services

Income Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,225,700	9,006,600	13,277,400	7,635,600	7,635,600
Total General Fund	8,225,700	9,006,600	13,277,400	7,635,600	7,635,600
Restricted Funds					
Current Receipts	16,004,800	16,004,800	16,004,800	16,004,800	16,004,800
Non-Revenue Receipts	126,000	126,000	126,000	126,000	126,000
Total Restricted Funds	16,130,800	16,130,800	16,130,800	16,130,800	16,130,800
Federal Fund					
Balance Forward	1,387,900				
Current Receipts	78,721,000	83,226,700	87,926,900	83,226,700	84,968,900
Total Federal Fund	80,108,900	83,226,700	87,926,900	83,226,700	84,968,900
TOTAL SOURCE OF FUNDS	104,465,400	108,364,100	117,335,100	106,993,100	108,735,300
EXPENDITURES BY CLASS					
Personnel Costs	40,970,600	43,255,000	45,183,000	43,003,000	43,392,400
Operating Expenses	5,365,000	5,579,800	5,580,000	5,749,200	7,047,300
Grants Loans Benefits	57,759,600	59,529,300	63,987,100	58,240,900	58,295,600
TOTAL EXPENDITURES	104,095,200	108,364,100	114,750,100	106,993,100	108,735,300
EXPENDITURES BY FUND SOURCE					
General Fund	7,855,500	9,006,600	13,277,400	7,635,600	7,635,600
Restricted Funds	16,130,800	16,130,800	16,130,800	16,130,800	16,130,800
Federal Fund	80,108,900	83,226,700	87,926,900	83,226,700	84,968,900
TOTAL EXPENDITURES	104,095,200	108,364,100	117,335,100	106,993,100	108,735,300
EXPENDITURES BY UNIT					
Disability Determinations	47,852,900	49,454,700	50,882,800	49,454,700	50,882,800
Child Support	56,242,300	58,909,400	66,452,300	57,538,400	57,852,500
TOTAL EXPENDITURES	104,095,200	108,364,100	117,335,100	106,993,100	108,735,300

The Department for Income Support is responsible for administering Child Support Enforcement and Disability Determination Services.

These programs help to ensure that children are financially supported by parents who are legally obligated to pay child support and to determine medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The Department's mission is to facilitate financial and medical support services that enhances family wellness.

Health and Family Services

Income Support

Disability Determinations

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Non-Revenue Receipts	126,000	126,000	126,000	126,000	126,000
Total Restricted Funds	126,000	126,000	126,000	126,000	126,000
Federal Fund					
Balance Forward	-664,300				
Current Receipts	48,391,200	49,328,700	50,756,800	49,328,700	50,756,800
Total Federal Fund	47,726,900	49,328,700	50,756,800	49,328,700	50,756,800
TOTAL SOURCE OF FUNDS	47,852,900	49,454,700	50,882,800	49,454,700	50,882,800
EXPENDITURES BY CLASS					
Personnel Costs	31,922,700	33,705,700	35,170,400	33,785,600	34,133,800
Operating Expenses	3,353,500	3,353,700	3,353,900	3,525,900	4,824,000
Grants Loans Benefits	12,576,700	12,395,300	12,358,500	12,143,200	11,925,000
TOTAL EXPENDITURES	47,852,900	49,454,700	50,882,800	49,454,700	50,882,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	126,000	126,000	126,000	126,000	126,000
Federal Fund	47,726,900	49,328,700	50,756,800	49,328,700	50,756,800
TOTAL EXPENDITURES	47,852,900	49,454,700	50,882,800	49,454,700	50,882,800

Disability Determination Services (DDS) determines medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The DDS reevaluates the claims of disability recipients who have been selected for a periodic review of their medical condition and conducts face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

Disability Determination Services workload depends upon: 1) the number of individuals who apply for disability benefits through the Social Security Administration (SSA), 2) the number of claims that SSA selects for continuing review and sends to DDS, and 3) Congressional mandates, legal actions or other initiatives.

Health and Family Services

Income Support

Child Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,225,700	9,006,600	13,277,400	7,635,600	7,635,600
Total General Fund	8,225,700	9,006,600	13,277,400	7,635,600	7,635,600
Restricted Funds					
Current Receipts	16,004,800	16,004,800	16,004,800	16,004,800	16,004,800
Total Restricted Funds	16,004,800	16,004,800	16,004,800	16,004,800	16,004,800
Federal Fund					
Balance Forward	2,052,200				
Current Receipts	30,329,800	33,898,000	37,170,100	33,898,000	34,212,100
Total Federal Fund	32,382,000	33,898,000	37,170,100	33,898,000	34,212,100
TOTAL SOURCE OF FUNDS	56,612,500	58,909,400	66,452,300	57,538,400	57,852,500
EXPENDITURES BY CLASS					
Personnel Costs	9,047,900	9,549,300	10,012,600	9,217,400	9,258,600
Operating Expenses	2,011,500	2,226,100	2,226,100	2,223,300	2,223,300
Grants Loans Benefits	45,182,900	47,134,000	51,628,600	46,097,700	46,370,600
Debt Service			2,585,000		
TOTAL EXPENDITURES	56,242,300	58,909,400	66,452,300	57,538,400	57,852,500
EXPENDITURES BY FUND SOURCE					
General Fund	7,855,500	9,006,600	13,277,400	7,635,600	7,635,600
Restricted Funds	16,004,800	16,004,800	16,004,800	16,004,800	16,004,800
Federal Fund	32,382,000	33,898,000	37,170,100	33,898,000	34,212,100
TOTAL EXPENDITURES	56,242,300	58,909,400	66,452,300	57,538,400	57,852,500

The Child Support Program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.800.

The core functions of the child support program include locating parents; establishing paternity; establishing, enforcing, and modifying child support orders; and collecting and disbursing child support payments. Program responsibilities include the establishment and enforcement of medical support. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Child Support Program maintains program administration contracts with 117 county officials to provide child support collection locally in all 120 counties.

Child support services are automatically provided to families receiving assistance under the Kentucky Transitional Assistance Program (K-TAP) or Medicaid, and to children placed in the care of the Cabinet for Health and Family Services. Payment collected for families receiving K-TAP and children in the care of the Cabinet for Health and Family Services is used to reimburse the state and federal governments for benefits expended on behalf of those families and children. Families that do not participate in the cash or medical assistance programs may also apply for child support services.

The Child Support Enforcement Program receives incentive payments from the federal government based on program performance in five program areas: Paternity Establish Performance for Title IV-D and Statewide, Support Order Performance, Current Payment Performance, Arrearage Payment Performance and Cost-Effectiveness Performance. The Deficit Reduction Act (DRA) of 2005 disallowed use of federal performance incentives as state matching funds for Federal Financial Participation (FFP).

**Health and Family Services
Community Based Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	414,581,400	451,982,800	462,367,900	370,805,000	371,835,000
Total General Fund	414,581,400	451,982,800	462,367,900	370,805,000	371,835,000
Tobacco Fund					
Tobacco Settlement - Phase I	10,761,600	5,598,600	5,019,800	6,668,400	8,894,700
Continuing Approp-Tob Settlement				2,046,600	
Total Tobacco Fund	10,761,600	5,598,600	5,019,800	8,715,000	8,894,700
Restricted Funds					
Balance Forward	3,497,000				
Current Receipts	162,698,700	172,132,900	175,332,900	172,132,900	173,618,300
Non-Revenue Receipts	-55,510,000	-15,745,600	-15,914,600	-16,839,000	-17,101,000
Total Restricted Funds	110,685,700	156,387,300	159,418,300	155,293,900	156,517,300
Federal Fund					
Balance Forward	23,027,700				
Current Receipts	479,090,000	512,895,900	517,691,000	514,443,900	519,023,000
Total Federal Fund	502,117,700	512,895,900	517,691,000	514,443,900	519,023,000
TOTAL SOURCE OF FUNDS	1,038,146,400	1,126,864,600	1,144,497,000	1,049,257,800	1,056,270,000
EXPENDITURES BY CLASS					
Personnel Costs	312,087,900	366,991,400	384,387,000	332,581,000	337,102,900
Operating Expenses	58,294,800	62,896,600	63,097,200	57,927,200	59,742,300
Grants Loans Benefits	649,952,000	696,976,600	697,012,800	658,749,600	659,424,800
TOTAL EXPENDITURES	1,020,334,700	1,126,864,600	1,144,497,000	1,049,257,800	1,056,270,000
EXPENDITURES BY FUND SOURCE					
General Fund	398,816,300	451,982,800	462,367,900	370,805,000	371,835,000
Tobacco Fund	8,715,000	5,598,600	5,019,800	8,715,000	8,894,700
Restricted Funds	110,685,700	156,387,300	159,418,300	155,293,900	156,517,300
Federal Fund	502,117,700	512,895,900	517,691,000	514,443,900	519,023,000
TOTAL EXPENDITURES	1,020,334,700	1,126,864,600	1,144,497,000	1,049,257,800	1,056,270,000
EXPENDITURES BY UNIT					
Family Support	366,060,400	387,658,100	394,226,900	368,756,700	372,690,000
Energy	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700
Child Care	106,813,300	122,582,500	122,393,500	122,774,700	123,350,900
Family and Community Services	517,465,500	586,625,200	597,874,900	527,727,600	530,227,400
TOTAL EXPENDITURES	1,020,334,700	1,126,864,600	1,144,497,000	1,049,257,800	1,056,270,000

The Department for Community Based Services (DCBS) is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families; Supplementation Nutrition Assistance Program; Medicaid and health insurance affordability program eligibility; and State Supplementation for aged, blind or disabled individuals); Energy Assistance; Child Care; and Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children).

These programs benefit Kentuckians who are without sufficient resources to meet their basic needs. The Department's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

Policy

The Executive Budget provides \$1,538,500 in fiscal year 2016-2017 and \$1,554,600 in fiscal year 2017-2018 from the General Fund to support the transition of Social Service Workers and Social Service Clinicians within the Department for Community Based Services from a 37.5 hour work week to a 40 hour work week. This equates to a 6.67% pay increase. In addition, a new minimum salary plan will be implemented to assist with retention.

**Health and Family Services
Community Based Services
Family Support**

SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
General Fund					
Regular Appropriation	135,229,400	143,464,700	145,590,600	128,208,000	128,008,500
Total General Fund	135,229,400	143,464,700	145,590,600	128,208,000	128,008,500
Restricted Funds					
Balance Forward	1,409,500				
Current Receipts	584,000	1,993,500	1,993,500	1,993,500	1,993,500
Non-Revenue Receipts	26,761,500	28,695,600	29,579,500	27,602,200	28,393,100
Total Restricted Funds	28,755,000	30,689,100	31,573,000	29,595,700	30,386,600
Federal Fund					
Balance Forward	73,420,200				
Current Receipts	134,019,100	213,504,300	217,063,300	210,953,000	214,294,900
Total Federal Fund	207,439,300	213,504,300	217,063,300	210,953,000	214,294,900
TOTAL SOURCE OF FUNDS	371,423,700	387,658,100	394,226,900	368,756,700	372,690,000
EXPENDITURES BY CLASS					
Personnel Costs	149,356,900	167,374,700	173,971,100	157,734,200	160,401,200
Operating Expenses	28,364,700	28,993,100	28,976,200	27,729,300	29,053,300
Grants Loans Benefits	188,338,800	191,290,300	191,279,600	183,293,200	183,235,500
TOTAL EXPENDITURES	366,060,400	387,658,100	394,226,900	368,756,700	372,690,000
EXPENDITURES BY FUND SOURCE					
General Fund	129,866,100	143,464,700	145,590,600	128,208,000	128,008,500
Restricted Funds	28,755,000	30,689,100	31,573,000	29,595,700	30,386,600
Federal Fund	207,439,300	213,504,300	217,063,300	210,953,000	214,294,900
TOTAL EXPENDITURES	366,060,400	387,658,100	394,226,900	368,756,700	372,690,000
EXPENDITURES BY UNIT					
Supplemental Nutrition Assistance Program	97,464,500	112,600,700	116,267,300	101,855,200	103,464,700
Medical Assistance	52,895,400	55,323,500	57,607,500	55,323,500	57,607,500
State Supplementation	14,639,200	15,265,200	15,297,600	13,977,800	13,979,900
TANF	201,061,300	204,468,700	205,054,500	197,600,200	197,637,900
TOTAL EXPENDITURES	366,060,400	387,658,100	394,226,900	368,756,700	372,690,000

Family Support consists of the following programs: Temporary Assistance to Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; eligibility determination for Medicaid and for health insurance premium assistance through the Kentucky Health Benefit Exchange; and State Supplementation Program for persons who are aged, blind, or have a disability (State Supplementation). The programs administered by the Division of Family Support are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Programs are accessible to all residents of Kentucky counties. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits as well as the regulatory limitations of available benefits, and maintain case record information.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Temporary Assistance for Needy Families/Kentucky Transitional Assistance Program, Special Supplemental Nutrition Programs for Women, Infants and Children (WIC), Medicaid, or SNAP, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. Since Family Support administers two of these programs, it distributes voter registration forms, provides assistance in completing these forms, and ensures completed forms reach the proper state election office for processing in order to comply with this mandate.

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) amended and combined Title IV-A (Aid for Families with Dependent Children or AFDC) and Title IV-F (Job Opportunities and Basic Skills Training

Program or JOBS) of the Social Security Act to provide block grants to states for TANF. These federal funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort requirement mandates that states spend at least 80 percent of fiscal year 1994 expenditures on the program each year. For Kentucky, this amount is \$71.9 million per year.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below a level appropriate for the family's size, and total family resources cannot exceed agency limits.

The Kentucky Works Program assists recipients with their transition into the workforce and attainment of self-sufficiency. Adults receiving K-TAP benefits must participate in this program and, with the help of a case manager, develop a Transitional Assistance Agreement. Kentucky Works Program activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of transportation, child care, and supportive services such as car repairs and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to comply with requirements of the Kentucky Works Program. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. Following a qualifying event, a total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period and no more than twice in a lifetime.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. Effective April 1, 2013, the Department for Community Based Services (DCBS) issued a moratorium impacting a child's initial eligibility for the Kinship Care Program; however, the moratorium did not apply to previously existing beneficiaries. A one-time relative placement support benefit and K-TAP are available to address a child's immediate and ongoing needs, respectively, upon placement by the Department with a qualified relative caregiver as an alternative to foster care.

Efforts to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families continue. The flexibility of the TANF block grant has allowed the Department to pursue initiatives such as change management and organizational restructuring and, as a result, better address the needs of those striving to escape a life of dependency.

Medicaid Eligibility and Health Insurance Affordability

DCBS determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520 and has expanded through state option made available through the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by Health Care and Education Reconciliation Act (P.L. 111-152).

The Department provides eligibility determination services for health insurance premium assistance program via the state-based American Health Benefit Exchange (Kentucky Health Benefit Exchange) established in accordance with P.L. 111-148, as amended, and 42 U.S.C. 18031

State Supplementation

The State Supplementation Program, authorized by KRS 205.245, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home, or to purchase caretaker services designed to prevent institutionalization. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, and special needs.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps low-income persons

purchase food for a nutritional diet. SNAP has its origins in the Food Stamp Act of 1964 (P.L. 88-525). It is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. "Household" is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The SNAP Employment and Training Program (E & T) is designed to assist able-bodied SNAP recipients obtain employment that leads to self-sufficiency. In Kentucky, E & T serves only non-exempt work registrants between the ages of 18 and 49, otherwise known as Able-Bodied Adults without Dependents. Recipients of this service must participate and comply with E & T requirements in order to maintain their SNAP eligibility.

**Health and Family Services
Community Based Services**

Energy

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	554,900				
Current Receipts	29,440,600	29,998,800	30,001,700	29,998,800	30,001,700
Total Federal Fund	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700
TOTAL SOURCE OF FUNDS	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700
EXPENDITURES BY CLASS					
Personnel Costs	54,000	57,500	60,500	57,500	60,500
Operating Expenses	12,900	12,900	12,900	12,900	12,900
Grants Loans Benefits	29,928,600	29,928,400	29,928,300	29,928,400	29,928,300
TOTAL EXPENDITURES	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700
EXPENDITURES BY FUND SOURCE					
Federal Fund	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700
TOTAL EXPENDITURES	29,995,500	29,998,800	30,001,700	29,998,800	30,001,700

The Low Income Home Energy Assistance program is a federally funded program that helps low-income households meet their home heating and/or cooling needs through direct fuel bill subsidies.

The Home Energy Assistance program, authorized by KRS 205.400, provides support with home heating/cooling costs for low-income households. Services include accepting applications, determining eligibility, implementing an outreach component, and coordinating this program with other energy assistance initiatives. Eligibility criteria include income that does not exceed 130 percent of the federal poverty level, resources that total less than \$2,000 (or \$3,000 if at least one person in the household is either age 60 or older or disabled, \$4,000 if there is a catastrophic illness in the household), and the responsibility for home heating expenses. This program is divided into two components. The subsidy component assists recipients with home heating costs for which they are responsible either by direct payment or as an undesignated portion of their rent. The crisis component assists eligible households experiencing a home energy emergency involving imminent loss of heating energy.

**Health and Family Services
Community Based Services**

Child Care

SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
General Fund					
Regular Appropriation	16,469,000	33,860,100	34,146,700	30,935,900	31,229,200
Total General Fund	16,469,000	33,860,100	34,146,700	30,935,900	31,229,200
Tobacco Fund					
Tobacco Settlement - Phase I	10,586,600	5,423,600	4,844,800	6,493,400	8,719,700
Continuing Approp-Tob Settlement				2,046,600	
Total Tobacco Fund	10,586,600	5,423,600	4,844,800	8,540,000	8,719,700
Restricted Funds					
Balance Forward	79,500				
Current Receipts	-7,400	72,100	72,100	72,100	72,100
Total Restricted Funds	72,100	72,100	72,100	72,100	72,100
Federal Fund					
Balance Forward	12,638,600				
Current Receipts	70,480,300	83,226,700	83,329,900	83,226,700	83,329,900
Total Federal Fund	83,118,900	83,226,700	83,329,900	83,226,700	83,329,900
TOTAL SOURCE OF FUNDS	110,246,600	122,582,500	122,393,500	122,774,700	123,350,900
EXPENDITURES BY CLASS					
Personnel Costs	13,892,800	14,000,600	14,103,800	13,996,100	14,014,700
Operating Expenses	1,129,900	1,129,900	1,129,900	1,129,900	1,129,900
Grants Loans Benefits	91,790,600	107,452,000	107,159,800	107,648,700	108,206,300
TOTAL EXPENDITURES	106,813,300	122,582,500	122,393,500	122,774,700	123,350,900
EXPENDITURES BY FUND SOURCE					
General Fund	15,082,300	33,860,100	34,146,700	30,935,900	31,229,200
Tobacco Fund	8,540,000	5,423,600	4,844,800	8,540,000	8,719,700
Restricted Funds	72,100	72,100	72,100	72,100	72,100
Federal Fund	83,118,900	83,226,700	83,329,900	83,226,700	83,329,900
TOTAL EXPENDITURES	106,813,300	122,582,500	122,393,500	122,774,700	123,350,900

The Child Care Program administers the child care assistance subsidy program, the STARS quality rating system, as well as a professional development framework for child care providers. The primary funding services for the program include the federal Child Care Development Fund, state General Fund and Tobacco Settlement-Phase I funds.

The Child Care Development Fund (CCDF) was created by Congress in August 1996 as part of the federal welfare reform legislation. Child care services delivered through CCDF are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need are aware of and have access to available, quality child care which is developmentally appropriate, affordable, and safe. The Cabinet for Health and Family Services' approach to service delivery combines the efforts of Cabinet staff and other service providers to address a family's needs in a comprehensive fashion thereby maximizing the likelihood that a family will achieve positive outcomes. Child Care serves Kentucky's most vulnerable children prioritizing children receiving child protective or preventive services, Temporary Assistance for Needy Families (TANF) recipients and persons transitioning off TANF, children with special needs, and teen parents. Children of low income working families are also eligible for child care assistance.

CCDF Regulation 45 C.F.R. Section 98.51 mandates that no less than four percent (4%) of the aggregate funds expended by the lead agency for the fiscal year be spent for quality activities which include child care health and safety requirements, STARS for KIDS NOW and early care and education professional development. Moreover, CCDF requires that additional funding be set aside for quality initiatives to address the following topics: infant and toddler care, school age care and resource and referral services.

Child Care invests in support services required to allow parents to be self-sufficient without sacrificing the well-being of their children. The CCDF was last reauthorized in 2005 and the goals of access and quality compete for limited childcare resources.

The Child Care Assistance Program is one of the support services directed at: (1) eliminating barriers to work and education for parents; (2) strengthening and maintaining client families; (3) providing early educational opportunities for at-risk children; (4) preventing or remedying abuse, neglect or exploitation of children; (5) preventing family dissolution; and (6) preventing out of home placements; These services are provided by subsidized child care through the CCDF for full and part-day care through the use of licensed providers, certified family child care homes and registered providers. Childcare services are intended to supplement, but not supplant, the parents' responsibility for the child's protection, development, and supervision. To that end, children with special needs and child protective services cases are the top priority for the Division of Child Care. In addition, childcare funding is also used to support low-income working parents and TANF client's efforts to find and keep jobs and transition off welfare. Licensed centers and homes, certified family childcare homes, and registered providers including relative and non-relative providers meeting enrollment requirements and health and safety guidelines, are reimbursed for services at approved rates for eligible, enrolled families.

Due to a projected budget shortfall in fiscal year 2014 the following changes were implemented in the Child Care Assistance Program:

- Effective April 1, 2013 – DCBS froze intake for new low-income clients; and
- Effective July 1, 2013 – DCBS reduced the CCAP income eligibility threshold from 150% of the 2011 Federal Poverty Level (FPL) at initial application and 165% FPL at redetermination to 100% FPL for redetermination.

Additional funding in the 2014-2016 biennial budget restored funding to enable the freeze to be lifted and to restore income eligibility levels back to the 150% of the 2011 federal poverty level and 165% redetermination levels.

The STARS for KIDS NOW Program is part of Kentucky's Early Childhood Initiative and is a voluntary quality rating system that places major emphasis on raising the quality level of early care and education in child care settings. STARS for KIDS NOW monetary incentives and rewards are granted to childcare providers based on environmental scoring using identified characteristics associated with positive outcomes for children and families. Through the provision of technical assistance, providers work to achieve quality indicators in their Environmental Rating Scale to achieve a STAR Level of 1 through 4. Programs receiving STARS Levels 1 through 4 rating surpass the minimum licensing or certification requirements per regulations. Programs are assessed in the following areas: staff/child ratios, group size, curriculum, family involvement, training and education of staff, regulatory compliance, and personnel practices. The Department is an active participant in the Race to the Top, Early Learning Challenge grant. Kentucky is currently in the process of revising the STARS Quality Rating system requirements and expanding the requirements to include not only child day care centers, but public preschool and Head Start programs as well. The Department will be piloting the new requirements during fiscal year 2016.

The Professional Development System is also part of Kentucky's Early Childhood Initiative. The Division has put in place the "Kentucky Childhood Professional Development Framework" which addresses the needs for education, training and credentialing of early care professionals in Kentucky and represents a culmination of months of planning and input from multiple stakeholders across the state. The Framework identifies individual core competencies, credentials, scholarships, grants, awards and training criteria to early care and education professionals. Additionally, targeted quality set-asides under CCDF are being utilized to promote and improve the quality of infant/toddler training opportunities, enhance professional development activities, improve education in child care programs, improve staff and child interactions, increase parental involvement, and facilitate regulatory compliance to all child care programs.

Childcare resource, and referral agencies (CCR&R's) provide services across the Commonwealth of Kentucky. The Cabinet contracts with the University of Kentucky, Human Development Institute through a sub-contract for coordination and management of Child Care Resource and Referral (CCR&R) Network ensuring services in the fifteen (15) Area Development Districts (ADD) covering all 120 counties in Kentucky to coordinate statewide core services as outlined in KRS 199.8992.

The CCR&R Network is comprised of fourteen (14) Regional Training Coordinators, fourteen (14) Regional Technical Assistance Coordinators, and two (2) Regional Technical Assistance Specialists to provide technical assistance, resources and coordination of professional development education to increase the quality of early care and education services across the commonwealth.

The Department, through the Child Care program, contracts with the CHFS Office of the Inspector General (OIG) to inspect, monitor, and license center-based providers, and inspect, monitor, and certify family childcare home providers who care for up to six (6) unrelated children. The OIG is also contracted to investigate complaints against licensed and certified providers as well as to conduct fraud investigations. State statute stipulates that an individual caseload of 1:50 be maintained for continuation of quality services; however, the current average individual case load is 1:100.

Collaborative efforts continue between the Child Care program and key stakeholders in order to ensure that outcomes will focus on continuing quality improvements in early learning environments. These efforts include partnerships with Head

Start, the Department of Education, the Department for Public Health Division of Maternal and Child Health, Kentucky Out-of-School Alliance, Governor's Office of Early Childhood, and other government and quasi-government agencies that share the common goal of increasing professionalism in early care and education, promoting quality care, and supporting early learning guidelines.

**Health and Family Services
Community Based Services
Family and Community Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	262,883,000	274,658,000	282,630,600	211,661,100	212,597,300
Total General Fund	262,883,000	274,658,000	282,630,600	211,661,100	212,597,300
Tobacco Fund					
Tobacco Settlement - Phase I	175,000	175,000	175,000	175,000	175,000
Total Tobacco Fund	175,000	175,000	175,000	175,000	175,000
Restricted Funds					
Balance Forward	2,008,000				
Current Receipts	162,122,100	170,067,300	173,267,300	170,067,300	171,552,700
Non-Revenue Receipts	-82,271,500	-44,441,200	-45,494,100	-44,441,200	-45,494,100
Total Restricted Funds	81,858,600	125,626,100	127,773,200	125,626,100	126,058,600
Federal Fund					
Balance Forward	-63,586,000				
Current Receipts	245,150,000	186,166,100	187,296,100	190,265,400	191,396,500
Total Federal Fund	181,564,000	186,166,100	187,296,100	190,265,400	191,396,500
TOTAL SOURCE OF FUNDS	526,480,600	586,625,200	597,874,900	527,727,600	530,227,400
EXPENDITURES BY CLASS					
Personnel Costs	148,784,200	185,558,600	196,251,600	160,793,200	162,626,500
Operating Expenses	28,787,300	32,760,700	32,978,200	29,055,100	29,546,200
Grants Loans Benefits	339,894,000	368,305,900	368,645,100	337,879,300	338,054,700
TOTAL EXPENDITURES	517,465,500	586,625,200	597,874,900	527,727,600	530,227,400
EXPENDITURES BY FUND SOURCE					
General Fund	253,867,900	274,658,000	282,630,600	211,661,100	212,597,300
Tobacco Fund	175,000	175,000	175,000	175,000	175,000
Restricted Funds	81,858,600	125,626,100	127,773,200	125,626,100	126,058,600
Federal Fund	181,564,000	186,166,100	187,296,100	190,265,400	191,396,500
TOTAL EXPENDITURES	517,465,500	586,625,200	597,874,900	527,727,600	530,227,400
EXPENDITURES BY UNIT					
Family Based Services	128,472,900	165,697,800	173,892,200	140,231,100	141,612,000
Adult Services	36,090,300	38,949,000	39,603,100	37,183,600	37,545,000
Alternatives For Children	352,902,300	381,978,400	384,379,600	350,312,900	351,070,400
TOTAL EXPENDITURES	517,465,500	586,625,200	597,874,900	527,727,600	530,227,400

Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 200, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services

Family-based services include child protection, reunification following out-of-home placement, home safety services, preventive services for families, community-based juvenile services, family preservation services, mental health services through contracts with local comprehensive care centers, self-help services provided through local child abuse councils, and preventive assistance.

Child Protective Services safeguard the rights and welfare of abused, neglected or dependent children; aid parents or other responsible persons in recognizing and remedying conditions detrimental to the welfare of their children; and identify conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. The Department for Community Based Services (DCBS) is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families who do not qualify for services under other program areas address a family's treatment needs before the situation has escalated to become abusive or neglectful.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and other private providers in the community.

Child advocacy centers provide services to victims of child sexual abuse and their non-offending caregivers.

Adult Services

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS Chapters 209 and 209A. The elements of adult services are:

- Adult protection,
- Domestic violence protection,
- Adult home safety services (which is the direct provision of home safety services to adults at risk or in need of protection),
- Alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements,
- Preventive services for adults which entails assessment, planning, and guidance,
- Services provided by domestic violence shelters and crisis centers,
- Services provided by rape crisis centers, and
- Certification of batterer intervention program providers.

Services often involve finding food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency.

Pursuant to KRS Chapters 209 and 209A, anyone who knows or suspects that an adult, who because of mental or physical dysfunction, or a spouse (without regard to age) is being abused, neglected or exploited must report this information to the Cabinet for Health and Family Services' Department for Community Based Services. The Department is required to investigate the report, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

Homemaker Services are designed to enhance the adult's ability to remain at home in the least restrictive environment. Services may include meal preparation, budgeting, grocery shopping, menu planning, doing laundry, assisting with personal hygiene, changing beds, and sweeping floors. Homemaker services are a key element in enhancing the vulnerable adult's ability to remain at home and in assisting the family unit to remain intact.

DCBS is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid-eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals. Approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

As part of Alternate Care, the Department's family service workers make quarterly site visits to each freestanding personal care home and all family care homes to see residents and determine if their social and related needs are being met.

Domestic violence shelter services are available in each of the 15 Area Development Districts under a contract between the DCBS and the Kentucky Domestic Violence Association. Part of the funding for this element is provided by a portion of the marriage license fee as authorized by KRS 209.160.

Rape crisis centers provide services to victims of rape and sexual assault, their friends, and family members.

Batterer intervention program providers are mental health professionals meeting certification standards specified by DCBS who provide services to domestic violence batterers.

Alternatives for Children

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. The legal authority for Alternatives for Children includes KRS Chapters 199, 600 and 620, Titles IV-B and IV-E of the Social Security Act, and the Social Services Block Grant. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child.

Family Foster Care takes place in the home of an agency-approved family. The development of alternative resources such as the Families and Children Together Services (FACTS), Family Preservation Program, Kinship Care or non-parental relative care, and Preventative Assistance has reduced the trend of more children placed in out-of-home care. Due to a projected budget shortfall in fiscal year 2014, a moratorium was implemented on the Kinship Care Program effective April 1, 2013. Relative caregivers and children in the program as of March 31, 2013 were not impacted.

Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours prior to approval and placement of a child and also are required to attend annual in-service training. Parents serving special needs or medically fragile children and those from family treatment homes are required to complete additional training. Care Plus Homes provide a setting where intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures. Medically Fragile Foster Care serves children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor. Foster parents caring for these children are provided an increased reimbursement and must meet additional training and certification requirements.

Independent Living services are specialized services, including classroom and experiential training, designed to enhance the self-sufficiency skills of older children in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. As they complete each phase of the training, youth receive a stipend. In addition, youth ages 18-21 who were formerly in care may receive room and board assistance for a limited time.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, and/or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. The department provides services prior to adoption in order to bring children and families together and services after adoption through after-placement supervisory services and adoption assistance.

Intensive Family Based Services are cost effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractor and may include in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

Policy

The Executive Budget provides General Fund in the amount of \$781,900 in each fiscal year to support Child Advocacy Centers. These centers are child-focused facilities that coordinate the investigation, prosecution, and treatment of child abuse while helping abused children heal.

**Health and Family Services
Aging and Independent Living**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	45,252,100	54,614,900	55,382,900	42,583,200	42,716,800
Total General Fund	45,252,100	54,614,900	55,382,900	42,583,200	42,716,800
Restricted Funds					
Balance Forward	1,406,500	695,100	695,100	695,100	
Current Receipts	1,123,800	1,233,900	1,233,900	1,233,900	1,929,000
Non-Revenue Receipts	654,100	3,755,400	3,505,400	1,255,400	1,255,400
Total Restricted Funds	3,184,400	5,684,400	5,434,400	3,184,400	3,184,400
Federal Fund					
Current Receipts	24,829,300	24,829,300	24,829,300	24,829,300	24,829,300
Total Federal Fund	24,829,300	24,829,300	24,829,300	24,829,300	24,829,300
TOTAL SOURCE OF FUNDS	73,265,800	85,128,600	85,646,600	70,596,900	70,730,500
EXPENDITURES BY CLASS					
Personnel Costs	9,634,200	13,972,000	14,626,700	12,542,900	12,722,900
Operating Expenses	817,100	1,151,900	1,263,300	1,278,400	1,271,100
Grants Loans Benefits	60,227,100	69,309,600	69,061,500	56,775,600	56,736,500
TOTAL EXPENDITURES	70,678,400	84,433,500	84,951,500	70,596,900	70,730,500
EXPENDITURES BY FUND SOURCE					
General Fund	43,359,800	54,614,900	55,382,900	42,583,200	42,716,800
Restricted Funds	2,489,300	4,989,300	4,739,300	3,184,400	3,184,400
Federal Fund	24,829,300	24,829,300	24,829,300	24,829,300	24,829,300
TOTAL EXPENDITURES	70,678,400	84,433,500	84,951,500	70,596,900	70,730,500
EXPENDITURES BY UNIT					
Aging and Independent Living	63,143,800	74,674,400	74,718,000	61,702,300	61,733,600
Guardianship	7,534,600	9,759,100	10,233,500	8,894,600	8,996,900
TOTAL EXPENDITURES	70,678,400	84,433,500	84,951,500	70,596,900	70,730,500

The Department for Aging and Independent Living (DAIL) sets policies and oversees programs for Kentucky's elderly and physically disabled citizens. The programs administered by the Department benefit Kentuckians by contributing to building self-sustaining families and improving the quality of life through an array of community-based services designed to help older persons, individuals with physical disabilities, and wards of the state to be as independent as possible in the least restrictive environment. Department programs also provide counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its programs, DAIL emphasizes successful aging, independent living, planning for an aging society, and continued involvement of older persons, adult wards of the state and physically disabled individuals in every aspect of the community. There are two program budget units within DAIL: Aging and Independent Living Services and Guardianship Services.

**Health and Family Services
Aging and Independent Living
Aging and Independent Living**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	38,400,000	45,823,800	46,116,400	35,351,700	35,382,000
Total General Fund	38,400,000	45,823,800	46,116,400	35,351,700	35,382,000
Restricted Funds					
Balance Forward	711,400				
Current Receipts	569,500	679,600	679,600	679,600	679,600
Non-Revenue Receipts	367,500	3,468,800	3,218,800	968,800	968,800
Total Restricted Funds	1,648,400	4,148,400	3,898,400	1,648,400	1,648,400
Federal Fund					
Balance Forward	-59,900				
Current Receipts	24,761,100	24,702,200	24,703,200	24,702,200	24,703,200
Total Federal Fund	24,701,200	24,702,200	24,703,200	24,702,200	24,703,200
TOTAL SOURCE OF FUNDS	64,749,600	74,674,400	74,718,000	61,702,300	61,733,600
EXPENDITURES BY CLASS					
Personnel Costs	2,663,900	5,851,600	6,072,900	4,716,600	4,794,100
Operating Expenses	253,900	294,100	405,500	211,200	204,100
Grants Loans Benefits	60,226,000	68,528,700	68,239,600	56,774,500	56,735,400
TOTAL EXPENDITURES	63,143,800	74,674,400	74,718,000	61,702,300	61,733,600
EXPENDITURES BY FUND SOURCE					
General Fund	36,794,200	45,823,800	46,116,400	35,351,700	35,382,000
Restricted Funds	1,648,400	4,148,400	3,898,400	1,648,400	1,648,400
Federal Fund	24,701,200	24,702,200	24,703,200	24,702,200	24,703,200
TOTAL EXPENDITURES	63,143,800	74,674,400	74,718,000	61,702,300	61,733,600

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through December 2006 and 45 CFR 1321. The Aging and Independent Living program is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, community preparedness, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and physically disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the State Plan on Aging.

The Aging and Independent Living program administers statewide services; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging and Independent Living (AAA) as well as 14 Community Mental Health Centers (CMHCs) for the Hart Supported Living Program; and approves AAA program plans, amendments, budgets, and contracts for local provision of aging and physical disabilities services. It provides education, training, benefits counseling, information and assistance to respond to the needs of senior citizens and those with physical disabilities.

The services administered to achieve these goals include:

- Title III Older Americans Act Nutritional Services provided through agreements with the AAA's include the Nutritional Services Incentive Program: For persons ages 60 and over, provides congregate meals at senior centers and home-delivered meals to the homebound elderly in each Kentucky county
- Senior Community Service Employment Program (Title V): Employs persons age 55 and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goals of training and eventual placement in unsubsidized employment.

- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits counseling and assistance to aged and disabled Medicare eligible persons through a federal Health Care Financing Administration Grant.
- Long-Term Care Ombudsman Program: On behalf of long-term care residents and their families, this program receives and investigates all complaints and problems of residents of nursing homes and personal care homes in Kentucky. The program assists in protecting the health, safety, welfare and rights of elderly Kentuckians in long term facilities.
- Aging and Disability Resource Center (ADRC): (Sec 1110 SS Act and 42 USC 3031-3037B) provides a single point of entry to services and supports for individuals who require assistance due to need or disability, regardless of age.
- Homecare Program (KRS 205.445-465): A state-funded alternative in-home program for frail and vulnerable persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Homecare provides essential services designed to delay or prevent institutionalization, including homemaker/ personal care, homemaker/home management, home health aide, home-delivered meals, home-repair, chore, respite, and escort services.
- Nursing Home Diversion is a consumer directed model that provides a community based case approach to the state funded Homecare Program.
- Hart Supported Living (KRS 210.770-795): A state funded program that is intended to address service gaps not covered by other funding sources such as Medicaid waiver services. The program provides services which enable a person with disabilities to live in a home of the person's choice which is typical of those living arrangements in which persons without disabilities reside, encourages the individual's integrated participation in the community, promotes the individual's rights and autonomy, enhances the individual's skills and competencies in living in the community and enables the individual's acceptance in the community by promoting home ownership or leasing arrangements in the name of the individual or the individual's family or guardian.
- Personnel Care Attendant Program (PCAP) for Physically Disabled Adults (KRS 205.900): A state funded program that provides personal care assistant services and case management services to severely physically disabled adults, age 18 and over, who have functional loss of two or more limbs and need the services to prevent institutionalization or to leave an institutional setting.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 and over who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- Kentucky Caregiver Program (910 KAR 1:260): A state funded program that provides assistance to Grandparents caring for grandchildren under the age of 18. The program provides information services, individual counseling, caregiver training, and funds (limited to not more than \$500 per grandchild and no more than \$1,500 per household per fiscal year) for defraying the costs of caring for the grandchild that could include purchase of clothing, educational supplies or assistance, certain legal services, medical services not related to co-pays and premiums, and other services as authorized by the Area Agency on Aging.
- Family Caregiver Support Program: A federally funded program serving family and informal caregivers who provide care to people over 60 or an individual of any age with Alzheimer or a related diagnosis, as well as grandparents and other relatives over 55 who provide care to children up to age 19.
- Traumatic Brain Injury Trust Fund Program (KRS 42.320): A state program that provides assistance to children and adults with brain injuries. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund draws its funds primarily from court fees, traffic school fees and DUI service fees. The fund can also accept contributions and grants. The fund is administered by a Board of Directors to assure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- Traumatic Brain Injury Behavioral Program (KRS 189A.050): This program is funded through DUI fees and serves persons affected by Traumatic Brain Injury who are in need of behavioral services. Services are provided through crisis intervention, residential treatment, targeted case management, and other wraparound services.
- The Consumer Directed Option (CDO): The program gives Medicaid waiver members more choices in the way some Medicaid services are provided. The client can choose who will provide services they need as well as how, when, and where these services will be provided
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations. The cost of administering the program is partially covered through fees charged to social assisted living communities.
- Alzheimer's disease and Related Advisory Council (KRS 194.600-609): Oversees information and resources related to policy and services affecting the sixty thousand (60,000) residents of Kentucky with dementia, and the caregivers and families of the residents.
- Preventive Health: Provides disease prevention, education and assistance in training and care of elderly Kentuckians on health related issues.

- Supportive Services: For persons over 60, these include: assessment/case management, transportation, escort to medical facilities, stores and other service delivery points; information, assistance and referral; homecare and other in-home services; health promotion; visiting and telephone reassurance; legal assistance, counseling; education; advocacy; respite; preventive health services; elder abuse prevention programs; supportive services for families of elderly victims of Alzheimer's and related disorders.

**Health and Family Services
Aging and Independent Living**

Guardianship

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,852,100	8,791,100	9,266,500	7,231,500	7,334,800
Total General Fund	6,852,100	8,791,100	9,266,500	7,231,500	7,334,800
Restricted Funds					
Balance Forward	695,100	695,100	695,100	695,100	
Current Receipts	554,300	554,300	554,300	554,300	1,249,400
Non-Revenue Receipts	286,600	286,600	286,600	286,600	286,600
Total Restricted Funds	1,536,000	1,536,000	1,536,000	1,536,000	1,536,000
Federal Fund					
Balance Forward	59,900				
Current Receipts	68,200	127,100	126,100	127,100	126,100
Total Federal Fund	128,100	127,100	126,100	127,100	126,100
TOTAL SOURCE OF FUNDS	8,516,200	10,454,200	10,928,600	8,894,600	8,996,900
EXPENDITURES BY CLASS					
Personnel Costs	6,970,300	8,120,400	8,553,800	7,826,300	7,928,800
Operating Expenses	563,200	857,800	857,800	1,067,200	1,067,000
Grants Loans Benefits	1,100	780,900	821,900	1,100	1,100
TOTAL EXPENDITURES	7,534,600	9,759,100	10,233,500	8,894,600	8,996,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,565,600	8,791,100	9,266,500	7,231,500	7,334,800
Restricted Funds	840,900	840,900	840,900	1,536,000	1,536,000
Federal Fund	128,100	127,100	126,100	127,100	126,100
TOTAL EXPENDITURES	7,534,600	9,759,100	10,233,500	8,894,600	8,996,900

Kentucky's Adult Guardianship Services Program is administered as authorized in KRS 210.290 and 387.500-387.900. Individuals are served by staff in both central office and nine regional offices. This Program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for a ward. A ward is a person who has been declared "legally disabled" by the court and is no longer able to care for his or her personal and/or financial needs.

Appointed guardians may be a friend or family member who is willing to serve in this capacity on behalf of the disabled individual. If there is no one willing to assume guardianship for the disabled person, the court will appoint the Cabinet for Health and Family Services as the state guardian. The duties of the state guardian include:

- Full Guardianship/Full Conservator – In this category the Cabinet will be responsible for both the personal and financial needs of the ward. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions, the right to determine where to live, the right to sell property, and the right to sign legal documents such as checks, marriage licenses or wills.
- Limited Guardian – A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others.
- Conservator – A conservator may be appointed if the disabled person needs help only with managing financial or fiduciary affairs.
- Conservator/Guardian - This category allows for a combination of a conservator who manages financial and fiduciary affairs with a guardian who manages living and personal needs arrangements.

Policy

The Executive Budget includes General Fund of \$468,000 in fiscal year 2017 and \$496,100 in fiscal year 2018 for the Guardianship Program within the Department for Aging and Independent Living for social workers/field workers to address caseload growth.

The Executive Budget provides \$84,900 in fiscal year 2016-2017 and \$85,800 in fiscal year 2017-2018 from the General Fund to support implementation of a new minimum salary plan to assist with retention of social workers.

Health and Family Services
Health Benefit and Information Exchange

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,072,700				11,872,000
Current Receipts	35,000	35,000	35,000	35,000	35,000
Non-Revenue Receipts	25,184,000	28,292,700	27,353,100	32,207,100	30,625,900
Total Restricted Funds	26,291,700	28,327,700	27,388,100	32,242,100	42,532,900
Federal Fund					
Current Receipts	21,335,900	13,658,500	9,227,000	22,658,500	9,227,000
Total Federal Fund	21,335,900	13,658,500	9,227,000	22,658,500	9,227,000
TOTAL SOURCE OF FUNDS	47,627,600	41,986,200	36,615,100	54,900,600	51,759,900
EXPENDITURES BY CLASS					
Personnel Costs	43,908,000	33,758,500	28,408,000	38,383,300	16,101,800
Operating Expenses	3,406,100	7,859,500	7,872,900	4,539,800	1,278,200
Grants Loans Benefits	313,200	367,900	333,900	105,200	33,500
Capital Outlay	300	300	300	300	300
TOTAL EXPENDITURES	47,627,600	41,986,200	36,615,100	43,028,600	17,413,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	26,291,700	28,327,700	27,388,100	20,370,100	8,186,800
Federal Fund	21,335,900	13,658,500	9,227,000	22,658,500	9,227,000
TOTAL EXPENDITURES	47,627,600	41,986,200	36,615,100	43,028,600	17,413,800
EXPENDITURES BY UNIT					
Health Benefit Exchange	35,559,800	23,392,900	24,026,500	24,444,600	4,842,500
Health Information Exchange	12,067,800	18,593,300	12,588,600	18,584,000	12,571,300
TOTAL EXPENDITURES	47,627,600	41,986,200	36,615,100	43,028,600	17,413,800

The Kentucky Office of Health Benefit and Information Exchange (KOHBE) was first established by Executive Order 2012-587. The KOHBE was charged with developing and implementing the Kentucky Health Benefit Exchange (KHBE). The Patient Protection and Affordable Care Act required the establishment of an American Health Benefit Exchange in each state. The KHBE, known as kynect, currently serves as a marketplace to facilitate the purchase and sale of qualified health plans in the individual and small business market.

On December 30, 2015, Kentucky notified the secretary of the U.S. Department of Health and Human Services of Kentucky's intent to end the state exchange and migrate to the Federally Facilitated Market (FFM) as of December 31, 2016. The transition to the federal exchange will be seamless so that the roughly 81,000 citizens who bought private health plans through kynect will remain covered for the 2016 plan year. The transition is scheduled to be complete by the 2017 open enrollment period, beginning in November of 2016.

The office of Health Benefits and Information Exchange is supported by an assessment on health insurers equal to one percent of premiums paid on all health insurance policies written in Kentucky.

The Kentucky Health Information Exchange (KHIE) was created to serve as a focal point for e-health initiatives in the Commonwealth initiated by the American Recovery and Reinvestment Act. The KHIE helps health care providers in utilizing health technology to improve patient care, reduce medical errors, and make more efficient use of resources by reducing redundant services.

Justice and Public Safety

Justice and Public Safety

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	691,476,700	924,685,200	951,413,200	748,819,500	757,672,800
Special Appropriation	10,000,000				
Current Year Appropriation	16,177,500				
Mandated Allotments	16,800,000				
Total General Fund	734,454,200	924,685,200	951,413,200	748,819,500	757,672,800
Tobacco Fund					
Tobacco Settlement - Phase I	1,241,100	1,707,800	1,714,700	1,609,100	1,769,800
Special Appropriation	459,100				
Continuing Approp-Tob Settlement	73,100				
Total Tobacco Fund	1,773,300	1,707,800	1,714,700	1,609,100	1,769,800
Restricted Funds					
Balance Forward	19,054,300	13,018,400	15,281,200	17,957,800	13,231,200
Current Receipts	45,393,000	44,884,500	45,114,900	45,545,800	41,825,700
Non-Revenue Receipts	87,461,000	73,779,900	74,599,700	96,778,300	98,226,300
Fund Transfers	-11,000,000				
Total Restricted Funds	140,908,300	131,682,800	134,995,800	160,281,900	153,283,200
Federal Fund					
Balance Forward	918,100	21,859,300	24,259,900	21,859,300	24,259,900
Current Receipts	59,935,300	50,430,900	50,644,800	41,109,900	41,250,000
Non-Revenue Receipts	-684,500				
Total Federal Fund	60,168,900	72,290,200	74,904,700	62,969,200	65,509,900
Road Fund					
Regular Appropriation	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
Total Road Fund	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
TOTAL SOURCE OF FUNDS	1,034,150,500	1,242,619,700	1,279,465,100	1,076,356,400	1,081,832,400
EXPENDITURES BY CLASS					
Personnel Costs	565,935,700	651,356,300	685,317,700	599,005,200	604,586,200
Operating Expenses	120,435,300	141,346,100	139,417,100	116,956,000	115,688,700
Grants Loans Benefits	292,720,500	322,273,200	323,890,400	310,559,100	311,840,900
Debt Service	2,140,500	8,898,900	10,256,600	2,409,400	3,109,100
Capital Outlay	5,738,200	79,203,700	76,777,200	9,935,200	5,923,200
Construction	400	400	400	400	400
TOTAL EXPENDITURES	986,970,600	1,203,078,600	1,235,659,400	1,038,865,300	1,041,148,500
EXPENDITURES BY FUND SOURCE					
General Fund	727,091,400	924,685,200	951,413,200	748,819,500	757,672,800
Tobacco Fund	1,773,300	1,707,800	1,714,700	1,609,100	1,769,800
Restricted Funds	122,950,500	116,401,600	117,882,000	147,050,700	139,291,200
Federal Fund	38,309,600	48,030,300	48,212,800	38,709,300	38,818,000
Road Fund	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
TOTAL EXPENDITURES	986,970,600	1,203,078,600	1,235,659,400	1,038,865,300	1,041,148,500
EXPENDITURES BY UNIT					
Justice Administration	37,328,700	54,189,700	56,843,800	43,148,500	43,941,300
Criminal Justice Training	53,187,600	53,676,800	54,512,000	74,944,500	70,836,200
Juvenile Justice	105,836,400	114,182,900	118,844,200	111,556,100	112,463,100
State Police	206,057,900	320,343,400	333,018,900	225,275,300	226,972,100
Corrections Management	9,652,800	11,863,000	12,243,900	9,710,300	9,779,900
Adult Correctional Institutions	290,669,500	318,488,500	320,711,800	288,447,600	289,124,000

EXPENDITURES BY UNIT

Community Services and Local Facilities	213,015,500	236,803,500	239,117,200	212,420,800	214,408,700
Local Jail Support	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300
Public Advocacy	53,683,500	69,945,600	76,468,400	56,649,900	56,910,900
TOTAL EXPENDITURES	<u>986,970,600</u>	<u>1,203,078,600</u>	<u>1,235,659,400</u>	<u>1,038,865,300</u>	<u>1,041,148,500</u>

The Kentucky Justice Cabinet was established in 1974. It was renamed the Justice and Public Safety Cabinet in 2007. In 2009, the Department of Vehicle Enforcement was brought under the Kentucky State Police.

The Cabinet is comprised of six departments:

- Department of Justice Administration
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

Justice and Public Safety

Justice Administration

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,210,300	27,753,800	30,425,000	28,812,800	29,499,800
Special Appropriation	10,000,000				
Total General Fund	21,210,300	27,753,800	30,425,000	28,812,800	29,499,800
Tobacco Fund					
Tobacco Settlement - Phase I	1,241,100	1,707,800	1,714,700	1,609,100	1,769,800
Special Appropriation	459,100				
Continuing Approp-Tob Settlement	73,100				
Total Tobacco Fund	1,773,300	1,707,800	1,714,700	1,609,100	1,769,800
Restricted Funds					
Balance Forward	1,595,300	1,313,300	1,140,100	1,313,300	1,140,100
Current Receipts	1,226,100	1,172,800	1,175,200	1,172,000	1,172,300
Non-Revenue Receipts	2,205,900	2,210,700	2,214,800	209,300	209,800
Total Restricted Funds	5,027,300	4,696,800	4,530,100	2,694,600	2,522,200
Federal Fund					
Balance Forward	541,400	21,857,200	24,259,900	21,857,200	24,259,900
Current Receipts	31,728,300	23,574,100	23,635,200	13,574,800	13,610,700
Non-Revenue Receipts	723,100				
Total Federal Fund	32,992,800	45,431,300	47,895,100	35,432,000	37,870,600
TOTAL SOURCE OF FUNDS	61,003,700	79,589,700	84,564,900	68,548,500	71,662,400
EXPENDITURES BY CLASS					
Personnel Costs	11,952,800	13,065,300	13,578,600	11,974,400	12,069,800
Operating Expenses	1,326,000	1,598,600	1,598,700	1,739,100	1,739,100
Grants Loans Benefits	24,049,900	39,525,800	40,091,500	29,435,000	30,132,400
Debt Service			1,575,000		
TOTAL EXPENDITURES	37,328,700	54,189,700	56,843,800	43,148,500	43,941,300
EXPENDITURES BY FUND SOURCE					
General Fund	20,705,800	27,753,800	30,425,000	28,812,800	29,499,800
Tobacco Fund	1,773,300	1,707,800	1,714,700	1,609,100	1,769,800
Restricted Funds	3,714,000	3,556,700	3,500,900	1,554,500	1,493,000
Federal Fund	11,135,600	21,171,400	21,203,200	11,172,100	11,178,700
TOTAL EXPENDITURES	37,328,700	54,189,700	56,843,800	43,148,500	43,941,300
EXPENDITURES BY UNIT					
Secretary	4,276,100	4,709,600	4,919,500	4,346,000	4,384,900
Office of Drug Control Policy	3,996,900	3,957,400	3,978,200	3,837,500	4,000,900
Medical Examiner Program	4,513,000	5,109,800	6,860,300	4,700,800	4,733,500
Parole Board	1,004,800	1,105,800	1,160,700	1,031,000	1,041,200
Grants	11,742,300	21,778,400	21,764,300	11,767,900	11,715,000
Criminal Justice Council	179,400	184,200	188,300	182,800	183,300
Motorcycle Training Program	900,000	900,000	900,000	900,000	900,000
Access to Justice	716,200	750,000	750,000	682,500	682,500
Substance Abuse Initiatives	10,000,000	15,694,500	16,322,500	15,700,000	16,300,000
TOTAL EXPENDITURES	37,328,700	54,189,700	56,843,800	43,148,500	43,941,300

The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches. The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board.

The Office of the Secretary is responsible for the administration of the Cabinet, provision of legal services, development of legislation, regulation, policy and coordination of activities within and among the Cabinet's departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Commonwealth, such as the Justice Assistance Grant program, the Victims of Crime Act and the Violence Against Women Act programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Criminal Justice Council established by KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council.

The Office of Drug Control Policy is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

The Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The nine member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Office of the Kentucky State Medical Examiner, in accordance with KRS 72.210-275, provides forensic specialists who assist the county coroners' offices and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Fort Thomas and Madisonville.

The External Child Fatality/Near Fatality Review Panel, established in KRS 620.055, is attached to the Justice and Public Safety Cabinet for staff and administrative purposes.

Policy

The Executive Budget includes General Fund in the amount of \$2,000,000 in each fiscal year for the Operation UNITE program, funded from the Local Government Economic Development Fund.

Heroin legislation was enacted during the 2015 Regular Session in an effort to reduce the trafficking and abuse of heroin and other opiates. It invests 50 percent of the savings realized as a result of the passage of HB 463 in the 2011 Regular Session in an array of substance abuse and criminal justice programs. In fiscal year 2015/2016, it appropriated \$10,000,000 as a necessary government expense. The Secretary of the Justice and Public Safety has authority to determine distribution of these funds among the several substance abuse treatment and prevention efforts. The Executive Budget provides \$15,700,000 in fiscal year 2016-2017 and \$16,300,000 in fiscal year 2017-2018. The amounts will be held in reserve until allocated by the Secretary of the Justice and Public Safety Cabinet.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,462,400	736,100	736,100	7,470,600	3,879,300
Current Receipts	513,800	510,500	519,500	561,700	563,300
Non-Revenue Receipts	65,494,400	52,916,800	53,732,500	70,542,000	72,430,800
Fund Transfers	-11,000,000				
Total Restricted Funds	60,470,600	54,163,400	54,988,100	78,574,300	76,873,400
Federal Fund					
Balance Forward	2,200				
Current Receipts	185,400	249,500	260,000	249,500	260,000
Total Federal Fund	187,600	249,500	260,000	249,500	260,000
TOTAL SOURCE OF FUNDS	60,658,200	54,412,900	55,248,100	78,823,800	77,133,400
EXPENDITURES BY CLASS					
Personnel Costs	20,242,800	21,441,600	22,160,900	23,246,700	23,486,000
Operating Expenses	2,961,300	3,107,400	2,972,800	3,444,800	3,310,200
Grants Loans Benefits	27,782,000	26,749,900	27,006,200	41,863,100	41,667,900
Debt Service	2,140,500	2,141,900	2,136,100	2,141,900	2,136,100
Capital Outlay	61,000	236,000	236,000	4,248,000	236,000
TOTAL EXPENDITURES	53,187,600	53,676,800	54,512,000	74,944,500	70,836,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	53,000,000	53,427,300	54,252,000	74,695,000	70,576,200
Federal Fund	187,600	249,500	260,000	249,500	260,000
TOTAL EXPENDITURES	53,187,600	53,676,800	54,512,000	74,944,500	70,836,200
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	51,787,100	52,185,100	52,979,600	73,451,900	69,327,500
Peace Officer Professional Standards	709,800	731,700	752,900	731,400	735,400
Special Training Programs	690,700	760,000	779,500	761,200	773,300
TOTAL EXPENDITURES	53,187,600	53,676,800	54,512,000	74,944,500	70,836,200

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, certified court-security officers, school resource officers, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, de-escalation techniques, coroner training, AIDS, post-traumatic stress disorder (PTSD), pediatric-abuse head trauma, child sexual abuse, juvenile crime, domestic violence, bias-related crimes, penal code and constitutional law, tactical training in rapid response, crisis intervention, response to persons with special needs, professional development, executive and staff training, leadership development, internet crime, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs, in addition to the Peace Officers Professional Standards (POPS) program. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-service training for approximately 14,000 seats each year, totaling approximately 566,000 hours of training.

Policy

Notwithstanding KRS 15.470, the Executive Budget includes Restricted Funds of \$10,300,000 in fiscal year 2016-2017

and \$10,402,800 in fiscal year 2017-2018 for a \$4,000 training incentive stipend and associated fringe benefit costs for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police; Horse Park mounted patrol officers; State Park rangers; Agriculture investigators, Charitable Gaming investigators; Alcoholic Beverage Control investigators; Insurance fraud investigators and Attorney General investigators. Each eligible peace officer must meet the requirements of Peace Officer Professional Standards Act training. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) to approximately 7,500 certified peace officers in the amount of \$41,509,000 in fiscal year 2016-2017 and \$41,611,800 in fiscal year 2017-2018.

The Executive Budget includes \$73,451,900 in fiscal year 2016-2017 and \$69,327,500 in fiscal year 2017-2018 for the Kentucky Law Enforcement Program Fund.

Notwithstanding KRS 15.470, \$2,000,000 in fiscal year 2016-2017 and \$2,350,000 in fiscal year 2017-2018 from the Kentucky Law Enforcement Foundation Program Fund is provided for law enforcement capital projects and equipment for the State Police, and \$1,100,000 in fiscal year 2015-2016, \$5,013,300 2016-2017 and \$4,466,400 in fiscal year 2017-2018 from the KLEFP Fund is provided to the State Police operating budget for law enforcement purposes, including additional resources to the state laboratories to address the DNA analysis backlog.

Justice and Public Safety

Juvenile Justice

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	83,322,700	92,315,800	96,977,100	85,770,200	86,488,700
Total General Fund	83,322,700	92,315,800	96,977,100	85,770,200	86,488,700
Restricted Funds					
Balance Forward	1,917,100	4,929,700	7,912,300	3,134,600	2,719,100
Current Receipts	908,000	878,000	878,000	878,000	878,000
Non-Revenue Receipts	12,265,900	12,265,900	12,265,900	12,265,900	12,265,900
Total Restricted Funds	15,091,000	18,073,600	21,056,200	16,278,500	15,863,000
Federal Fund					
Balance Forward	281,400	2,100		2,100	
Current Receipts	11,426,500	11,703,700	11,705,800	12,224,400	12,323,400
Total Federal Fund	11,707,900	11,705,800	11,705,800	12,226,500	12,323,400
TOTAL SOURCE OF FUNDS	110,121,600	122,095,200	129,739,100	114,275,200	114,675,100
EXPENDITURES BY CLASS					
Personnel Costs	83,333,800	91,609,300	96,391,400	88,967,500	89,987,800
Operating Expenses	9,905,300	9,705,000	9,696,500	9,820,000	9,819,000
Grants Loans Benefits	12,597,300	12,868,600	12,756,300	12,768,600	12,656,300
TOTAL EXPENDITURES	105,836,400	114,182,900	118,844,200	111,556,100	112,463,100
EXPENDITURES BY FUND SOURCE					
General Fund	82,174,200	92,315,800	96,977,100	85,770,200	86,488,700
Restricted Funds	11,956,400	10,161,300	10,161,300	13,559,400	13,651,000
Federal Fund	11,705,800	11,705,800	11,705,800	12,226,500	12,323,400
TOTAL EXPENDITURES	105,836,400	114,182,900	118,844,200	111,556,100	112,463,100
EXPENDITURES BY UNIT					
Program Management	1,646,200	1,878,100	1,966,500	1,696,800	1,711,500
Program Operations	95,264,200	102,381,200	106,498,200	100,218,600	101,035,600
Support Services	8,926,000	9,923,600	10,379,500	9,640,700	9,716,000
TOTAL EXPENDITURES	105,836,400	114,182,900	118,844,200	111,556,100	112,463,100

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for “public” and “youthful” offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into four separate regions.

Day Treatment Services is comprised of five state-owned and 19 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 24 centers is 847 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	8
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 80

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 80 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	80
Mayfield Youth Development Center	Mayfield	Graves	30
Owensboro Treatment Center	Owensboro	Daviess	30
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 440

The 10 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the residential care program is 440 youths.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	20
Warren Regional Juvenile Detention Center	Warren	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	60

Detention Beds = 356

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 20-30 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 2,400 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

Policy

The Executive Budget provides additional General Fund in the amount of \$627,000 in fiscal year 2016-2017 and \$633,600 in fiscal year 2017-2018 to support implementation of a new minimum salary plan to assist with retention of Social Service Workers and Social Service Clinicians.

Justice and Public Safety

State Police

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	75,272,600	172,783,600	180,399,400	80,402,000	81,479,200
Total General Fund	75,272,600	172,783,600	180,399,400	80,402,000	81,479,200
Restricted Funds					
Balance Forward	3,750,100	4,009,300	3,462,700	4,009,300	3,462,700
Current Receipts	16,526,700	16,654,300	16,835,600	16,124,500	15,736,300
Non-Revenue Receipts	7,494,800	6,386,500	6,386,500	13,761,100	13,319,800
Total Restricted Funds	27,771,600	27,050,100	26,684,800	33,894,900	32,518,800
Federal Fund					
Current Receipts	12,943,500	11,718,700	11,921,600	11,764,400	11,801,000
Non-Revenue Receipts	-1,381,500				
Total Federal Fund	11,562,000	11,718,700	11,921,600	11,764,400	11,801,000
Road Fund					
Regular Appropriation	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
Total Road Fund	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
TOTAL SOURCE OF FUNDS	211,452,000	323,806,100	335,442,500	228,738,000	229,395,700
EXPENDITURES BY CLASS					
Personnel Costs	156,309,300	184,861,200	193,427,400	175,907,200	178,364,400
Operating Expenses	44,172,900	59,042,500	57,277,300	43,782,400	43,022,000
Grants Loans Benefits	538,000	538,000	538,000	538,000	538,000
Debt Service			5,874,500		
Capital Outlay	5,037,300	75,901,300	75,901,300	5,047,300	5,047,300
Construction	400	400	400	400	400
TOTAL EXPENDITURES	206,057,900	320,343,400	333,018,900	225,275,300	226,972,100
EXPENDITURES BY FUND SOURCE					
General Fund	73,887,800	172,783,600	180,399,400	80,402,000	81,479,200
Restricted Funds	23,762,300	23,587,400	24,261,200	30,432,200	30,095,200
Federal Fund	11,562,000	11,718,700	11,921,600	11,764,400	11,801,000
Road Fund	96,845,800	112,253,700	116,436,700	102,676,700	103,596,700
TOTAL EXPENDITURES	206,057,900	320,343,400	333,018,900	225,275,300	226,972,100
EXPENDITURES BY UNIT					
Administration	28,793,700	39,297,600	46,450,500	29,889,000	30,276,400
Technical Services	38,298,400	122,073,600	121,756,300	40,237,000	39,980,600
Operations	122,531,600	142,206,600	147,645,400	138,149,300	139,618,400
Commercial Vehicle Enforcement	16,434,200	16,765,600	17,166,700	17,000,000	17,096,700
TOTAL EXPENDITURES	206,057,900	320,343,400	333,018,900	225,275,300	226,972,100

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts and Commercial Vehicle Enforcement officers are assigned to 6 regions. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of four divisions: Administrative, Operations, Technical Services, and Commercial Vehicle Enforcement.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll, employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to all departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is provided through the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

The Commercial Vehicle Enforcement Division is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

Kentucky State Police was transferred ownership of 362 acres and facilities from the Department of Corrections on July 1, 2011 to be used as the Kentucky State Police Training Academy. In 2013, a \$2 million bond funded project was authorized to demolish the administration building and construct a new building with office, conference room and replacement classroom.

Policy

The Executive Budget includes Restricted Funds of \$7,706,200 in fiscal year 2016-2017 and \$7,811,800 in fiscal year 2017-2018 for a \$4,000 training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Executive Budget provides, General Fund in the amount of \$3,089,700 in fiscal year 2016-2017 and \$3,136,700 in fiscal year 2017-2018 for State Trooper salary improvements.

Notwithstanding KRS 15.470, \$2,000,000 in fiscal year 2016-2017 and \$2,350,000 in fiscal year 2017-2018 from the Kentucky Law Enforcement Foundation Program Fund is provided for law enforcement capital projects and equipment for the State Police, and \$1,100,000 in fiscal year 2015-2016, \$5,013,300 2016-2017 and \$4,466,400 in fiscal year 2017-2018 from the KLEFP Fund is provided to the State Police operating budget for law enforcement purposes, including additional resources to the state laboratories to address the DNA analysis backlog.

Justice and Public Safety

Corrections

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	474,198,200	567,834,500	572,889,600	502,044,600	507,973,200
Current Year Appropriation	15,800,000				
Mandated Allotments	16,800,000				
Total General Fund	506,798,200	567,834,500	572,889,600	502,044,600	507,973,200
Restricted Funds					
Balance Forward	6,232,900	2,030,000	2,030,000	2,030,000	2,030,000
Current Receipts	22,079,000	21,613,700	21,790,500	23,954,400	20,759,700
Total Restricted Funds	28,311,900	23,643,700	23,820,500	25,984,400	22,789,700
Federal Fund					
Balance Forward	93,100				
Current Receipts	1,394,100	1,292,000	1,292,000	1,292,000	1,292,000
Non-Revenue Receipts	-26,100				
Total Federal Fund	1,461,100	1,292,000	1,292,000	1,292,000	1,292,000
TOTAL SOURCE OF FUNDS	536,571,200	592,770,200	598,002,100	529,321,000	532,054,900
EXPENDITURES BY CLASS					
Personnel Costs	246,612,500	277,716,000	290,741,000	247,800,900	249,089,600
Operating Expenses	55,890,800	60,629,900	60,441,800	52,648,300	52,496,100
Grants Loans Benefits	227,733,300	242,570,900	243,478,400	225,934,400	226,826,300
Debt Service		6,757,000	671,000	267,500	973,000
Capital Outlay	639,900	3,066,400	639,900	639,900	639,900
TOTAL EXPENDITURES	530,876,500	590,740,200	595,972,100	527,291,000	530,024,900
EXPENDITURES BY FUND SOURCE					
General Fund	503,133,500	567,834,500	572,889,600	502,044,600	507,973,200
Restricted Funds	26,281,900	21,613,700	21,790,500	23,954,400	20,759,700
Federal Fund	1,461,100	1,292,000	1,292,000	1,292,000	1,292,000
TOTAL EXPENDITURES	530,876,500	590,740,200	595,972,100	527,291,000	530,024,900
EXPENDITURES BY UNIT					
Corrections Management	9,652,800	11,863,000	12,243,900	9,710,300	9,779,900
Adult Correctional Institutions	290,669,500	318,488,500	320,711,800	288,447,600	289,124,000
Community Services and Local Facilities	213,015,500	236,803,500	239,117,200	212,420,800	214,408,700
Local Jail Support	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300
TOTAL EXPENDITURES	530,876,500	590,740,200	595,972,100	527,291,000	530,024,900

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Department's core cost driver is the felon population. In the 2011 Regular Session, HB 463 was passed with the intent to decrease the state's prison population; reduce incarceration costs; and implement programs that will reduce crime and increase overall public safety. KRS 196.111 mandates the use of evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. HB 463 was passed with the intent to decrease the state's prison population; reduce incarceration costs; and implement programs that will reduce crime and increase overall public safety. KRS 196.111 mandates the use of

evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. HB 463 modified KRS Chapter 218A controlled substance statutes and placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. Other provisions in KRS 439.335, KRS 439.340, KRS 439.320, and KRS 197.045 emphasize the use of parole to effectuate accelerated parole hearings; to order mandatory reentry supervision release; and to allow for good time credit that reduces the sentence while on parole.

Policy

The Executive Budget incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

2016 - 2018 Felon and Community Beds Forecast

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Felons*	21,929	22,171	22,261
Other**	<u>2,145</u>	<u>2,262</u>	<u>2,262</u>
Total	24,074	24,433	24,523

* The incarcerated felon forecast is a consensus estimating process involving a nationally-known Corrections consulting firm, the Department of Corrections, and the Office of the State Budget Director

**The Other category is the remaining population under the custody of the Department of Corrections located in Halfway House and Recovery Kentucky beds for parolees and probationers, as well as others serving time in jails under an alternative sentence arrangement with the Courts.

The Executive Budget includes additional General Fund in the amount of \$6,300,000 in fiscal year 2015-2016, \$6,400,000 in fiscal year 2016-2017, and \$10,700,000 in fiscal year 2017-2018, as a result of accommodating a higher inmate population forecast.

The Executive Budget provides additional General Fund in the amount of \$2,078,800 in fiscal year 2016-2017 and \$2,073,800 in fiscal year 2017-2018 to support salary increases for entry level Correctional Officers to improve recruitment efforts.

**Justice and Public Safety
Corrections Management**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,634,800	11,488,000	11,868,900	9,335,300	9,404,900
Total General Fund	9,634,800	11,488,000	11,868,900	9,335,300	9,404,900
Restricted Funds					
Balance Forward	700				
Current Receipts	299,300	300,000	300,000	300,000	300,000
Total Restricted Funds	300,000	300,000	300,000	300,000	300,000
Federal Fund					
Balance Forward	93,100				
Current Receipts	8,000	75,000	75,000	75,000	75,000
Non-Revenue Receipts	-26,100				
Total Federal Fund	75,000	75,000	75,000	75,000	75,000
TOTAL SOURCE OF FUNDS	10,009,800	11,863,000	12,243,900	9,710,300	9,779,900
EXPENDITURES BY CLASS					
Personnel Costs	8,963,400	10,633,700	11,163,800	8,924,300	9,008,300
Operating Expenses	689,400	1,229,300	1,080,100	786,000	771,600
TOTAL EXPENDITURES	9,652,800	11,863,000	12,243,900	9,710,300	9,779,900
EXPENDITURES BY FUND SOURCE					
General Fund	9,277,800	11,488,000	11,868,900	9,335,300	9,404,900
Restricted Funds	300,000	300,000	300,000	300,000	300,000
Federal Fund	75,000	75,000	75,000	75,000	75,000
TOTAL EXPENDITURES	9,652,800	11,863,000	12,243,900	9,710,300	9,779,900
EXPENDITURES BY UNIT					
Commissioner	5,314,200	6,485,700	6,795,900	5,316,300	5,355,500
Corrections Training	1,639,100	2,170,800	2,111,700	1,643,800	1,656,700
Administrative Services	1,802,900	2,131,500	2,206,800	1,843,200	1,852,300
Division of Personnel	896,600	1,075,000	1,129,500	907,000	915,400
TOTAL EXPENDITURES	9,652,800	11,863,000	12,243,900	9,710,300	9,779,900

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, and Debt Service.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information Technology and Offender Records Branch as well as the Parole Board/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting.

**Justice and Public Safety
Adult Correctional Institutions**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	247,520,000	300,453,300	302,499,800	270,471,700	271,142,800
Current Year Appropriation	15,800,000				
Mandated Allotments	10,500,000				
Total General Fund	273,820,000	300,453,300	302,499,800	270,471,700	271,142,800
Restricted Funds					
Balance Forward	3,451,900				
Current Receipts	14,979,700	17,513,700	17,690,500	17,454,400	17,459,700
Total Restricted Funds	18,431,600	17,513,700	17,690,500	17,454,400	17,459,700
Federal Fund					
Current Receipts	521,500	521,500	521,500	521,500	521,500
Total Federal Fund	521,500	521,500	521,500	521,500	521,500
TOTAL SOURCE OF FUNDS	292,773,100	318,488,500	320,711,800	288,447,600	289,124,000
EXPENDITURES BY CLASS					
Personnel Costs	187,819,500	207,586,600	217,730,400	187,924,900	188,142,600
Operating Expenses	46,876,300	46,462,000	46,390,900	45,548,500	45,412,600
Grants Loans Benefits	55,333,800	55,390,500	55,279,600	54,066,800	53,955,900
Debt Service		6,757,000	671,000	267,500	973,000
Capital Outlay	639,900	2,292,400	639,900	639,900	639,900
TOTAL EXPENDITURES	290,669,500	318,488,500	320,711,800	288,447,600	289,124,000
EXPENDITURES BY FUND SOURCE					
General Fund	271,716,400	300,453,300	302,499,800	270,471,700	271,142,800
Restricted Funds	18,431,600	17,513,700	17,690,500	17,454,400	17,459,700
Federal Fund	521,500	521,500	521,500	521,500	521,500
TOTAL EXPENDITURES	290,669,500	318,488,500	320,711,800	288,447,600	289,124,000
EXPENDITURES BY UNIT					
Institutions Operations	3,812,700	4,039,400	4,156,600	3,971,200	4,676,300
Medical Services	58,002,900	57,916,700	57,995,800	57,086,000	57,085,600
Education	5,827,700	5,955,500	6,121,200	5,742,800	5,742,000
Correctional Industries	12,645,600	13,477,700	13,654,500	12,668,400	12,673,700
Correctional Facilities	201,955,100	228,386,200	229,723,700	200,653,900	200,622,400
Mental Health	8,425,500	8,713,000	9,060,000	8,325,300	8,324,000
TOTAL EXPENDITURES	290,669,500	318,488,500	320,711,800	288,447,600	289,124,000

Adult Correctional Institutions is comprised of 13 state correctional facilities for adult felon offenders. Seven additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, the Division of Substance Abuse, Education programs, Inmate Medical Services, the Division of Adult Institutions and the Division of Correctional Industries.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of three units: sex offender treatment programs, the Sex Offender Risk Assessment Unit, and psychiatric and psychological out-patient services.

The Division of Substance Abuse is responsible for providing and overseeing alcohol and other substance abuse treatment programs in the state correctional facilities.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with KRS 441.560.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-one separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 2,000 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 849 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 691 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 470 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,052 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Lockett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,097 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center

(KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 947 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is located near Sandy Hook in Elliott County and has an operational capacity of 987 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

Ross-Cash Center (R-CC) is located on the grounds of Western Kentucky Correctional Complex in Lyon County and has an operational capacity of 200 female inmates. The facility, which opened in October 2015, is named for two correctional employees killed in the line of duty during the 1980s.

Policy

The Executive Budget provides General Fund in the amount of \$15,800,000 in fiscal year 2015-2016, \$15,500,000 in fiscal year 2016-2017 and \$15,500,000 in fiscal year 2017-2018 for a compensation increase for all correctional officers that was implemented in July 2015 to address recruitment and retention issues. To further address recruitment challenges, and to ensure a safe environment in Kentucky's correctional institutions, the Executive Budget provides General Fund in the amount of \$2,078,800 in fiscal year 2016-2017 and \$2,073,800 in fiscal year 2017-2018 to increase the entry-level salary for correctional officer new hires. Due to compression, the Correctional Sergeant and Correctional Lieutenant salaries would also receive increases.

The Executive Budget provides General Fund debt service in the amount of \$267,500 in fiscal year 2016-2017 and \$973,000 in fiscal year 2017-2018 to support new bonds for capital projects.

The Executive Budget provides additional General Fund in the amount of \$55,600 in fiscal year 2016-2017 and \$56,200 in fiscal year 2017-2018 to support implementation of a new minimum salary plan to assist with retention of Social Services Workers and Social Service Clinicians.

Justice and Public Safety
Community Services and Local Facilities

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	198,678,300	232,308,000	234,621,700	205,530,000	210,717,900
Mandated Allotments	6,300,000				
Total General Fund	204,978,300	232,308,000	234,621,700	205,530,000	210,717,900
Restricted Funds					
Balance Forward	2,780,300	2,030,000	2,030,000	2,030,000	2,030,000
Current Receipts	6,800,000	3,800,000	3,800,000	6,200,000	3,000,000
Total Restricted Funds	9,580,300	5,830,000	5,830,000	8,230,000	5,030,000
Federal Fund					
Current Receipts	864,600	695,500	695,500	695,500	695,500
Total Federal Fund	864,600	695,500	695,500	695,500	695,500
TOTAL SOURCE OF FUNDS	215,423,200	238,833,500	241,147,200	214,455,500	216,443,400
EXPENDITURES BY CLASS					
Personnel Costs	49,829,600	59,495,700	61,846,800	50,951,700	51,938,700
Operating Expenses	8,325,100	10,889,700	10,607,900	6,313,800	6,311,900
Grants Loans Benefits	154,860,800	165,644,100	166,662,500	155,155,300	156,158,100
Capital Outlay		774,000			
TOTAL EXPENDITURES	213,015,500	236,803,500	239,117,200	212,420,800	214,408,700
EXPENDITURES BY FUND SOURCE					
General Fund	204,600,600	232,308,000	234,621,700	205,525,300	210,713,200
Restricted Funds	7,550,300	3,800,000	3,800,000	6,200,000	3,000,000
Federal Fund	864,600	695,500	695,500	695,500	695,500
TOTAL EXPENDITURES	213,015,500	236,803,500	239,117,200	212,420,800	214,408,700
EXPENDITURES BY UNIT					
Probation and Parole Program	52,542,300	60,941,700	62,092,200	52,701,000	53,579,100
Local Facilities Operations	1,314,500	1,498,700	1,410,700	1,322,300	1,324,300
Local Facilities - Jail Program	115,898,300	129,194,700	130,234,400	118,399,300	119,499,600
Community Corrections Commission	1,054,500	1,058,800	1,058,800	1,050,500	1,050,500
Halfway Houses	26,889,000	28,350,500	28,350,500	26,778,000	26,778,000
Electronic Monitoring	1,916,100	1,770,400	1,816,200	1,744,000	1,745,700
Substance Abuse Programs	13,400,800	13,988,700	14,154,400	10,425,700	10,431,500
TOTAL EXPENDITURES	213,015,500	236,803,500	239,117,200	212,420,800	214,408,700

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 20 districts, provides supervision of approximately 45,576 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement. The Division also oversees contracts with 25 halfway houses located across the state which provide housing for approximately 2,027 community custody inmates and parolees, which includes community placements in the Recovery Kentucky substance abuse programs.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 75 full service jails and 4 regional jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 216.

Policy

The Department of Corrections estimates a 3.5 percent growth in the number of probationers and parolees compared to fiscal year 2015. Much of this increase is due to accelerated parole hearings and mandatory reentry supervision release.

<u>Fiscal Year</u>	<u>Probation and Parole Population</u>
2015 Actual	46,008
2016 Estimated	45,576
2017 Estimated	46,573
2018 Estimated	47,615

The Executive Budget provides \$800,000 in fiscal year 2016-2017 and \$1,600,000 in fiscal year 2017-2018 to hire 32 additional probation and parole officers to accommodate the projected increase in caseload.

The Executive Budget provides additional General Fund in the amount of \$40,900 in fiscal year 2016-2017 and \$41,300 in fiscal year 2017-2018 to support implementation of a new minimum salary plan to assist with retention of Social Services Workers and Social Service Clinicians.

Justice and Public Safety

Local Jail Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,365,100	23,585,200	23,899,200	16,712,300	16,712,300
Total General Fund	18,365,100	23,585,200	23,899,200	16,712,300	16,712,300
TOTAL SOURCE OF FUNDS	18,365,100	23,585,200	23,899,200	16,712,300	16,712,300
EXPENDITURES BY CLASS					
Operating Expenses		2,048,900	2,362,900		
Grants Loans Benefits	17,538,700	21,536,300	21,536,300	16,712,300	16,712,300
TOTAL EXPENDITURES	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300
EXPENDITURES BY FUND SOURCE					
General Fund	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300
TOTAL EXPENDITURES	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300
EXPENDITURES BY UNIT					
Local Jail Allotment	10,576,400	14,245,900	14,245,900	10,078,100	10,078,100
Restricted Medical	889,200	931,100	931,100	847,300	847,300
Jailers' Allowance	460,000	481,700	481,700	438,300	438,300
Catastrophic Medical	916,800	960,000	960,000	873,600	873,600
Local Corrections Assistance Fund	4,696,300	6,966,500	7,280,500	4,475,000	4,475,000
TOTAL EXPENDITURES	17,538,700	23,585,200	23,899,200	16,712,300	16,712,300

The Local Jail Support program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment and Restricted Medical programs are distributed to each county based upon the formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$1,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

The Local Corrections Assistance Fund, pursuant to KRS 196.288 provides funding to counties based upon 25% of the estimated savings resulting from changes in HB463.

Policy

Notwithstanding KRS 196.288, \$5,796,800 in each year of the biennium is allocated to the Local Corrections Assistance Fund. Of that amount, \$879,200 is re-aligned to the Catastrophic Medical program as coordinated between the Department of Corrections and the Kentucky County Jailers Association. As a result, the net amount displayed for this program is \$4,917,600 in each year of the biennium.

Justice and Public Safety

Public Advocacy

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	47,472,900	63,997,500	70,722,100	51,789,900	52,231,900
Current Year Appropriation	377,500				
Total General Fund	47,850,400	63,997,500	70,722,100	51,789,900	52,231,900
Restricted Funds					
Balance Forward	96,500				
Current Receipts	4,139,400	4,055,200	3,916,100	2,855,200	2,716,100
Total Restricted Funds	4,235,900	4,055,200	3,916,100	2,855,200	2,716,100
Federal Fund					
Current Receipts	2,257,500	1,892,900	1,830,200	2,004,800	1,962,900
Total Federal Fund	2,257,500	1,892,900	1,830,200	2,004,800	1,962,900
TOTAL SOURCE OF FUNDS	54,343,800	69,945,600	76,468,400	56,649,900	56,910,900
EXPENDITURES BY CLASS					
Personnel Costs	47,484,500	62,662,900	69,018,400	51,108,500	51,588,600
Operating Expenses	6,179,000	7,262,700	7,430,000	5,521,400	5,302,300
Grants Loans Benefits	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	53,683,500	69,945,600	76,468,400	56,649,900	56,910,900
EXPENDITURES BY FUND SOURCE					
General Fund	47,190,100	63,997,500	70,722,100	51,789,900	52,231,900
Restricted Funds	4,235,900	4,055,200	3,916,100	2,855,200	2,716,100
Federal Fund	2,257,500	1,892,900	1,830,200	2,004,800	1,962,900
TOTAL EXPENDITURES	53,683,500	69,945,600	76,468,400	56,649,900	56,910,900
EXPENDITURES BY UNIT					
Office of the Public Advocate	1,456,900	6,454,000	8,243,600	1,471,800	1,482,200
Defense Services	47,533,000	58,753,000	63,334,100	50,752,300	51,013,900
Law Operations	2,354,800	2,060,300	2,074,500	2,005,900	1,956,500
Protection and Advocacy	2,338,800	2,678,300	2,816,200	2,419,900	2,458,300
TOTAL EXPENDITURES	53,683,500	69,945,600	76,468,400	56,649,900	56,910,900

The United States and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department for Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Public Advocacy Commission is a 12 person governing board consisting of the Dean or designee from each of the three Kentucky law schools, three members appointed by the Governor from recommendations of the Kentucky Bar Association, one member from recommendations by the Protection and Advocacy Advisory Boards, three members at-large. Two members are appointed by the Kentucky Supreme Court. The Commission insures the Department's ability to provide independent professional representation of individual clients according to the American Bar Association Ten Principles of a Public Defense Delivery System (2002).

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, General Counsel and all strategic planning and litigation education functions.

The Law Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research, archive services and management support for the Department and its offices across the state.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of

juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, mental health, veterans and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal to the KY Supreme Court and Court of Appeals, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

Kentucky Protection & Advocacy (P&A), a division within the Department of Public Advocacy attached to the Department for administrative purposes only, was established pursuant to Public Law 99-319 (42 USC 10805 et seq.), Public Law 106-402 (42 USC § 15042 et seq.), and KRS 31.010 (2). P&A seeks legal, administrative, and other appropriate remedies to protect and promote the rights of Kentuckians with disabilities. The majority of funds in this division's budget are federal funds that have strict non-supplanting requirements.

Policy

The Executive Budget provides \$3,122,700 in fiscal year 2016-2017 and \$3,153,200 in fiscal year 2017-2018 to hire 44 attorneys necessary to reduce average caseloads per attorney from 514 to 395 and ensure adequate representation and facilitate a more efficient criminal justice system.

The Executive Budget provides additional General Fund in the amount of \$14,700 in fiscal year 2016-2017 and \$14,900 in fiscal year 2017-2018 to support implementation of a new minimum salary plan to assist with retention of Social Services Workers and Social Service Clinicians

Labor

	Labor				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,183,400	6,253,900	6,639,500	4,951,000	4,994,300
Total General Fund	5,183,400	6,253,900	6,639,500	4,951,000	4,994,300
Restricted Funds					
Balance Forward	9,941,200	622,900	1,087,100	622,900	1,078,300
Current Receipts	103,646,200	118,043,100	121,746,200	116,188,800	118,211,500
Non-Revenue Receipts	99,656,700	108,860,100	111,528,200	108,751,400	110,074,700
Total Restricted Funds	213,244,100	227,526,100	234,361,500	225,563,100	229,364,500
Federal Fund					
Current Receipts	4,162,900	3,666,300	3,666,300	3,666,300	3,666,300
Non-Revenue Receipts	-16,800	-16,800	-16,800	-16,800	-16,800
Total Federal Fund	4,146,100	3,649,500	3,649,500	3,649,500	3,649,500
TOTAL SOURCE OF FUNDS	222,573,600	237,429,500	244,650,500	234,163,600	238,008,300
EXPENDITURES BY CLASS					
Personnel Costs	143,301,500	155,163,600	160,986,000	151,964,800	154,393,300
Operating Expenses	7,263,800	7,588,300	7,571,400	7,530,000	7,521,900
Grants Loans Benefits	71,012,100	73,400,500	75,389,900	73,400,500	75,389,900
Capital Outlay	140,000	190,000	190,000	190,000	190,000
TOTAL EXPENDITURES	221,717,400	236,342,400	244,137,300	233,085,300	237,495,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,950,100	6,253,900	6,639,500	4,951,000	4,994,300
Restricted Funds	212,621,200	226,439,000	233,848,300	224,484,800	228,851,300
Federal Fund	4,146,100	3,649,500	3,649,500	3,649,500	3,649,500
TOTAL EXPENDITURES	221,717,400	236,342,400	244,137,300	233,085,300	237,495,100
EXPENDITURES BY UNIT					
Secretary	4,603,600	4,734,900	4,951,500	4,736,700	4,780,500
General Administration and Program Support	6,608,000	7,097,700	7,415,200	6,373,100	6,403,400
Workplace Standards	84,297,800	87,593,900	90,189,800	86,967,900	89,077,500
Workers' Claims	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
Occupational Safety and Health Review Commission	770,900	807,000	842,200	806,500	813,100
Workers' Compensation Funding Commission	107,398,000	117,194,300	121,001,300	115,325,100	117,379,800
TOTAL EXPENDITURES	221,717,400	236,342,400	244,137,300	233,085,300	237,495,100

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				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	283,900				
Current Receipts	2,300	2,300	2,300	2,300	2,300
Non-Revenue Receipts	4,128,800	4,592,800	4,809,400	4,594,600	4,638,400
Total Restricted Funds	4,415,000	4,595,100	4,811,700	4,596,900	4,640,700
Federal Fund					
Current Receipts	188,600	139,800	139,800	139,800	139,800
Total Federal Fund	188,600	139,800	139,800	139,800	139,800
TOTAL SOURCE OF FUNDS	4,603,600	4,734,900	4,951,500	4,736,700	4,780,500
EXPENDITURES BY CLASS					
Personnel Costs	3,942,700	4,047,400	4,264,000	4,025,500	4,069,300
Operating Expenses	660,900	687,500	687,500	711,200	711,200
TOTAL EXPENDITURES	4,603,600	4,734,900	4,951,500	4,736,700	4,780,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,415,000	4,595,100	4,811,700	4,596,900	4,640,700
Federal Fund	188,600	139,800	139,800	139,800	139,800
TOTAL EXPENDITURES	4,603,600	4,734,900	4,951,500	4,736,700	4,780,500
EXPENDITURES BY UNIT					
Secretary	4,603,600	4,734,900	4,951,500	4,736,700	4,780,500
TOTAL EXPENDITURES	4,603,600	4,734,900	4,951,500	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,358,900	3,932,500	4,222,000	3,193,600	3,219,000
Total General Fund	3,358,900	3,932,500	4,222,000	3,193,600	3,219,000
Restricted Funds					
Balance Forward	1,263,700	622,900	322,700	622,900	313,900
Non-Revenue Receipts	2,686,100	2,791,600	2,797,100	2,791,600	2,797,100
Total Restricted Funds	3,949,800	3,414,500	3,119,800	3,414,500	3,111,000
Federal Fund					
Current Receipts	75,200	75,200	75,200	75,200	75,200
Non-Revenue Receipts	-1,800	-1,800	-1,800	-1,800	-1,800
Total Federal Fund	73,400	73,400	73,400	73,400	73,400
TOTAL SOURCE OF FUNDS	7,382,100	7,420,400	7,415,200	6,681,500	6,403,400
EXPENDITURES BY CLASS					
Personnel Costs	5,437,300	5,892,100	6,221,500	5,234,300	5,270,200
Operating Expenses	1,170,700	1,205,600	1,193,700	1,133,300	1,133,200
TOTAL EXPENDITURES	6,608,000	7,097,700	7,415,200	6,367,600	6,403,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,207,700	3,932,500	4,222,000	3,193,600	3,219,000
Restricted Funds	3,326,900	3,091,800	3,119,800	3,100,600	3,111,000
Federal Fund	73,400	73,400	73,400	73,400	73,400
TOTAL EXPENDITURES	6,608,000	7,097,700	7,415,200	6,367,600	6,403,400
EXPENDITURES BY UNIT					
Office of General Admin & Program Support Shared Services	5,959,500	6,378,900	6,664,100	5,793,000	5,845,300
Inspector General Shared Services	648,500	718,800	751,100	574,600	558,100
TOTAL EXPENDITURES	6,608,000	7,097,700	7,415,200	6,367,600	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,824,500	2,321,400	2,417,500	1,757,400	1,775,300
Total General Fund	1,824,500	2,321,400	2,417,500	1,757,400	1,775,300
Restricted Funds					
Balance Forward	3,893,900				
Current Receipts	800,000	800,000	800,000	800,000	800,000
Non-Revenue Receipts	73,977,400	81,036,200	83,536,000	80,974,200	83,065,900
Total Restricted Funds	78,671,300	81,836,200	84,336,000	81,774,200	83,865,900
Federal Fund					
Current Receipts	3,899,100	3,451,300	3,451,300	3,451,300	3,451,300
Non-Revenue Receipts	-15,000	-15,000	-15,000	-15,000	-15,000
Total Federal Fund	3,884,100	3,436,300	3,436,300	3,436,300	3,436,300
TOTAL SOURCE OF FUNDS	84,379,900	87,593,900	90,189,800	86,967,900	89,077,500
EXPENDITURES BY CLASS					
Personnel Costs	11,081,100	11,748,100	12,357,900	11,175,700	11,296,700
Operating Expenses	2,204,600	2,395,300	2,392,000	2,341,700	2,340,900
Grants Loans Benefits	71,012,100	73,400,500	75,389,900	73,400,500	75,389,900
Capital Outlay		50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	84,297,800	87,593,900	90,189,800	86,967,900	89,077,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,742,400	2,321,400	2,417,500	1,757,400	1,775,300
Restricted Funds	78,671,300	81,836,200	84,336,000	81,774,200	83,865,900
Federal Fund	3,884,100	3,436,300	3,436,300	3,436,300	3,436,300
TOTAL EXPENDITURES	84,297,800	87,593,900	90,189,800	86,967,900	89,077,500
EXPENDITURES BY UNIT					
Employment Standards	1,742,400	2,321,400	2,417,500	1,757,400	1,775,300
Workers' Compensation Funds	71,513,400	74,024,700	76,051,100	74,005,600	76,002,500
Occupational Safety and Health	10,578,600	10,775,300	11,225,300	10,745,700	10,837,600
Commissioner's Office	463,400	472,500	495,900	459,200	462,100
TOTAL EXPENDITURES	84,297,800	87,593,900	90,189,800	86,967,900	89,077,500

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.

**Labor
Workers' Claims**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,318,000				
Current Receipts	200,000	200,000	200,000	200,000	200,000
Non-Revenue Receipts	16,521,100	18,714,600	19,537,300	18,676,000	18,840,800
Total Restricted Funds	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
TOTAL SOURCE OF FUNDS	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
EXPENDITURES BY CLASS					
Personnel Costs	15,047,100	15,824,800	16,647,200	15,747,800	15,912,300
Operating Expenses	2,852,000	2,949,800	2,950,100	2,988,200	2,988,500
Capital Outlay	140,000	140,000	140,000	140,000	140,000
TOTAL EXPENDITURES	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
TOTAL EXPENDITURES	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
EXPENDITURES BY UNIT					
Workers' Claims	18,039,100	18,914,600	19,737,300	18,876,000	19,040,800
TOTAL EXPENDITURES	18,039,100	18,914,600	19,737,300	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	77,100				
Non-Revenue Receipts	693,800	807,000	842,200	806,500	813,100
Total Restricted Funds	770,900	807,000	842,200	806,500	813,100
TOTAL SOURCE OF FUNDS	770,900	807,000	842,200	806,500	813,100
EXPENDITURES BY CLASS					
Personnel Costs	725,400	762,100	797,300	761,600	768,200
Operating Expenses	45,500	44,900	44,900	44,900	44,900
TOTAL EXPENDITURES	770,900	807,000	842,200	806,500	813,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	770,900	807,000	842,200	806,500	813,100
TOTAL EXPENDITURES	770,900	807,000	842,200	806,500	813,100
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	770,900	807,000	842,200	806,500	813,100
TOTAL EXPENDITURES	770,900	807,000	842,200	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	3,104,600		764,400		764,400
Current Receipts	102,643,900	117,040,800	120,743,900	115,186,500	117,209,200
Non-Revenue Receipts	1,649,500	917,900	6,200	903,000	-80,600
Total Restricted Funds	107,398,000	117,958,700	121,514,500	116,089,500	117,893,000
TOTAL SOURCE OF FUNDS	107,398,000	117,958,700	121,514,500	116,089,500	117,893,000
EXPENDITURES BY CLASS					
Personnel Costs	107,067,900	116,889,100	120,698,100	115,019,900	117,076,600
Operating Expenses	330,100	305,200	303,200	305,200	303,200
TOTAL EXPENDITURES	107,398,000	117,194,300	121,001,300	115,325,100	117,379,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	107,398,000	117,194,300	121,001,300	115,325,100	117,379,800
TOTAL EXPENDITURES	107,398,000	117,194,300	121,001,300	115,325,100	117,379,800
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,995,900	2,098,900	2,187,200	2,084,000	2,100,400
Benefit Reserve	98,346,700	104,859,500	106,562,600	103,005,200	103,027,900
KCWP Fund	7,055,400	10,235,900	12,251,500	10,235,900	12,251,500
TOTAL EXPENDITURES	107,398,000	117,194,300	121,001,300	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	959,600	940,400	940,400	873,200	873,200
Total General Fund	959,600	940,400	940,400	873,200	873,200
Restricted Funds					
Balance Forward	18,332,200	16,016,800	9,554,300	16,016,800	14,175,500
Current Receipts	51,806,500	54,974,700	55,307,400	54,769,200	55,449,400
Non-Revenue Receipts	7,267,800	8,298,400	8,543,500	7,571,300	7,601,800
Fund Transfers		-5,000,000			
Total Restricted Funds	77,406,500	74,289,900	73,405,200	78,357,300	77,226,700
TOTAL SOURCE OF FUNDS	78,366,100	75,230,300	74,345,600	79,230,500	78,099,900
EXPENDITURES BY CLASS					
Personnel Costs	55,005,400	57,974,000	59,989,500	57,502,000	58,764,600
Operating Expenses	6,191,700	6,569,000	6,612,800	6,487,200	7,032,900
Grants Loans Benefits	916,700	940,700	940,700	873,500	873,500
Capital Outlay	192,300	192,300	192,300	192,300	192,300
TOTAL EXPENDITURES	62,306,100	65,676,000	67,735,300	65,055,000	66,863,300
EXPENDITURES BY FUND SOURCE					
General Fund	916,400	940,400	940,400	873,200	873,200
Restricted Funds	61,389,700	64,735,600	66,794,900	64,181,800	65,990,100
TOTAL EXPENDITURES	62,306,100	65,676,000	67,735,300	65,055,000	66,863,300
EXPENDITURES BY UNIT					
General Operations	28,028,200	30,151,000	31,031,100	29,586,000	30,320,800
Public Employees Deferred Compensation Authority	9,161,500	9,333,300	9,469,500	9,315,500	9,340,700
Workers' Compensation Benefits and Reserve	24,200,000	25,251,300	26,294,300	25,280,300	26,328,600
State Group Health Insurance Fund	916,400	940,400	940,400	873,200	873,200
TOTAL EXPENDITURES	62,306,100	65,676,000	67,735,300	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,081,700	493,200	1,055,600	493,200	688,000
Current Receipts	20,026,900	22,265,000	22,637,700	22,059,500	22,779,700
Non-Revenue Receipts	7,412,800	8,448,400	8,698,500	7,721,300	7,756,800
Total Restricted Funds	28,521,400	31,206,600	32,391,800	30,274,000	31,224,500
TOTAL SOURCE OF FUNDS	28,521,400	31,206,600	32,391,800	30,274,000	31,224,500
EXPENDITURES BY CLASS					
Personnel Costs	22,274,000	24,040,100	24,877,100	23,555,000	23,744,800
Operating Expenses	5,561,600	5,918,300	5,961,400	5,838,400	6,383,400
Grants Loans Benefits	300	300	300	300	300
Capital Outlay	192,300	192,300	192,300	192,300	192,300
TOTAL EXPENDITURES	28,028,200	30,151,000	31,031,100	29,586,000	30,320,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	28,028,200	30,151,000	31,031,100	29,586,000	30,320,800
TOTAL EXPENDITURES	28,028,200	30,151,000	31,031,100	29,586,000	30,320,800
EXPENDITURES BY UNIT					
General Administration	2,974,400	3,278,800	3,438,100	3,263,500	3,296,100
Governmental Service Center	893,700	1,427,900	1,476,700	1,416,700	1,433,800
Employee Relations	1,691,900	1,781,400	1,856,900	1,773,800	1,791,100
Employee Insurance	9,578,600	9,976,600	10,219,200	9,803,600	9,856,900
Personnel Administration	12,889,600	13,686,300	14,040,200	13,328,400	13,942,900
TOTAL EXPENDITURES	28,028,200	30,151,000	31,031,100	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					
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	10,637,500	10,133,100	4,334,500	10,133,100	9,352,300
Current Receipts	8,729,600	8,609,700	8,569,700	8,609,700	8,569,700
Non-Revenue Receipts	-72,500	-75,000	-77,500	-75,000	-77,500
Fund Transfers		-5,000,000			
Total Restricted Funds	19,294,600	13,667,800	12,826,700	18,667,800	17,844,500
TOTAL SOURCE OF FUNDS	19,294,600	13,667,800	12,826,700	18,667,800	17,844,500
EXPENDITURES BY CLASS					
Personnel Costs	8,690,600	8,846,400	8,982,600	8,830,500	8,855,700
Operating Expenses	470,900	486,900	486,900	485,000	485,000
TOTAL EXPENDITURES	9,161,500	9,333,300	9,469,500	9,315,500	9,340,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	9,161,500	9,333,300	9,469,500	9,315,500	9,340,700
TOTAL EXPENDITURES	9,161,500	9,333,300	9,469,500	9,315,500	9,340,700
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	9,161,500	9,333,300	9,469,500	9,315,500	9,340,700
TOTAL EXPENDITURES	9,161,500	9,333,300	9,469,500	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,613,000	5,390,500	4,164,200	5,390,500	4,135,200
Current Receipts	23,050,000	24,100,000	24,100,000	24,100,000	24,100,000
Non-Revenue Receipts	-72,500	-75,000	-77,500	-75,000	-77,500
Total Restricted Funds	29,590,500	29,415,500	28,186,700	29,415,500	28,157,700
TOTAL SOURCE OF FUNDS	29,590,500	29,415,500	28,186,700	29,415,500	28,157,700
EXPENDITURES BY CLASS					
Personnel Costs	24,040,800	25,087,500	26,129,800	25,116,500	26,164,100
Operating Expenses	159,200	163,800	164,500	163,800	164,500
TOTAL EXPENDITURES	24,200,000	25,251,300	26,294,300	25,280,300	26,328,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	24,200,000	25,251,300	26,294,300	25,280,300	26,328,600
TOTAL EXPENDITURES	24,200,000	25,251,300	26,294,300	25,280,300	26,328,600
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	24,200,000	25,251,300	26,294,300	25,280,300	26,328,600
TOTAL EXPENDITURES	24,200,000	25,251,300	26,294,300	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	959,600	940,400	940,400	873,200	873,200
Total General Fund	959,600	940,400	940,400	873,200	873,200
TOTAL SOURCE OF FUNDS	959,600	940,400	940,400	873,200	873,200
EXPENDITURES BY CLASS					
Grants Loans Benefits	916,400	940,400	940,400	873,200	873,200
TOTAL EXPENDITURES	916,400	940,400	940,400	873,200	873,200
EXPENDITURES BY FUND SOURCE					
General Fund	916,400	940,400	940,400	873,200	873,200
TOTAL EXPENDITURES	916,400	940,400	940,400	873,200	873,200
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	916,400	940,400	940,400	873,200	873,200
TOTAL EXPENDITURES	916,400	940,400	940,400	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,164,420,400	1,264,412,700	1,399,388,500	1,116,979,500	1,129,943,500
Current Year Appropriation	2,300,000				
Continuing Approp-General Fund	9,725,000				
Total General Fund	1,176,445,400	1,264,412,700	1,399,388,500	1,116,979,500	1,129,943,500
Tobacco Fund					
Tobacco Settlement - Phase I	4,707,500	6,072,500	6,072,500	5,806,100	6,276,100
Special Appropriation	1,365,000				
Continuing Approp-Tob Settlement	537,000				
Total Tobacco Fund	6,609,500	6,072,500	6,072,500	5,806,100	6,276,100
Restricted Funds					
Balance Forward	6,630,400	3,204,300	2,629,600	5,368,400	4,790,000
Current Receipts	5,218,035,600	5,561,790,900	5,939,394,400	5,562,115,900	5,939,719,400
Non-Revenue Receipts	13,890,000	16,987,300	17,351,200	13,779,000	13,779,000
Total Restricted Funds	5,238,556,000	5,581,982,500	5,959,375,200	5,581,263,300	5,958,288,400
Federal Fund					
Balance Forward	172,500	172,500	172,500	400	
Current Receipts	901,765,000	930,822,800	961,234,000	930,822,400	961,234,000
Non-Revenue Receipts	-172,100				
Total Federal Fund	901,765,400	930,995,300	961,406,500	930,822,800	961,234,000
TOTAL SOURCE OF FUNDS	7,323,376,300	7,783,463,000	8,326,242,700	7,634,871,700	8,055,742,000
EXPENDITURES BY CLASS					
Personnel Costs	3,523,879,300	3,741,744,300	3,962,362,100	3,684,463,000	3,920,784,400
Operating Expenses	2,195,727,200	2,394,473,600	2,594,663,100	2,321,950,100	2,495,514,600
Grants Loans Benefits	1,204,290,900	1,269,231,300	1,304,987,000	1,250,022,800	1,246,299,900
Debt Service	148,134,600	155,753,700	223,905,900	155,090,800	154,088,700
Capital Outlay	203,131,100	219,457,600	237,829,200	218,555,000	236,026,600
TOTAL EXPENDITURES	7,275,163,100	7,780,660,500	8,323,747,300	7,630,081,700	8,052,714,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,133,601,000	1,264,412,700	1,399,388,500	1,116,979,500	1,129,943,500
Tobacco Fund	6,609,500	6,072,500	6,072,500	5,806,100	6,276,100
Restricted Funds	5,233,187,600	5,579,352,900	5,957,052,300	5,576,473,300	5,955,260,600
Federal Fund	901,765,000	930,822,800	961,234,000	930,822,800	961,234,000
TOTAL EXPENDITURES	7,275,163,100	7,780,660,900	8,323,747,300	7,630,081,700	8,052,714,200
EXPENDITURES BY UNIT					
Council on Postsecondary Education	70,528,600	76,395,500	148,239,700	67,135,200	67,651,100
Kentucky Higher Education Assistance Authority	247,613,200	272,970,100	278,690,400	270,706,000	277,529,500
Eastern Kentucky University	363,671,300	376,404,100	386,276,400	367,433,800	353,842,500
Kentucky State University	62,236,100	66,880,100	67,680,100	58,541,000	52,441,100
Morehead State University	255,530,200	267,835,800	276,515,100	262,243,400	256,097,700
Murray State University	189,284,900	198,450,700	205,824,500	192,149,600	182,991,400
Northern Kentucky University	236,415,800	250,235,900	261,177,900	243,768,600	234,350,800
University of Kentucky	3,355,808,700	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500
University of Louisville	1,221,311,500	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200
Western Kentucky University	393,205,800	408,119,900	419,674,800	398,290,600	382,390,000
Kentucky Community and Technical College System	879,557,000	927,190,500	967,375,900	898,556,100	869,654,500

EXPENDITURES BY UNIT

Postsecondary Education

282,507,900

Performance Fund

TOTAL EXPENDITURES

7,275,163,100

7,780,660,900

8,323,747,300

7,630,081,700

8,052,714,200

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	42,913,500	48,281,100	120,106,000	39,285,600	39,327,400
Continuing Approp-General Fund	1,196,500				
Total General Fund	44,110,000	48,281,100	120,106,000	39,285,600	39,327,400
Tobacco Fund					
Tobacco Settlement - Phase I	3,607,500	4,972,500	4,972,500	4,706,100	5,176,100
Special Appropriation	1,365,000				
Total Tobacco Fund	4,972,500	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds					
Balance Forward	1,381,500	1,070,400	739,000	1,070,400	737,400
Current Receipts	599,000	599,000	643,000	599,000	643,000
Non-Revenue Receipts	4,109,000	4,109,000	4,109,000	4,109,000	4,109,000
Total Restricted Funds	6,089,500	5,778,400	5,491,000	5,778,400	5,489,400
Federal Fund					
Current Receipts	18,102,500	18,102,500	18,102,500	18,102,500	18,102,500
Total Federal Fund	18,102,500	18,102,500	18,102,500	18,102,500	18,102,500
TOTAL SOURCE OF FUNDS	73,274,500	77,134,500	148,672,000	67,872,600	68,095,400
EXPENDITURES BY CLASS					
Personnel Costs	17,473,700	18,717,400	19,203,800	17,071,400	17,611,500
Operating Expenses	2,098,500	2,115,800	2,150,000	2,049,800	2,040,500
Grants Loans Benefits	50,956,400	55,562,300	57,161,900	48,014,000	47,999,100
Debt Service			69,724,000		
TOTAL EXPENDITURES	70,528,600	76,395,500	148,239,700	67,135,200	67,651,100
EXPENDITURES BY FUND SOURCE					
General Fund	42,434,500	48,281,100	120,106,000	39,285,600	39,327,400
Tobacco Fund	4,972,500	4,972,500	4,972,500	4,706,100	5,176,100
Restricted Funds	5,019,100	5,039,400	5,058,700	5,041,000	5,045,100
Federal Fund	18,102,500	18,102,500	18,102,500	18,102,500	18,102,500
TOTAL EXPENDITURES	70,528,600	76,395,500	148,239,700	67,135,200	67,651,100
EXPENDITURES BY UNIT					
Agency Operations	7,652,300	8,687,600	9,097,400	7,263,100	7,304,900
Licensure	354,300	481,500	500,800	483,100	487,200
Pass Through Programs	10,428,600	10,879,600	11,062,400	9,888,300	9,888,300
Federal Programs	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
Strategic Investment and Incentive Funding Program	46,312,900	50,566,300	121,798,600	43,720,200	44,190,200
TOTAL EXPENDITURES	70,528,600	76,395,500	148,239,700	67,135,200	67,651,100

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,012,000	8,039,700	8,449,500	6,615,200	6,657,000
Total General Fund	7,012,000	8,039,700	8,449,500	6,615,200	6,657,000
Restricted Funds					
Balance Forward	194,000	87,200	87,300	87,200	87,300
Current Receipts	448,000	448,000	492,000	448,000	492,000
Total Restricted Funds	642,000	535,200	579,300	535,200	579,300
Federal Fund					
Non-Revenue Receipts	400,000	200,000	200,000	200,000	200,000
Total Federal Fund	400,000	200,000	200,000	200,000	200,000
TOTAL SOURCE OF FUNDS	8,054,000	8,774,900	9,228,800	7,350,400	7,436,300
EXPENDITURES BY CLASS					
Personnel Costs	6,510,700	7,573,500	7,949,100	6,215,000	6,266,100
Operating Expenses	1,141,600	1,114,100	1,148,300	1,048,100	1,038,800
TOTAL EXPENDITURES	7,652,300	8,687,600	9,097,400	7,263,100	7,304,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,697,500	8,039,700	8,449,500	6,615,200	6,657,000
Restricted Funds	554,800	447,900	447,900	447,900	447,900
Federal Fund	400,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	7,652,300	8,687,600	9,097,400	7,263,100	7,304,900

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,187,500	983,200	651,700	983,200	650,100
Current Receipts	150,000	150,000	150,000	150,000	150,000
Total Restricted Funds	1,337,500	1,133,200	801,700	1,133,200	800,100
TOTAL SOURCE OF FUNDS	1,337,500	1,133,200	801,700	1,133,200	800,100
EXPENDITURES BY CLASS					
Personnel Costs	349,600	432,000	451,300	433,600	437,700
Operating Expenses	4,700	49,500	49,500	49,500	49,500
TOTAL EXPENDITURES	354,300	481,500	500,800	483,100	487,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	354,300	481,500	500,800	483,100	487,200
TOTAL EXPENDITURES	354,300	481,500	500,800	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,349,700	6,769,600	6,952,400	5,778,300	5,778,300
Total General Fund	6,349,700	6,769,600	6,952,400	5,778,300	5,778,300
Restricted Funds					
Current Receipts	1,000	1,000	1,000	1,000	1,000
Non-Revenue Receipts	4,109,000	4,109,000	4,109,000	4,109,000	4,109,000
Total Restricted Funds	4,110,000	4,110,000	4,110,000	4,110,000	4,110,000
TOTAL SOURCE OF FUNDS	10,459,700	10,879,600	11,062,400	9,888,300	9,888,300
EXPENDITURES BY CLASS					
Operating Expenses	5,000	5,000	5,000	5,000	5,000
Grants Loans Benefits	10,423,600	10,874,600	11,057,400	9,883,300	9,883,300
TOTAL EXPENDITURES	10,428,600	10,879,600	11,062,400	9,888,300	9,888,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,318,600	6,769,600	6,952,400	5,778,300	5,778,300
Restricted Funds	4,110,000	4,110,000	4,110,000	4,110,000	4,110,000
TOTAL EXPENDITURES	10,428,600	10,879,600	11,062,400	9,888,300	9,888,300
EXPENDITURES BY UNIT					
Contract Spaces	5,680,100	6,026,400	6,188,700	5,168,900	5,168,900
Professional Education Preparation Program	240,600	258,800	265,900	229,200	229,200
Minority Student College Prep Program	168,100	180,800	185,800	160,200	160,200
State Autism Training Center	120,100	129,300	132,900	114,500	114,500
SREB Doctoral Scholars Program	64,800	125,000	128,400	61,800	61,800
Pass Through - Other	44,900	49,300	50,700	43,700	43,700
Cancer Research Insts Mtchg Fd	4,110,000	4,110,000	4,110,000	4,110,000	4,110,000
TOTAL EXPENDITURES	10,428,600	10,879,600	11,062,400	9,888,300	9,888,300

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, and Indiana University. Contract fees guarantee a fixed number of spaces in these 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.

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
Total Federal Fund	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
TOTAL SOURCE OF FUNDS	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
EXPENDITURES BY CLASS					
Personnel Costs	3,399,300	3,497,800	3,589,300	3,475,100	3,490,000
Operating Expenses	456,000	456,000	456,000	456,000	456,000
Grants Loans Benefits	1,925,200	1,826,700	1,735,200	1,849,400	1,834,500
TOTAL EXPENDITURES	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
EXPENDITURES BY FUND SOURCE					
Federal Fund	5,780,500	5,780,500	5,780,500	5,780,500	5,780,500
TOTAL EXPENDITURES	5,780,500	5,780,500	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,551,800	33,471,800	104,704,100	26,892,100	26,892,100
Continuing Approp-General Fund	1,196,500				
Total General Fund	30,748,300	33,471,800	104,704,100	26,892,100	26,892,100
Tobacco Fund					
Tobacco Settlement - Phase I	3,607,500	4,972,500	4,972,500	4,706,100	5,176,100
Special Appropriation	1,365,000				
Total Tobacco Fund	4,972,500	4,972,500	4,972,500	4,706,100	5,176,100
Federal Fund					
Current Receipts	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
Non-Revenue Receipts	-400,000	-200,000	-200,000	-200,000	-200,000
Total Federal Fund	11,922,000	12,122,000	12,122,000	12,122,000	12,122,000
TOTAL SOURCE OF FUNDS	47,642,800	50,566,300	121,798,600	43,720,200	44,190,200
EXPENDITURES BY CLASS					
Personnel Costs	7,214,100	7,214,100	7,214,100	6,947,700	7,417,700
Operating Expenses	491,200	491,200	491,200	491,200	491,200
Grants Loans Benefits	38,607,600	42,861,000	44,369,300	36,281,300	36,281,300
Debt Service			69,724,000		
TOTAL EXPENDITURES	46,312,900	50,566,300	121,798,600	43,720,200	44,190,200
EXPENDITURES BY FUND SOURCE					
General Fund	29,418,400	33,471,800	104,704,100	26,892,100	26,892,100
Tobacco Fund	4,972,500	4,972,500	4,972,500	4,706,100	5,176,100
Federal Fund	11,922,000	12,122,000	12,122,000	12,122,000	12,122,000
TOTAL EXPENDITURES	46,312,900	50,566,300	121,798,600	43,720,200	44,190,200
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	4,972,500	4,972,500	14,469,500	4,706,100	5,176,100
Regional University Excellence Trust Fund			1,900,000		
Technology Initiative Trust Fund	3,891,800	4,187,400	9,545,600	3,708,500	3,708,500
Physical Facilities Trust Fund			52,606,000		
Workforce Development Trust Fund			478,000		
Adult Education and Literacy Funding Program	30,713,100	31,895,600	33,093,700	29,025,700	29,025,700
Science and Technology Funding Program	5,333,800	5,582,700	5,736,200	4,944,300	4,944,300
Special Initiatives Funding Program	1,401,700	3,928,100	3,969,600	1,335,600	1,335,600
TOTAL EXPENDITURES	46,312,900	50,566,300	121,798,600	43,720,200	44,190,200

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 pedagogical 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.

Postsecondary Education
Kentucky Higher Education Assistance Authority

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	205,302,000	236,626,900	241,626,800	237,244,000	242,244,000
Current Year Appropriation	2,300,000				
Continuing Approp-General Fund	8,528,500				
Total General Fund	216,130,500	236,626,900	241,626,800	237,244,000	242,244,000
Tobacco Fund					
Tobacco Settlement - Phase I	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Continuing Approp-Tob Settlement	537,000				
Total Tobacco Fund	1,637,000	1,100,000	1,100,000	1,100,000	1,100,000
Restricted Funds					
Balance Forward	5,248,900	2,133,900	1,890,600	4,298,000	4,052,600
Current Receipts	19,054,500	22,087,800	22,687,600	22,412,800	23,012,600
Non-Revenue Receipts	9,781,000	12,878,300	13,242,200	9,670,000	9,670,000
Total Restricted Funds	34,084,400	37,100,000	37,820,400	36,380,800	36,735,200
Federal Fund					
Balance Forward	172,500	172,500	172,500	400	
Current Receipts	59,300	33,800	33,800	33,400	33,800
Non-Revenue Receipts	-172,100				
Total Federal Fund	59,700	206,300	206,300	33,800	33,800
TOTAL SOURCE OF FUNDS	251,911,600	275,033,200	280,753,500	274,758,600	280,113,000
EXPENDITURES BY CLASS					
Personnel Costs	15,883,300	16,669,200	17,025,000	16,196,000	16,233,700
Operating Expenses	2,884,600	2,841,700	2,841,700	2,841,700	2,841,700
Grants Loans Benefits	227,663,200	252,277,400	257,641,200	250,486,500	257,271,600
Debt Service	744,900	744,600	745,300	744,600	745,300
Capital Outlay	437,200	437,200	437,200	437,200	437,200
TOTAL EXPENDITURES	247,613,200	272,970,100	278,690,400	270,706,000	277,529,500
EXPENDITURES BY FUND SOURCE					
General Fund	216,130,500	236,626,900	241,626,800	237,244,000	242,244,000
Tobacco Fund	1,637,000	1,100,000	1,100,000	1,100,000	1,100,000
Restricted Funds	29,786,400	35,209,400	35,929,800	32,328,200	34,151,700
Federal Fund	59,300	33,800	33,800	33,800	33,800
TOTAL EXPENDITURES	247,613,200	272,970,100	278,690,400	270,706,000	277,529,500
EXPENDITURES BY UNIT					
General Administration and Support	19,500,000	20,242,700	20,599,200	19,769,500	19,807,900
College Access Program	67,167,100	85,219,800	87,048,500	60,128,900	60,128,900
Kentucky Coal County College Completion Program	2,000,000	3,000,000	3,000,000	2,000,000	2,000,000
Work Study Program	400,000	400,000	400,000	400,000	400,000
Kentucky Tuition Grant	32,503,400	42,930,300	43,851,500	32,744,300	32,744,400
Workforce Development and Training				27,442,000	31,552,900
Teacher Scholarships	1,804,200	1,802,800	1,802,800	2,090,200	2,090,300
Ky National Guard Tuition	7,354,000	50,000	50,000	7,448,100	7,448,100
Osteopathic Medicine Scholarship	600,000	872,500	872,500	606,000	626,000
Ky Educational Excellence Scholarships	111,993,300	114,658,300	117,272,200	114,658,300	117,272,300
Early Childhood Development Scholarships	1,690,400	1,153,400	1,153,400	1,153,400	1,153,400

EXPENDITURES BY UNIT

Kentucky's Affordable Prepaid Tuition (KAPT)	450,000	450,000	450,000	450,000	450,000
Coal County Scholarship for Pharmacy Students	800,000	800,000	800,000	585,000	625,000
Early Graduation Scholarship Certificate	575,000	575,000	575,000	575,000	575,000
Other Programs	775,800	815,300	815,300	655,300	655,300
TOTAL EXPENDITURES	247,613,200	272,970,100	278,690,400	270,706,000	277,529,500

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 2016-2018 Executive Budget includes a current year appropriation of \$2,300,000 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 2016-2018 Executive Budget includes a current year appropriation of \$754,500 in restricted funds for outreach programs formerly supported by a Federal grant and administrative expenses.

Notwithstanding KRS 154A.130(4), the Executive Budget 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 2016-2018 Executive Budget provides General Fund of \$27,442,000 in fiscal year 2016-2017 and \$31,552,900 in fiscal year 2017-2018 in the Workforce Development and Training program for student financial aid for participation in workforce development and training programs.

Postsecondary Education

Postsecondary Education Institutions

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	916,204,900	979,504,700	1,037,655,700	840,449,900	848,372,100
Total General Fund	916,204,900	979,504,700	1,037,655,700	840,449,900	848,372,100
Restricted Funds					
Current Receipts	5,198,382,100	5,539,104,100	5,916,063,800	5,539,104,100	5,916,063,800
Total Restricted Funds	5,198,382,100	5,539,104,100	5,916,063,800	5,539,104,100	5,916,063,800
Federal Fund					
Current Receipts	883,603,200	912,686,500	943,097,700	912,686,500	943,097,700
Total Federal Fund	883,603,200	912,686,500	943,097,700	912,686,500	943,097,700
TOTAL SOURCE OF FUNDS	6,998,190,200	7,431,295,300	7,896,817,200	7,292,240,500	7,707,533,600
EXPENDITURES BY CLASS					
Personnel Costs	3,490,522,300	3,706,357,700	3,926,133,300	3,651,195,600	3,886,939,200
Operating Expenses	2,190,744,100	2,389,516,100	2,589,671,400	2,317,058,600	2,490,632,400
Grants Loans Benefits	925,671,300	961,391,600	990,183,900	951,522,300	941,029,200
Debt Service	147,389,700	155,009,100	153,436,600	154,346,200	153,343,400
Capital Outlay	202,693,900	219,020,400	237,392,000	218,117,800	235,589,400
TOTAL EXPENDITURES	6,957,021,300	7,431,294,900	7,896,817,200	7,292,240,500	7,707,533,600
EXPENDITURES BY FUND SOURCE					
General Fund	875,036,000	979,504,700	1,037,655,700	840,449,900	848,372,100
Restricted Funds	5,198,382,100	5,539,104,100	5,916,063,800	5,539,104,100	5,916,063,800
Federal Fund	883,603,200	912,686,500	943,097,700	912,686,500	943,097,700
TOTAL EXPENDITURES	6,957,021,300	7,431,295,300	7,896,817,200	7,292,240,500	7,707,533,600
EXPENDITURES BY UNIT					
Eastern Kentucky University	363,671,300	376,404,100	386,276,400	367,433,800	353,842,500
Kentucky State University	62,236,100	66,880,100	67,680,100	58,541,000	52,441,100
Morehead State University	255,530,200	267,835,800	276,515,100	262,243,400	256,097,700
Murray State University	189,284,900	198,450,700	205,824,500	192,149,600	182,991,400
Northern Kentucky University	236,415,800	250,235,900	261,177,900	243,768,600	234,350,800
University of Kentucky	3,355,808,700	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500
University of Louisville	1,221,311,500	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200
Western Kentucky University	393,205,800	408,119,900	419,674,800	398,290,600	382,390,000
Kentucky Community and Technical College System	879,557,000	927,190,500	967,375,900	898,556,100	869,654,500
Postsecondary Education Performance Fund					282,507,900
TOTAL EXPENDITURES	6,957,021,300	7,431,295,300	7,896,817,200	7,292,240,500	7,707,533,600

**Postsecondary Education
Eastern Kentucky University**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	68,033,800	70,881,100	73,728,400	61,910,800	41,294,500
Total General Fund	68,033,800	70,881,100	73,728,400	61,910,800	41,294,500
Restricted Funds					
Current Receipts	195,249,400	201,038,500	207,018,900	201,038,500	207,018,900
Total Restricted Funds	195,249,400	201,038,500	207,018,900	201,038,500	207,018,900
Federal Fund					
Current Receipts	103,449,600	104,484,500	105,529,100	104,484,500	105,529,100
Total Federal Fund	103,449,600	104,484,500	105,529,100	104,484,500	105,529,100
TOTAL SOURCE OF FUNDS	366,732,800	376,404,100	386,276,400	367,433,800	353,842,500
EXPENDITURES BY CLASS					
Personnel Costs	179,385,000	182,722,700	186,159,100	182,722,700	186,159,100
Operating Expenses	63,233,000	69,948,200	73,638,400	61,405,400	42,058,700
Grants Loans Benefits	111,502,300	114,004,100	116,567,100	113,577,000	115,712,900
Debt Service	7,594,600	7,735,900	7,881,500	7,735,900	7,881,500
Capital Outlay	1,956,400	1,992,800	2,030,300	1,992,800	2,030,300
TOTAL EXPENDITURES	363,671,300	376,403,700	386,276,400	367,433,800	353,842,500
EXPENDITURES BY FUND SOURCE					
General Fund	64,972,300	70,881,100	73,728,400	61,910,800	41,294,500
Restricted Funds	195,249,400	201,038,500	207,018,900	201,038,500	207,018,900
Federal Fund	103,449,600	104,484,500	105,529,100	104,484,500	105,529,100
TOTAL EXPENDITURES	363,671,300	376,404,100	386,276,400	367,433,800	353,842,500
EXPENDITURES BY UNIT					
Instruction	91,747,000	96,676,315	99,025,530	88,987,300	69,154,200
Research	1,056,600	1,044,900	1,058,500	1,044,900	1,058,500
Public Service	51,059,900	54,360,300	55,045,100	54,360,300	55,045,100
Libraries	3,567,400	5,529,900	5,694,300	5,529,900	5,694,300
Academic Support	21,137,500	20,629,465	21,381,130	20,487,100	21,096,400
Student Services	21,657,800	20,652,025	21,949,350	19,940,200	20,525,700
Institutional Support	32,410,200	36,640,300	37,722,900	36,640,300	37,722,900
Operation and Maintenance of Plant	23,350,100	19,167,000	19,737,200	19,167,000	19,737,200
Scholarships and Fellowships	85,013,700	84,142,395	85,988,690	83,715,300	85,134,500
Mandatory Transfers	7,509,000				
Non-Mandatory Transfers	750,900	13,464,100	13,859,500	13,464,100	13,859,500
Auxilliary Enterprises	24,411,200	24,097,400	24,814,200	24,097,400	24,814,200
TOTAL EXPENDITURES	363,671,300	376,404,100	386,276,400	367,433,800	353,842,500

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,429,600	29,660,100	29,460,100	21,321,000	14,221,100
Total General Fund	23,429,600	29,660,100	29,460,100	21,321,000	14,221,100
Restricted Funds					
Current Receipts	20,545,300	18,220,000	19,220,000	18,220,000	19,220,000
Total Restricted Funds	20,545,300	18,220,000	19,220,000	18,220,000	19,220,000
Federal Fund					
Current Receipts	19,315,500	19,000,000	19,000,000	19,000,000	19,000,000
Total Federal Fund	19,315,500	19,000,000	19,000,000	19,000,000	19,000,000
TOTAL SOURCE OF FUNDS	63,290,400	66,880,100	67,680,100	58,541,000	52,441,100
EXPENDITURES BY CLASS					
Personnel Costs	37,233,600	39,632,800	40,087,000	35,671,400	32,692,700
Operating Expenses	16,613,600	18,795,700	19,064,500	14,818,000	12,780,300
Grants Loans Benefits	7,117,900	7,219,200	7,284,600	6,819,200	5,724,100
Debt Service	350,000	350,000	350,000	350,000	350,000
Capital Outlay	921,000	882,400	894,000	882,400	894,000
TOTAL EXPENDITURES	62,236,100	66,880,100	67,680,100	58,541,000	52,441,100
EXPENDITURES BY FUND SOURCE					
General Fund	22,375,300	29,660,100	29,460,100	21,321,000	14,221,100
Restricted Funds	20,545,300	18,220,000	19,220,000	18,220,000	19,220,000
Federal Fund	19,315,500	19,000,000	19,000,000	19,000,000	19,000,000
TOTAL EXPENDITURES	62,236,100	66,880,100	67,680,100	58,541,000	52,441,100
EXPENDITURES BY UNIT					
Instruction	11,258,000	11,288,300	11,618,400	10,788,300	8,946,000
Research	6,049,500	7,353,600	7,428,200	5,797,200	4,735,800
Public Service	7,417,600	8,282,200	8,373,600	7,108,100	5,779,500
Academic Support	3,032,900	2,906,300	2,943,600	2,906,300	2,943,600
Student Services	5,882,100	7,836,700	7,783,500	5,636,700	4,573,300
Institutional Support	12,080,600	12,986,800	13,125,800	10,478,200	10,640,100
Operation and Maintenance of Plant	6,302,300	6,039,300	6,117,000	6,039,300	4,910,000
Scholarships and Fellowships	8,020,500	8,085,800	8,161,900	7,685,800	7,784,700
Auxilliary Enterprises	2,192,600	2,101,100	2,128,100	2,101,100	2,128,100
TOTAL EXPENDITURES	62,236,100	66,880,100	67,680,100	58,541,000	52,441,100

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.

The Lexington Legends recently partnered with KSU to sponsor ten students to attend professional baseball's winter meetings in Nashville, TN, where they participated in a job fair for positions in promotions, sales, community relations, media relations and broadcasting.

**Postsecondary Education
Morehead State University**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	43,339,500	45,031,300	46,723,100	39,438,900	26,305,700
Total General Fund	43,339,500	45,031,300	46,723,100	39,438,900	26,305,700
Restricted Funds					
Current Receipts	114,426,500	120,719,600	125,861,500	120,719,600	125,861,500
Total Restricted Funds	114,426,500	120,719,600	125,861,500	120,719,600	125,861,500
Federal Fund					
Current Receipts	99,714,500	102,084,900	103,930,500	102,084,900	103,930,500
Total Federal Fund	99,714,500	102,084,900	103,930,500	102,084,900	103,930,500
TOTAL SOURCE OF FUNDS	257,480,500	267,835,800	276,515,100	262,243,400	256,097,700
EXPENDITURES BY CLASS					
Personnel Costs	96,094,700	103,076,400	108,516,900	101,892,600	106,149,300
Operating Expenses	35,974,800	36,391,100	37,151,600	35,883,100	36,135,600
Grants Loans Benefits	101,509,300	106,517,900	108,953,600	102,617,300	91,919,800
Debt Service	8,522,900	8,522,900	8,522,900	8,522,900	8,522,900
Capital Outlay	13,428,500	13,327,500	13,370,100	13,327,500	13,370,100
TOTAL EXPENDITURES	255,530,200	267,835,800	276,515,100	262,243,400	256,097,700
EXPENDITURES BY FUND SOURCE					
General Fund	41,389,200	45,031,300	46,723,100	39,438,900	26,305,700
Restricted Funds	114,426,500	120,719,600	125,861,500	120,719,600	125,861,500
Federal Fund	99,714,500	102,084,900	103,930,500	102,084,900	103,930,500
TOTAL EXPENDITURES	255,530,200	267,835,800	276,515,100	262,243,400	256,097,700
EXPENDITURES BY UNIT					
Instruction	44,746,300	49,065,600	51,536,300	44,319,100	40,690,600
Research	5,131,800	4,449,100	3,593,700	4,449,100	3,593,700
Public Service	9,232,000	8,909,600	9,813,000	8,909,600	9,813,000
Libraries	3,499,200	3,627,600	3,753,200	3,627,600	3,753,200
Academic Support	11,924,400	13,730,100	14,061,100	13,307,100	13,215,200
Student Services	19,062,700	19,782,100	20,810,100	19,359,200	17,468,900
Institutional Support	17,058,700	17,670,400	18,308,900	17,670,400	15,813,600
Operation and Maintenance of Plant	10,350,400	10,750,700	11,141,700	10,750,700	11,141,700
Scholarships and Fellowships	102,431,800	106,517,900	108,953,600	106,517,900	106,064,300
Mandatory Transfers	3,594,600	3,733,600	3,869,400	3,733,600	3,869,400
Non-Mandatory Transfers	9,300,700	9,660,400	10,011,700	9,660,400	10,011,700
Auxilliary Enterprises	19,197,600	19,938,700	20,662,400	19,938,700	20,662,400
TOTAL EXPENDITURES	255,530,200	267,835,800	276,515,100	262,243,400	256,097,700

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.

Postsecondary Education

Murray State University

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,025,100	50,004,000	51,982,900	43,702,900	29,149,800
Total General Fund	48,025,100	50,004,000	51,982,900	43,702,900	29,149,800
Restricted Funds					
Current Receipts	124,728,800	129,754,600	135,149,500	129,754,600	135,149,500
Total Restricted Funds	124,728,800	129,754,600	135,149,500	129,754,600	135,149,500
Federal Fund					
Current Receipts	18,692,100	18,692,100	18,692,100	18,692,100	18,692,100
Total Federal Fund	18,692,100	18,692,100	18,692,100	18,692,100	18,692,100
TOTAL SOURCE OF FUNDS	191,446,000	198,450,700	205,824,500	192,149,600	182,991,400
EXPENDITURES BY CLASS					
Personnel Costs	117,638,500	121,928,100	127,661,600	122,664,300	113,506,100
Operating Expenses	50,005,400	52,057,600	54,267,600	50,005,400	50,005,400
Grants Loans Benefits	12,288,100	14,449,200	14,449,200	10,127,000	10,127,000
Debt Service	7,312,200	7,975,100	7,405,400	7,312,200	7,312,200
Capital Outlay	2,040,700	2,040,700	2,040,700	2,040,700	2,040,700
TOTAL EXPENDITURES	189,284,900	198,450,700	205,824,500	192,149,600	182,991,400
EXPENDITURES BY FUND SOURCE					
General Fund	45,864,000	50,004,000	51,982,900	43,702,900	29,149,800
Restricted Funds	124,728,800	129,754,600	135,149,500	129,754,600	135,149,500
Federal Fund	18,692,100	18,692,100	18,692,100	18,692,100	18,692,100
TOTAL EXPENDITURES	189,284,900	198,450,700	205,824,500	192,149,600	182,991,400
EXPENDITURES BY UNIT					
Instruction	65,279,400	70,207,400	73,379,800	68,144,100	67,135,600
Research	1,855,000	1,888,100	1,921,200	1,855,000	1,855,000
Public Service	7,857,300	8,051,600	8,245,900	7,857,300	7,857,300
Libraries	3,001,300	3,209,200	3,443,100	3,001,300	3,001,300
Academic Support	7,287,100	7,650,500	7,808,900	7,287,100	7,287,100
Student Services	16,885,800	17,518,600	17,924,900	16,885,800	14,848,400
Institutional Support	21,514,000	22,680,800	23,847,600	21,514,000	19,040,000
Operation and Maintenance of Plant	25,044,500	25,709,600	26,561,800	25,044,500	21,406,200
Scholarships and Fellowships	14,109,600	14,109,600	14,109,600	14,109,600	14,109,600
Mandatory Transfers	7,178,400	7,178,400	7,178,400	7,178,400	7,178,400
Non-Mandatory Transfers	1,494,000	1,494,000	1,494,000	1,494,000	1,494,000
Auxilliary Enterprises	17,778,500	18,752,900	19,909,300	17,778,500	17,778,500
TOTAL EXPENDITURES	189,284,900	198,450,700	205,824,500	192,149,600	182,991,400

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,537,600	55,970,700	63,403,800	49,503,400	36,576,700
Total General Fund	48,537,600	55,970,700	63,403,800	49,503,400	36,576,700
Restricted Funds					
Current Receipts	173,213,000	177,415,800	180,924,700	177,415,800	180,924,700
Total Restricted Funds	173,213,000	177,415,800	180,924,700	177,415,800	180,924,700
Federal Fund					
Current Receipts	16,849,400	16,849,400	16,849,400	16,849,400	16,849,400
Total Federal Fund	16,849,400	16,849,400	16,849,400	16,849,400	16,849,400
TOTAL SOURCE OF FUNDS	238,600,000	250,235,900	261,177,900	243,768,600	234,350,800
EXPENDITURES BY CLASS					
Personnel Costs	138,715,600	154,491,300	164,142,000	141,142,900	125,719,600
Operating Expenses	47,117,800	44,257,200	45,418,500	51,760,300	57,655,800
Grants Loans Benefits	35,196,700	35,835,500	35,655,500	35,416,100	35,416,100
Debt Service	12,430,900	12,430,900	12,440,900	12,430,900	12,440,900
Capital Outlay	2,954,800	3,221,000	3,521,000	3,018,400	3,118,400
TOTAL EXPENDITURES	236,415,800	250,235,900	261,177,900	243,768,600	234,350,800
EXPENDITURES BY FUND SOURCE					
General Fund	46,353,400	55,970,700	63,403,800	49,503,400	36,576,700
Restricted Funds	173,213,000	177,415,800	180,924,700	177,415,800	180,924,700
Federal Fund	16,849,400	16,849,400	16,849,400	16,849,400	16,849,400
TOTAL EXPENDITURES	236,415,800	250,235,900	261,177,900	243,768,600	234,350,800
EXPENDITURES BY UNIT					
Instruction	76,142,900	82,963,900	89,134,200	83,495,700	77,045,100
Research	1,296,000	1,447,400	1,497,800	1,296,000	1,296,000
Public Service	11,430,700	11,748,800	11,916,200	11,430,700	11,430,700
Libraries	6,186,700	6,581,800	6,826,000	6,186,700	6,186,700
Academic Support	18,403,300	19,622,200	20,362,600	18,403,300	17,579,100
Student Services	21,703,500	23,145,300	23,899,300	21,703,500	21,703,500
Institutional Support	29,810,100	31,590,900	32,667,100	29,810,100	27,667,100
Operation and Maintenance of Plant	18,983,600	20,018,700	21,432,300	18,983,600	18,983,600
Scholarships and Fellowships	30,244,800	30,583,600	30,583,600	30,244,800	30,244,800
Mandatory Transfers	6,210,800	6,210,800	6,210,800	6,210,800	6,210,800
Non-Mandatory Transfers	55,900	55,900	55,900	55,900	55,900
Auxilliary Enterprises	15,947,500	16,266,600	16,592,100	15,947,500	15,947,500
TOTAL EXPENDITURES	236,415,800	250,235,900	261,177,900	243,768,600	234,350,800

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 Executive Budget provides an additional \$5,334,200 in General Fund in fiscal year 2016-2017 and \$10,668,400 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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	279,611,300	297,795,200	315,979,100	254,446,300	169,715,700
Total General Fund	279,611,300	297,795,200	315,979,100	254,446,300	169,715,700
Restricted Funds					
Current Receipts	2,859,905,700	3,133,535,600	3,439,190,500	3,133,535,600	3,439,190,500
Total Restricted Funds	2,859,905,700	3,133,535,600	3,439,190,500	3,133,535,600	3,439,190,500
Federal Fund					
Current Receipts	228,874,200	241,824,500	255,681,300	241,824,500	255,681,300
Total Federal Fund	228,874,200	241,824,500	255,681,300	241,824,500	255,681,300
TOTAL SOURCE OF FUNDS	3,368,391,200	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500
EXPENDITURES BY CLASS					
Personnel Costs	1,543,222,600	1,675,697,700	1,825,157,500	1,659,113,900	1,707,259,300
Operating Expenses	1,400,030,700	1,549,885,100	1,712,620,300	1,524,220,000	1,686,455,100
Grants Loans Benefits	186,593,500	198,283,100	207,995,800	197,883,100	207,195,800
Debt Service	76,173,200	84,327,800	83,169,400	84,327,800	83,169,400
Capital Outlay	149,788,700	164,961,600	181,907,900	164,261,600	180,507,900
TOTAL EXPENDITURES	3,355,808,700	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500
EXPENDITURES BY FUND SOURCE					
General Fund	267,028,800	297,795,200	315,979,100	254,446,300	169,715,700
Restricted Funds	2,859,905,700	3,133,535,600	3,439,190,500	3,133,535,600	3,439,190,500
Federal Fund	228,874,200	241,824,500	255,681,300	241,824,500	255,681,300
TOTAL EXPENDITURES	3,355,808,700	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500
EXPENDITURES BY UNIT					
Instruction	417,734,300	442,762,700	456,520,400	691,732,000	926,513,100
Research	324,009,400	341,596,300	360,169,400	324,009,400	324,009,400
Public Service	398,112,100	420,116,500	443,866,500	398,112,100	398,112,100
Libraries	26,486,400	27,068,700	27,714,200	26,486,400	26,486,400
Academic Support	89,496,900	92,641,900	96,105,300	89,496,900	89,496,900
Student Services	43,668,000	44,834,500	46,134,300	43,668,000	43,668,000
Institutional Support	172,351,500	176,187,500	180,521,300	172,351,500	172,351,500
Operation and Maintenance of Plant	80,682,600	83,571,000	88,577,300	80,682,600	80,682,600
Scholarships and Fellowships	186,593,500	198,283,100	207,995,800	186,593,500	186,593,500
Mandatory Transfers	19,921,900	28,076,500	26,918,100	19,921,900	19,921,900
Auxilliary Enterprises	227,489,100	241,853,300	261,782,500	227,489,100	227,489,100
Hospitals	1,369,263,000	1,576,163,300	1,814,545,800	1,369,263,000	1,369,263,000
TOTAL EXPENDITURES	3,355,808,700	3,673,155,300	4,010,850,900	3,629,806,400	3,864,587,500

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	140,416,300	148,131,900	157,186,900	126,559,900	84,415,500
Total General Fund	140,416,300	148,131,900	157,186,900	126,559,900	84,415,500
Restricted Funds					
Current Receipts	974,383,300	1,001,343,000	1,029,921,100	1,001,343,000	1,029,921,100
Total Restricted Funds	974,383,300	1,001,343,000	1,029,921,100	1,001,343,000	1,029,921,100
Federal Fund					
Current Receipts	112,770,400	113,548,100	114,333,600	113,548,100	114,333,600
Total Federal Fund	112,770,400	113,548,100	114,333,600	113,548,100	114,333,600
TOTAL SOURCE OF FUNDS	1,227,570,000	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200
EXPENDITURES BY CLASS					
Personnel Costs	714,876,300	736,535,600	759,155,800	731,266,900	706,474,000
Operating Expenses	335,753,600	357,145,200	372,943,600	340,841,900	352,854,000
Grants Loans Benefits	129,417,300	129,417,300	129,417,300	129,417,300	129,417,300
Debt Service	18,835,700	17,496,300	17,496,300	17,496,300	17,496,300
Capital Outlay	22,428,600	22,428,600	22,428,600	22,428,600	22,428,600
TOTAL EXPENDITURES	1,221,311,500	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200
EXPENDITURES BY FUND SOURCE					
General Fund	134,157,800	148,131,900	157,186,900	126,559,900	84,415,500
Restricted Funds	974,383,300	1,001,343,000	1,029,921,100	1,001,343,000	1,029,921,100
Federal Fund	112,770,400	113,548,100	114,333,600	113,548,100	114,333,600
TOTAL EXPENDITURES	1,221,311,500	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200
EXPENDITURES BY UNIT					
Instruction	367,796,400	387,434,000	401,363,000	389,275,300	405,995,600
Research	146,088,800	151,754,700	157,635,400	146,088,800	138,924,300
Public Service	110,576,200	114,537,800	118,662,100	110,576,200	110,576,200
Libraries	20,632,700	21,149,500	21,696,600	20,632,700	20,632,700
Academic Support	141,721,500	146,787,000	152,060,700	141,721,500	134,557,000
Student Services	32,840,900	34,014,800	35,236,800	32,840,900	32,840,900
Institutional Support	97,066,000	99,497,400	102,071,300	97,066,000	97,066,000
Operation and Maintenance of Plant	52,242,000	53,550,600	54,935,900	52,242,000	52,242,000
Scholarships and Fellowships	131,329,900	134,619,500	138,102,100	131,329,900	124,586,700
Mandatory Transfers	18,835,700	17,496,300	17,496,300	17,496,300	9,067,400
Auxilliary Enterprises	102,181,400	102,181,400	102,181,400	102,181,400	102,181,400
Hospitals	0				
TOTAL EXPENDITURES	1,221,311,500	1,263,023,000	1,301,441,600	1,241,451,000	1,228,670,200

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 freshman 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.

**Postsecondary Education
Western Kentucky University**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	74,649,400	80,348,300	86,047,200	70,519,000	48,762,400
Total General Fund	74,649,400	80,348,300	86,047,200	70,519,000	48,762,400
Restricted Funds					
Current Receipts	283,104,600	288,960,600	294,816,600	288,960,600	294,816,600
Total Restricted Funds	283,104,600	288,960,600	294,816,600	288,960,600	294,816,600
Federal Fund					
Current Receipts	38,811,000	38,811,000	38,811,000	38,811,000	38,811,000
Total Federal Fund	38,811,000	38,811,000	38,811,000	38,811,000	38,811,000
TOTAL SOURCE OF FUNDS	396,565,000	408,119,900	419,674,800	398,290,600	382,390,000
EXPENDITURES BY CLASS					
Personnel Costs	190,661,000	199,638,900	208,505,800	193,940,000	197,108,000
Operating Expenses	94,498,600	98,555,800	99,307,800	94,425,400	97,765,400
Grants Loans Benefits	85,400,400	87,262,400	89,180,400	87,262,400	64,835,800
Debt Service	16,170,200	16,170,200	16,170,200	16,170,200	16,170,200
Capital Outlay	6,475,600	6,492,600	6,510,600	6,492,600	6,510,600
TOTAL EXPENDITURES	393,205,800	408,119,900	419,674,800	398,290,600	382,390,000
EXPENDITURES BY FUND SOURCE					
General Fund	71,290,200	80,348,300	86,047,200	70,519,000	48,762,400
Restricted Funds	283,104,600	288,960,600	294,816,600	288,960,600	294,816,600
Federal Fund	38,811,000	38,811,000	38,811,000	38,811,000	38,811,000
TOTAL EXPENDITURES	393,205,800	408,119,900	419,674,800	398,290,600	382,390,000
EXPENDITURES BY UNIT					
Instruction	115,845,800	124,341,000	129,362,700	120,930,600	118,650,000
Research	6,160,600	6,236,800	6,309,900	6,160,600	6,160,600
Public Service	16,843,500	16,995,800	17,141,800	16,843,500	16,843,500
Libraries	8,706,100	9,091,500	9,477,500	8,706,100	8,706,100
Academic Support	18,087,900	18,877,100	19,651,100	18,087,900	16,209,300
Student Services	37,269,000	38,571,700	39,845,800	37,269,000	35,390,300
Institutional Support	43,564,100	44,634,900	45,892,900	43,564,100	39,337,200
Operation and Maintenance of Plant	37,322,400	38,228,700	39,062,700	37,322,400	33,565,200
Scholarships and Fellowships	74,614,900	76,350,900	78,138,900	74,614,900	72,736,300
Non-Mandatory Transfers	12,044,500	12,044,500	12,044,500	12,044,500	12,044,500
Auxilliary Enterprises	22,747,000	22,747,000	22,747,000	22,747,000	22,747,000
TOTAL EXPENDITURES	393,205,800	408,119,900	419,674,800	398,290,600	382,390,000

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 Executive Budget provides an additional \$2,588,000 from the General Fund in fiscal year 2016-2017 and \$5,176,000 in fiscal year 2017-2018 to address disparities in the allocation of state appropriations among the comprehensive postsecondary education institutions.

Postsecondary Education
Kentucky Community and Technical College System

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	190,162,300	201,682,100	213,144,200	173,047,700	115,422,800
Total General Fund	190,162,300	201,682,100	213,144,200	173,047,700	115,422,800
Restricted Funds					
Current Receipts	452,825,500	468,116,400	483,961,000	468,116,400	483,961,000
Total Restricted Funds	452,825,500	468,116,400	483,961,000	468,116,400	483,961,000
Federal Fund					
Current Receipts	245,126,500	257,392,000	270,270,700	257,392,000	270,270,700
Total Federal Fund	245,126,500	257,392,000	270,270,700	257,392,000	270,270,700
TOTAL SOURCE OF FUNDS	888,114,300	927,190,500	967,375,900	898,556,100	869,654,500
EXPENDITURES BY CLASS					
Personnel Costs	472,695,000	492,634,200	506,747,600	482,780,900	429,363,200
Operating Expenses	147,516,600	162,480,200	175,259,100	143,699,100	154,922,100
Grants Loans Benefits	256,645,800	268,402,900	280,680,400	268,402,900	280,680,400
Capital Outlay	2,699,600	3,673,200	4,688,800	3,673,200	4,688,800
TOTAL EXPENDITURES	879,557,000	927,190,500	967,375,900	898,556,100	869,654,500
EXPENDITURES BY FUND SOURCE					
General Fund	181,605,000	201,682,100	213,144,200	173,047,700	115,422,800
Restricted Funds	452,825,500	468,116,400	483,961,000	468,116,400	483,961,000
Federal Fund	245,126,500	257,392,000	270,270,700	257,392,000	270,270,700
TOTAL EXPENDITURES	879,557,000	927,190,500	967,375,900	898,556,100	869,654,500
EXPENDITURES BY UNIT					
Instruction	268,607,900	291,705,700	306,619,700	287,607,000	291,551,600
Public Service	48,559,100	50,846,800	53,119,900	48,559,100	48,559,100
Libraries	10,284,300	10,526,800	10,774,000	10,284,300	10,284,300
Academic Support	43,640,200	45,791,500	47,989,800	43,640,200	43,640,200
Student Services	69,744,300	72,503,200	75,350,800	69,744,300	69,744,300
Institutional Support	84,431,500	86,884,300	89,380,800	84,431,500	67,144,000
Operation and Maintenance of Plant	97,438,700	100,324,100	103,255,300	97,438,700	81,880,000
Scholarships and Fellowships	256,851,000	268,608,100	280,885,600	256,851,000	256,851,000
TOTAL EXPENDITURES	879,557,000	927,190,500	967,375,900	898,556,100	869,654,500

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.

Postsecondary Education
Postsecondary Education Performance Fund

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation					282,507,900
Total General Fund					282,507,900
TOTAL SOURCE OF FUNDS					
					282,507,900
EXPENDITURES BY CLASS					
Personnel Costs					282,507,900
TOTAL EXPENDITURES					282,507,900
EXPENDITURES BY FUND SOURCE					
General Fund					282,507,900
TOTAL EXPENDITURES					282,507,900
EXPENDITURES BY UNIT					
Postsecondary Education Performance Fund					282,507,900
TOTAL EXPENDITURES					282,507,900

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, 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 achieve improved outcomes toward educating and training Kentucky's workforce, a new mechanism must be set in place to create better incentives for Kentucky's public postsecondary education institutions to achieve them. The Executive Budget provides \$282,507,900 from the General Fund in fiscal year 2017-2018 for the Postsecondary Education Performance Fund. This amount represents one-third of the recommended total General Fund appropriations for the nine public postsecondary education institutions.

Desired outcomes will be fully determined, performance indicators will be set in place, and time-period goals will be established for each of the four-year universities and the Kentucky Community and Technical College System. Progress toward and achievement of those goals will be the primary factor in the allocation of the all or part of the \$282,507,900 to the nine institutions. To the extent that any part of the appropriation is unallocated, the 2018-2020 Executive branch budget bill, or statutory law, will be the authority that will address that issue.

Public Protection

Public Protection

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,322,000	8,487,300	8,791,200	7,039,100	7,108,700
Total General Fund	7,322,000	8,487,300	8,791,200	7,039,100	7,108,700
Restricted Funds					
Balance Forward	70,279,200	65,424,500	84,084,000	65,424,500	54,865,700
Current Receipts	92,899,100	93,531,200	94,777,900	93,645,000	95,247,500
Non-Revenue Receipts	21,046,500	24,233,600	24,353,200	24,461,600	24,281,100
Fund Transfers	-28,450,000			-29,700,000	-29,700,000
Total Restricted Funds	155,774,800	183,189,300	203,215,100	153,831,100	144,694,300
Federal Fund					
Balance Forward	1,300				
Current Receipts	1,447,400	1,370,200	1,297,400	1,369,400	1,295,700
Total Federal Fund	1,448,700	1,370,200	1,297,400	1,369,400	1,295,700
TOTAL SOURCE OF FUNDS	164,545,500	193,046,800	213,303,700	162,239,600	153,098,700
EXPENDITURES BY CLASS					
Personnel Costs	62,221,300	68,177,000	71,503,800	67,223,600	68,004,000
Operating Expenses	12,413,200	13,563,000	13,397,300	13,352,500	13,192,300
Grants Loans Benefits	23,082,900	25,484,400	26,084,400	25,215,400	25,815,400
Capital Outlay	1,074,200	1,738,400	1,451,200	1,582,400	1,295,200
TOTAL EXPENDITURES	98,791,600	108,962,800	112,436,700	107,373,900	108,306,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,992,600	8,487,300	8,791,200	7,039,100	7,108,700
Restricted Funds	90,350,300	99,105,300	102,348,100	98,965,400	99,902,500
Federal Fund	1,448,700	1,370,200	1,297,400	1,369,400	1,295,700
TOTAL EXPENDITURES	98,791,600	108,962,800	112,436,700	107,373,900	108,306,900
EXPENDITURES BY UNIT					
Secretary	6,201,200	6,653,100	6,955,900	6,574,100	6,625,700
Boxing and Wrestling Authority	169,100	158,700	164,500	161,300	161,800
Alcoholic Beverage Control	6,360,700	7,666,900	7,921,500	7,733,400	7,746,400
Charitable Gaming	3,489,300	3,687,900	3,825,400	3,714,300	3,742,200
Board of Claims/Crime Victims'	2,068,700	2,933,000	2,922,100	1,913,900	1,846,900
Compensation Board					
Financial Institutions	10,984,400	12,104,800	12,901,000	12,274,100	12,678,500
Horse Racing Commission	29,026,100	31,927,800	32,721,100	31,661,800	32,293,400
Housing, Buildings and Construction	21,194,900	23,859,000	24,491,200	23,392,800	23,197,500
Insurance	18,846,600	19,472,000	20,013,400	19,498,200	19,560,700
Tax Appeals	450,600	499,600	520,600	450,000	453,800
TOTAL EXPENDITURES	98,791,600	108,962,800	112,436,700	107,373,900	108,306,900

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	283,100	304,100	390,600	276,400	279,700
Total General Fund	283,100	304,100	390,600	276,400	279,700
Restricted Funds					
Balance Forward	1,768,200	894,700	378,000	894,700	429,300
Current Receipts	1,284,000	1,274,000	1,274,000	1,274,000	1,274,000
Non-Revenue Receipts	3,773,300	4,558,300	5,117,300	4,558,300	5,117,300
Total Restricted Funds	6,825,500	6,727,000	6,769,300	6,727,000	6,820,600
TOTAL SOURCE OF FUNDS	7,108,600	7,031,100	7,159,900	7,003,400	7,100,300
EXPENDITURES BY CLASS					
Personnel Costs	5,436,800	5,890,500	6,199,000	5,808,300	5,866,400
Operating Expenses	764,400	722,600	716,900	725,800	719,300
Capital Outlay		40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	6,201,200	6,653,100	6,955,900	6,574,100	6,625,700
EXPENDITURES BY FUND SOURCE					
General Fund	270,400	304,100	390,600	276,400	279,700
Restricted Funds	5,930,800	6,349,000	6,565,300	6,297,700	6,346,000
TOTAL EXPENDITURES	6,201,200	6,653,100	6,955,900	6,574,100	6,625,700
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	4,794,200	5,187,100	5,431,000	5,105,500	5,146,000
Occupations and Professions	1,407,000	1,466,000	1,524,900	1,468,600	1,479,700
TOTAL EXPENDITURES	6,201,200	6,653,100	6,955,900	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	239,800	173,200	116,600	173,200	114,000
Current Receipts	102,500	102,100	102,100	102,100	102,100
Total Restricted Funds	342,300	275,300	218,700	275,300	216,100
TOTAL SOURCE OF FUNDS	342,300	275,300	218,700	275,300	216,100
EXPENDITURES BY CLASS					
Personnel Costs	124,200	125,500	131,300	122,600	123,100
Operating Expenses	44,900	33,200	33,200	38,700	38,700
TOTAL EXPENDITURES	169,100	158,700	164,500	161,300	161,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	169,100	158,700	164,500	161,300	161,800
TOTAL EXPENDITURES	169,100	158,700	164,500	161,300	161,800
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	169,100	158,700	164,500	161,300	161,800
TOTAL EXPENDITURES	169,100	158,700	164,500	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	618,100	618,100	645,200	587,100	591,700
Total General Fund	618,100	618,100	645,200	587,100	591,700
Restricted Funds					
Balance Forward	3,473,100	3,406,500	2,174,800	3,406,500	1,966,900
Current Receipts	6,786,000	6,301,000	6,538,000	6,301,000	6,538,000
Non-Revenue Receipts	-382,200	-483,900	-523,900	-294,300	-334,800
Fund Transfers	-700,000			-300,000	-300,000
Total Restricted Funds	9,176,900	9,223,600	8,188,900	9,113,200	7,870,100
TOTAL SOURCE OF FUNDS	9,795,000	9,841,700	8,834,100	9,700,300	8,461,800
EXPENDITURES BY CLASS					
Personnel Costs	5,082,200	5,958,500	6,225,700	5,652,200	5,680,300
Operating Expenses	1,178,500	1,552,400	1,539,800	1,950,200	1,935,100
Grants Loans Benefits				131,000	131,000
Capital Outlay	100,000	156,000	156,000		
TOTAL EXPENDITURES	6,360,700	7,666,900	7,921,500	7,733,400	7,746,400
EXPENDITURES BY FUND SOURCE					
General Fund	590,300	618,100	645,200	587,100	591,700
Restricted Funds	5,770,400	7,048,800	7,276,300	7,146,300	7,154,700
TOTAL EXPENDITURES	6,360,700	7,666,900	7,921,500	7,733,400	7,746,400
EXPENDITURES BY UNIT					
Administration, Enforcement and License	5,943,300	7,224,000	7,460,300	7,315,900	7,326,600
Tobacco Enforcement	417,400	442,900	461,200	417,500	419,800
TOTAL EXPENDITURES	6,360,700	7,666,900	7,921,500	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 Executive Budget 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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,391,900	1,420,600	1,354,800	1,420,600	1,354,700
Current Receipts	3,518,000	3,622,100	3,824,700	3,622,100	3,824,700
Non-Revenue Receipts				26,300	26,200
Total Restricted Funds	4,909,900	5,042,700	5,179,500	5,069,000	5,205,600
TOTAL SOURCE OF FUNDS	4,909,900	5,042,700	5,179,500	5,069,000	5,205,600
EXPENDITURES BY CLASS					
Personnel Costs	2,927,100	3,114,300	3,266,800	3,151,100	3,191,000
Operating Expenses	559,700	571,100	556,100	560,700	548,700
Grants Loans Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	3,489,300	3,687,900	3,825,400	3,714,300	3,742,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,489,300	3,687,900	3,825,400	3,714,300	3,742,200
TOTAL EXPENDITURES	3,489,300	3,687,900	3,825,400	3,714,300	3,742,200
EXPENDITURES BY UNIT					
Charitable Gaming	3,489,300	3,687,900	3,825,400	3,714,300	3,742,200
TOTAL EXPENDITURES	3,489,300	3,687,900	3,825,400	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.

Public Protection
Board of Claims/Crime Victims' Compensation Board

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	708,900	1,728,700	1,794,100	709,800	721,800
Total General Fund	708,900	1,728,700	1,794,100	709,800	721,800
Restricted Funds					
Balance Forward	364,600	218,200	128,600	218,200	127,700
Current Receipts	895,300	867,500	840,500	867,200	840,200
Total Restricted Funds	1,259,900	1,085,700	969,100	1,085,400	967,900
Federal Fund					
Current Receipts	350,000	247,200	158,900	246,400	157,200
Total Federal Fund	350,000	247,200	158,900	246,400	157,200
TOTAL SOURCE OF FUNDS	2,318,800	3,061,600	2,922,100	2,041,600	1,846,900
EXPENDITURES BY CLASS					
Personnel Costs	1,316,600	1,374,300	1,441,600	1,318,600	1,332,600
Operating Expenses	495,100	901,700	823,500	338,300	257,300
Grants Loans Benefits	257,000	657,000	657,000	257,000	257,000
TOTAL EXPENDITURES	2,068,700	2,933,000	2,922,100	1,913,900	1,846,900
EXPENDITURES BY FUND SOURCE					
General Fund	677,000	1,728,700	1,794,100	709,800	721,800
Restricted Funds	1,041,700	957,100	969,100	957,700	967,900
Federal Fund	350,000	247,200	158,900	246,400	157,200
TOTAL EXPENDITURES	2,068,700	2,933,000	2,922,100	1,913,900	1,846,900
EXPENDITURES BY UNIT					
Board of Claims	617,200	621,000	644,800	596,700	604,300
Crime Victims' Board	1,451,500	2,312,000	2,277,300	1,317,200	1,242,600
TOTAL EXPENDITURES	2,068,700	2,933,000	2,922,100	1,913,900	1,846,900

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	7,347,600	6,110,700	9,922,700	6,110,700	5,084,700
Current Receipts	16,913,600	17,336,500	17,898,000	17,456,500	18,298,000
Non-Revenue Receipts	-1,166,100	-1,419,700	-1,597,700	-1,208,400	-1,429,800
Fund Transfers	-6,000,000			-5,000,000	-5,000,000
Total Restricted Funds	17,095,100	22,027,500	26,223,000	17,358,800	16,952,900
TOTAL SOURCE OF FUNDS	17,095,100	22,027,500	26,223,000	17,358,800	16,952,900
EXPENDITURES BY CLASS					
Personnel Costs	9,081,700	10,053,300	10,838,600	10,150,200	10,543,700
Operating Expenses	1,897,700	2,040,000	2,050,900	2,112,400	2,123,300
Grants Loans Benefits	5,000	11,500	11,500	11,500	11,500
TOTAL EXPENDITURES	10,984,400	12,104,800	12,901,000	12,274,100	12,678,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	10,984,400	12,104,800	12,901,000	12,274,100	12,678,500
TOTAL EXPENDITURES	10,984,400	12,104,800	12,901,000	12,274,100	12,678,500
EXPENDITURES BY UNIT					
Administrative Services	1,739,900	1,823,000	1,907,800	1,825,900	1,841,700
Securities	1,665,100	1,741,400	1,815,100	1,765,400	1,779,400
Depository Institutions	4,906,100	5,742,800	6,263,000	5,877,200	6,229,900
Non-Depository Institutions	2,673,300	2,797,600	2,915,100	2,805,600	2,827,500
TOTAL EXPENDITURES	10,984,400	12,104,800	12,901,000	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,738,600	2,738,600	2,775,700	2,623,000	2,647,200
Total General Fund	2,738,600	2,738,600	2,775,700	2,623,000	2,647,200
Restricted Funds					
Balance Forward	27,077,200	25,279,100	23,902,700	25,279,100	24,479,300
Current Receipts	3,712,100	3,768,000	3,813,600	4,194,200	4,467,100
Non-Revenue Receipts	20,900,500	24,044,800	24,044,800	24,044,800	24,044,800
Total Restricted Funds	51,689,800	53,091,900	51,761,100	53,518,100	52,991,200
TOTAL SOURCE OF FUNDS	54,428,400	55,830,500	54,536,800	56,141,100	55,638,400
EXPENDITURES BY CLASS					
Personnel Costs	4,941,500	5,896,100	6,105,700	5,678,900	5,726,800
Operating Expenses	1,116,200	1,168,300	1,152,000	1,119,500	1,103,200
Grants Loans Benefits	22,818,400	24,813,400	25,413,400	24,813,400	25,413,400
Capital Outlay	150,000	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	29,026,100	31,927,800	32,721,100	31,661,800	32,293,400
EXPENDITURES BY FUND SOURCE					
General Fund	2,615,400	2,738,600	2,775,700	2,623,000	2,647,200
Restricted Funds	26,410,700	29,189,200	29,945,400	29,038,800	29,646,200
TOTAL EXPENDITURES	29,026,100	31,927,800	32,721,100	31,661,800	32,293,400
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	4,541,400	5,430,000	5,602,600	7,184,300	7,815,900
Equine Drug Research Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Thoroughbred Development Fund	7,151,900	8,151,900	8,451,900	7,151,900	7,151,900
Standardbred Development Fund	250,000	1,250,000	1,550,000	250,000	250,000
Standardbred Horsemen Fees	400,000	395,000	395,000	395,000	395,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund	20,000	20,000	20,000	20,000	20,000
County Fair Purse Fund	89,300	89,300	89,300	89,300	89,300
Thoroughbred Owners and Breeders	2,200				
Backside Improvement Commission	300,400	300,400	300,400	300,400	300,400
Ky Thoroughbred Breeder Incentive Fund	12,285,900	12,306,200	12,326,900	12,285,900	12,285,900
Ky Standardbred Breeder Incentive Fund	1,715,000	1,715,000	1,715,000	1,715,000	1,715,000
Ky Horse Breeders Incentive Fund	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
KY Quarter Horse, Appaloosa & Arabian Purse Fund	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	29,026,100	31,927,800	32,721,100	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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,501,500	2,598,200	2,665,000	2,392,800	2,414,500
Total General Fund	2,501,500	2,598,200	2,665,000	2,392,800	2,414,500
Restricted Funds					
Balance Forward	8,263,700	8,931,300	7,591,700	8,931,300	7,434,900
Current Receipts	19,495,500	20,041,200	20,253,000	19,623,600	19,698,800
Non-Revenue Receipts	-21,900	-120,000	-141,200	-120,000	-141,200
Total Restricted Funds	27,737,300	28,852,500	27,703,500	28,434,900	26,992,500
TOTAL SOURCE OF FUNDS	30,238,800	31,450,700	30,368,500	30,827,700	29,407,000
EXPENDITURES BY CLASS					
Personnel Costs	16,461,300	18,240,400	19,208,000	17,859,800	17,991,300
Operating Expenses	3,909,400	4,126,200	4,078,000	4,040,600	4,001,000
Capital Outlay	824,200	1,492,400	1,205,200	1,492,400	1,205,200
TOTAL EXPENDITURES	21,194,900	23,859,000	24,491,200	23,392,800	23,197,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,388,900	2,598,200	2,665,000	2,392,800	2,414,500
Restricted Funds	18,806,000	21,260,800	21,826,200	21,000,000	20,783,000
TOTAL EXPENDITURES	21,194,900	23,859,000	24,491,200	23,392,800	23,197,500
EXPENDITURES BY UNIT					
General Administration and Management	1,331,100	1,401,400	1,464,200	1,382,300	1,387,300
Fire Prevention	1,424,600	1,525,100	1,680,800	1,491,800	1,597,900
Boiler Inspections	878,800	917,100	951,400	907,600	910,400
Hazardous Materials Inspections	963,900	1,178,700	1,069,600	1,092,700	942,700
Manufactured Housing Inspections	675,300	754,700	785,800	725,200	735,300
General Inspections	1,692,100	1,856,300	1,931,900	1,725,600	1,741,200
Sprinkler/Alarm Inspections	92,400	95,400	99,200	95,500	95,800
Elevator Inspections	1,254,300	1,314,500	1,367,400	1,305,600	1,309,800
Plumbing	5,842,800	6,343,000	6,605,800	6,265,200	6,286,000
Safe Cigarette Program	6,000	6,000	6,000	6,000	6,000
HVAC	2,477,600	2,610,100	2,709,600	2,593,900	2,601,900
Building Codes Enforcement	2,824,300	3,203,600	3,305,900	3,161,200	3,144,000
Electrical	1,731,700	2,653,100	2,513,600	2,640,200	2,439,200
TOTAL EXPENDITURES	21,194,900	23,859,000	24,491,200	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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	20,353,100	18,990,200	38,514,100	18,990,200	13,874,200
Current Receipts	40,192,100	40,218,800	40,234,000	40,204,300	40,204,600
Non-Revenue Receipts	-2,057,100	-2,345,900	-2,546,100	-2,545,100	-3,001,400
Fund Transfers	-21,750,000			-24,400,000	-24,400,000
Total Restricted Funds	36,738,100	56,863,100	76,202,000	32,249,400	26,677,400
Federal Fund					
Balance Forward	1,300				
Current Receipts	1,097,400	1,123,000	1,138,500	1,123,000	1,138,500
Total Federal Fund	1,098,700	1,123,000	1,138,500	1,123,000	1,138,500
TOTAL SOURCE OF FUNDS	37,836,800	57,986,100	77,340,500	33,372,400	27,815,900
EXPENDITURES BY CLASS					
Personnel Costs	16,459,700	17,082,700	17,624,100	17,084,300	17,146,800
Operating Expenses	2,386,900	2,389,300	2,389,300	2,413,900	2,413,900
TOTAL EXPENDITURES	18,846,600	19,472,000	20,013,400	19,498,200	19,560,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	17,747,900	18,349,000	18,874,900	18,375,200	18,422,200
Federal Fund	1,098,700	1,123,000	1,138,500	1,123,000	1,138,500
TOTAL EXPENDITURES	18,846,600	19,472,000	20,013,400	19,498,200	19,560,700
EXPENDITURES BY UNIT					
Executive Director and Administration	3,512,500	3,720,200	3,860,900	3,725,800	3,716,600
Property and Casualty	1,159,800	1,204,700	1,252,900	1,208,600	1,217,300
Financial Standards and Examination	3,080,700	3,130,600	3,174,100	3,132,900	3,140,500
Agent Licensing	1,810,600	1,863,500	1,918,500	1,867,600	1,877,700
Consumer Protection	2,870,600	2,953,700	3,030,600	2,948,800	2,962,500
Insurance Fraud Investigation	1,578,500	1,621,500	1,680,100	1,677,800	1,688,300
Medicaid Prompt Payment Compliance	800,000	814,500	829,400	800,000	800,000
Health and Life	3,842,100	3,964,100	4,062,600	3,940,100	3,960,200
Mine Subsidence Program	191,800	199,200	204,300	196,600	197,600
TOTAL EXPENDITURES	18,846,600	19,472,000	20,013,400	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.

Public Protection

Tax Appeals

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	471,800	499,600	520,600	450,000	453,800
Total General Fund	471,800	499,600	520,600	450,000	453,800
TOTAL SOURCE OF FUNDS	471,800	499,600	520,600	450,000	453,800
EXPENDITURES BY CLASS					
Personnel Costs	390,200	441,400	463,000	397,600	402,000
Operating Expenses	60,400	58,200	57,600	52,400	51,800
TOTAL EXPENDITURES	450,600	499,600	520,600	450,000	453,800
EXPENDITURES BY FUND SOURCE					
General Fund	450,600	499,600	520,600	450,000	453,800
TOTAL EXPENDITURES	450,600	499,600	520,600	450,000	453,800
EXPENDITURES BY UNIT					
Tax Appeals	450,600	499,600	520,600	450,000	453,800
TOTAL EXPENDITURES	450,600	499,600	520,600	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.

Tourism, Arts and Heritage

Tourism, Arts and Heritage

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,271,800	94,949,000	104,040,500	57,493,400	58,810,900
Current Year Appropriation	14,680,000				
Total General Fund	68,951,800	94,949,000	104,040,500	57,493,400	58,810,900
Restricted Funds					
Balance Forward	105,127,600	98,548,400	99,052,700	98,858,400	100,219,600
Current Receipts	165,737,700	165,999,300	168,718,100	165,911,300	168,328,000
Non-Revenue Receipts	-20,304,100	-8,434,700	-7,912,200	-7,160,800	-6,639,000
Fund Transfers	-3,000,000				
Total Restricted Funds	247,561,200	256,113,000	259,858,600	257,608,900	261,908,600
Federal Fund					
Balance Forward	8,198,700	8,198,700	8,198,700	8,198,700	8,343,100
Current Receipts	18,190,700	19,246,700	19,975,900	19,228,700	19,919,100
Total Federal Fund	26,389,400	27,445,400	28,174,600	27,427,400	28,262,200
Road Fund					
Regular Appropriation	410,500	410,500	410,500	439,800	445,200
Total Road Fund	410,500	410,500	410,500	439,800	445,200
TOTAL SOURCE OF FUNDS	343,312,900	378,917,900	392,484,200	342,969,500	349,426,900
EXPENDITURES BY CLASS					
Personnel Costs	141,034,300	155,178,000	161,495,000	144,160,200	145,484,700
Operating Expenses	81,987,300	89,071,300	89,935,300	77,590,300	79,697,500
Grants Loans Benefits	8,460,300	10,365,700	9,887,200	8,572,300	8,584,800
Debt Service	1,028,100	14,198,100	21,502,600	1,230,600	1,921,600
Capital Outlay	2,889,800	2,853,400	2,457,400	2,853,400	2,457,400
TOTAL EXPENDITURES	235,399,800	271,666,500	285,277,500	234,406,800	238,146,000
EXPENDITURES BY FUND SOURCE					
General Fund	68,095,800	94,949,000	104,040,500	57,493,400	58,810,900
Restricted Funds	148,702,800	157,060,300	160,850,600	157,389,300	159,929,700
Federal Fund	18,190,700	19,246,700	19,975,900	19,084,300	18,960,200
Road Fund	410,500	410,500	410,500	439,800	445,200
TOTAL EXPENDITURES	235,399,800	271,666,500	285,277,500	234,406,800	238,146,000
EXPENDITURES BY UNIT					
Secretary	13,223,000	16,844,000	17,619,200	15,831,400	16,864,200
Artisans Center	2,381,900	2,899,200	2,960,600	2,424,200	2,435,000
Travel	3,051,600	7,162,600	7,017,700	3,049,500	3,075,400
Parks	89,715,400	101,204,200	106,192,600	84,550,400	85,205,400
Horse Park Commission	14,190,400	17,802,900	21,293,500	14,422,400	14,479,600
State Fair Board	47,281,300	53,965,900	55,592,400	46,249,300	48,149,800
Fish and Wildlife Resources	52,972,400	55,446,000	57,047,900	55,439,800	55,454,200
Historical Society	6,352,600	7,583,100	8,069,600	6,222,900	6,234,700
Arts Council	3,530,500	3,744,200	3,825,800	3,485,800	3,500,800
Heritage Council	1,804,200	2,246,300	2,389,100	1,845,800	1,859,600
Kentucky Center for the Arts	896,500	2,803,600	3,269,100	885,300	887,300
TOTAL EXPENDITURES	235,399,800	271,666,500	285,277,500	234,406,800	238,146,000

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel and Tourism
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

Tourism, Arts and Heritage

Secretary

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,598,300	3,744,100	3,500,700	2,531,500	2,561,000
Total General Fund	2,598,300	3,744,100	3,500,700	2,531,500	2,561,000
Restricted Funds					
Balance Forward	1,635,400	907,600	1,417,900	907,600	1,200,200
Current Receipts	1,142,800	1,145,600	1,148,600	1,127,900	1,112,300
Non-Revenue Receipts	11,871,000	12,464,600	13,087,800	12,464,600	13,087,800
Fund Transfers	-3,000,000				
Total Restricted Funds	11,649,200	14,517,800	15,654,300	14,500,100	15,400,300
TOTAL SOURCE OF FUNDS	14,247,500	18,261,900	19,155,000	17,031,600	17,961,300
EXPENDITURES BY CLASS					
Personnel Costs	4,238,100	4,479,200	4,711,200	4,292,200	4,324,200
Operating Expenses	6,079,900	8,616,800	9,617,000	8,634,200	9,635,000
Grants Loans Benefits	2,905,000	3,680,000	3,155,000	2,905,000	2,905,000
Debt Service		68,000	136,000		
TOTAL EXPENDITURES	13,223,000	16,844,000	17,619,200	15,831,400	16,864,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,481,400	3,744,100	3,500,700	2,531,500	2,561,000
Restricted Funds	10,741,600	13,099,900	14,118,500	13,299,900	14,303,200
TOTAL EXPENDITURES	13,223,000	16,844,000	17,619,200	15,831,400	16,864,200
EXPENDITURES BY UNIT					
Executive Policy and Management	2,003,900	3,157,900	2,879,000	2,040,800	2,063,800
Capital Plaza Operations	700,000	717,700	736,300	917,700	921,000
Creative Services	688,500	754,900	790,400	659,400	665,900
Sports Authority	80,600	63,500	63,500	63,500	63,500
Tourism Meeting & Convention Marketing	9,750,000	12,150,000	13,150,000	12,150,000	13,150,000
TOTAL EXPENDITURES	13,223,000	16,844,000	17,619,200	15,831,400	16,864,200

The Office of the Secretary's appropriation unit comprises of:

Executive Policy and Management - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

Creative Services - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

Frankfort Convention Center - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

Sports Authority - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams.

Tourism, Meeting, and Convention Marketing Fund – This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth,

including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Tourism, Arts and Heritage

Artisans Center

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	406,300	905,300	966,700	399,000	404,400
Total General Fund	406,300	905,300	966,700	399,000	404,400
Restricted Funds					
Balance Forward	112,900	112,900	112,900	112,900	110,900
Current Receipts	1,583,400	1,583,400	1,583,400	1,583,400	1,583,400
Total Restricted Funds	1,696,300	1,696,300	1,696,300	1,696,300	1,694,300
Road Fund					
Regular Appropriation	410,500	410,500	410,500	439,800	445,200
Total Road Fund	410,500	410,500	410,500	439,800	445,200
TOTAL SOURCE OF FUNDS	2,513,100	3,012,100	3,073,500	2,535,100	2,543,900
EXPENDITURES BY CLASS					
Personnel Costs	1,278,800	1,745,800	1,806,700	1,340,400	1,350,700
Operating Expenses	1,103,100	1,153,400	1,153,900	1,083,800	1,084,300
TOTAL EXPENDITURES	2,381,900	2,899,200	2,960,600	2,424,200	2,435,000
EXPENDITURES BY FUND SOURCE					
General Fund	388,000	905,300	966,700	399,000	404,400
Restricted Funds	1,583,400	1,583,400	1,583,400	1,585,400	1,585,400
Road Fund	410,500	410,500	410,500	439,800	445,200
TOTAL EXPENDITURES	2,381,900	2,899,200	2,960,600	2,424,200	2,435,000
EXPENDITURES BY UNIT					
Berea Artisans Center	2,381,900	2,899,200	2,960,600	2,424,200	2,435,000
TOTAL EXPENDITURES	2,381,900	2,899,200	2,960,600	2,424,200	2,435,000

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 265,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Tourism Arts and Heritage Cabinet for administrative purposes.

Tourism, Arts and Heritage

Travel

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,152,400	7,086,000	6,976,600	3,008,400	3,034,300
Total General Fund	3,152,400	7,086,000	6,976,600	3,008,400	3,034,300
Restricted Funds					
Balance Forward	97,000	69,400	41,800	69,400	41,800
Current Receipts	13,500	13,500	13,500	13,500	13,500
Total Restricted Funds	110,500	82,900	55,300	82,900	55,300
TOTAL SOURCE OF FUNDS	3,262,900	7,168,900	7,031,900	3,091,300	3,089,600
EXPENDITURES BY CLASS					
Personnel Costs	2,533,400	3,570,900	3,464,800	2,600,500	2,629,700
Operating Expenses	518,200	3,556,200	3,552,900	449,000	445,700
TOTAL EXPENDITURES	3,051,600	7,127,100	7,017,700	3,049,500	3,075,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,010,500	7,086,000	6,976,600	3,008,400	3,034,300
Restricted Funds	41,100	41,100	41,100	41,100	41,100
TOTAL EXPENDITURES	3,051,600	7,127,100	7,017,700	3,049,500	3,075,400
EXPENDITURES BY UNIT					
Executive Policy and Management	1,136,100	1,461,300	1,490,400	1,157,100	1,170,900
Tourism Services	603,000	666,900	701,100	598,100	602,400
Marketing and Advertising	984,000	4,637,800	4,450,000	971,100	976,900
Communications and Promotions	328,500	361,100	376,200	323,200	325,200
TOTAL EXPENDITURES	3,051,600	7,127,100	7,017,700	3,049,500	3,075,400

The Department of Travel and Tourism was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

Executive Policy and Management - The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

Tourism Services - The Division of Tourism Services provides technical and design support to the overall marketing and promotions activities of the department. These activities provide graphic design support for development of both print and website promotions as well as technical support for website maintenance. Additionally, the division disseminates tourism information to tourists and potential visitors via a telephone system and fulfills visitor information through direct mail. Tourism Services provides assistance to travel planners calling the toll-free phone line requesting information as well as fulfilling requests for the Official Visitors Guide.

Marketing and Administration - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

The Tourism Marketing Incentive Program is a collaborative effort to utilize the one percent transient room tax funds, dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, efficiently and effectively.

The Division of Marketing and Administration staffs eight Welcome Centers throughout the state. The travel hosts at the Centers, located in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville and Williamsburg offer helpful travel information and a positive image of Kentucky to tourists seeking assistance when they visit the state.

Communications and Promotions - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print

media to support the marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

Tourism, Arts and Heritage

Parks

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,511,500	51,962,800	56,894,500	34,994,000	35,634,800
Current Year Appropriation	12,380,000				
Total General Fund	45,891,500	51,962,800	56,894,500	34,994,000	35,634,800
Restricted Funds					
Balance Forward	110,700	108,600	220,900	108,600	137,700
Current Receipts	49,243,200	49,253,000	49,253,800	49,253,000	49,253,800
Non-Revenue Receipts	-5,421,400	100,700		332,500	231,200
Total Restricted Funds	43,932,500	49,462,300	49,474,700	49,694,100	49,622,700
TOTAL SOURCE OF FUNDS	89,824,000	101,425,100	106,369,200	84,688,100	85,257,500
EXPENDITURES BY CLASS					
Personnel Costs	54,947,900	62,589,700	64,941,700	54,080,600	54,321,600
Operating Expenses	33,739,400	34,289,400	33,627,800	29,273,200	29,350,200
Debt Service	1,028,100	4,325,100	7,623,100	1,196,600	1,533,600
TOTAL EXPENDITURES	89,715,400	101,204,200	106,192,600	84,550,400	85,205,400
EXPENDITURES BY FUND SOURCE					
General Fund	45,891,500	51,962,800	56,894,500	34,994,000	35,634,800
Restricted Funds	43,823,900	49,241,400	49,298,100	49,556,400	49,570,600
TOTAL EXPENDITURES	89,715,400	101,204,200	106,192,600	84,550,400	85,205,400
EXPENDITURES BY UNIT					
General Administration and Support	14,482,000	20,281,000	24,098,900	14,122,900	14,662,400
Resort Parks	56,229,900	60,627,200	61,766,800	53,052,600	53,122,700
Recreation Parks and Historic Sites	16,965,500	18,216,000	18,210,400	15,312,200	15,353,100
Cafeterias	2,038,000	2,080,000	2,116,500	2,062,700	2,067,200
TOTAL EXPENDITURES	89,715,400	101,204,200	106,192,600	84,550,400	85,205,400

The Department of Parks operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services which create memorable experiences and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 10 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides overnight lodging to 431,000 guests, food service for 1,192,000 meals for dining patrons, camping for 560,000 guests, golf for 170,000 players, along with other park amenities and activities.

Resort Parks

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

Barren River Resort Park - Barren County
Blue Licks Battlefield State Park - Robertson County
Buckhorn Lake Resort Park - Perry County
Carter Caves Resort Park - Carter County
Cumberland Falls Resort Park - Whitley County
Dale Hollow Resort Park - Cumberland and Clinton Counties
General Butler Resort Park - Carroll County
Greenbo Lake Resort Park - Greenup County
Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County
Kentucky Dam Village Resort Park - Marshall County
Lake Barkley Resort Park - Trigg County
Lake Cumberland Resort Park - Russell County
Natural Bridge Resort Park - Powell County
Pennyrile Forest Resort Park - Christian County
Pine Mountain Resort Park - Bell County
Rough River Resort Park - Grayson County

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

Recreation Park Facilities

Big Bone Lick State Park - Boone County
Carr Creek State Park - Knott County
Columbus-Belmont Battlefield State Park - Hickman County
E. P. "Tom" Sawyer State Park - Jefferson County
Fort Boonesborough State Park - Madison County
General Burnside State Park - Pulaski County
Grayson Lake State Park - Elliott and Carter Counties
Green River Lake State Park - Taylor County
John James Audubon State Park - Henderson County
Kincaid Lake State Park - Pendleton County
Kingdom Come State Park - Harlan County

Lake Malone State Park - Muhlenberg County
Levi Jackson Wilderness Road State Park - Laurel County
Lincoln Homestead State Park - Washington County
Mineral Mound State Park - Lyon County
My Old Kentucky Home State Park - Nelson County
Nolin Lake State Park - Edmonson County
Old Fort Harrod State Park - Mercer County
Paintsville Lake State Park - Johnson County
Pine Mountain Trail State Park - Harlan & Bell Counties
Taylorsville Lake State Park - Spencer County
Yatesville Lake State Park - Lawrence County

Historic Sites

Boone Station - Fayette County
Dr. Thomas Walker State Shrine - Knox County
Isaac Shelby State Shrine - Lincoln County
Jefferson Davis Monument State Shrine - Todd County
Old Mulkey Meeting House State Shrine - Monroe County

Perryville Battlefield State Shrine - Boyle County
Waveland State Shrine - Fayette County
White Hall State Shrine - Madison County
Wickliffe Mounds State Historic Site - Ballard County
William Whitley House State Shrine - Lincoln County

Cafeterias

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events.

General Administration and Support

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 50 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

Policy

The Executive Budget provides General Fund in the amount of \$12,380,000 in fiscal year 2015-2016 to cover a cumulative shortfall that has accrued since fiscal year 2013-2014 resulting from declining or flat revenues and rising fixed costs.

The Executive Budget provides General Fund of \$168,500 in fiscal year 2017 and \$505,500 in fiscal year 2018 for debt service on new bonds included in the capital budget.

The Executive Budget includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for Park Rangers. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

**Tourism, Arts and Heritage
Horse Park Commission**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,510,800	5,699,600	8,887,000	2,395,800	2,417,600
Total General Fund	2,510,800	5,699,600	8,887,000	2,395,800	2,417,600
Restricted Funds					
Balance Forward	752,700	660,100	567,500	970,100	996,300
Current Receipts	12,010,000	12,010,700	12,313,900	12,010,700	12,313,900
Non-Revenue Receipts				42,100	42,000
Total Restricted Funds	12,762,700	12,670,800	12,881,400	13,022,900	13,352,200
TOTAL SOURCE OF FUNDS	15,273,500	18,370,400	21,768,400	15,418,700	15,769,800
EXPENDITURES BY CLASS					
Personnel Costs	8,317,400	8,635,100	8,948,100	8,647,100	8,707,200
Operating Expenses	5,720,500	5,830,300	5,822,900	5,622,800	5,619,900
Debt Service		3,185,000	6,370,000		
Capital Outlay	152,500	152,500	152,500	152,500	152,500
TOTAL EXPENDITURES	14,190,400	17,802,900	21,293,500	14,422,400	14,479,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,397,800	5,699,600	8,887,000	2,395,800	2,417,600
Restricted Funds	11,792,600	12,103,300	12,406,500	12,026,600	12,062,000
TOTAL EXPENDITURES	14,190,400	17,802,900	21,293,500	14,422,400	14,479,600
EXPENDITURES BY UNIT					
Kentucky Horse Park	14,190,400	17,802,900	21,293,500	14,422,400	14,479,600
TOTAL EXPENDITURES	14,190,400	17,802,900	21,293,500	14,422,400	14,479,600

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. The expansion of the new indoor arena and outdoor stadium was completed in 2009.

Events-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Eighty Seven annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

Campground-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in direct annual income.

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 11 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

Policy

The Executive Budget includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for Mounted Patrol Officers. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

Tourism, Arts and Heritage

State Fair Board

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,736,900	11,881,500	12,006,000	4,385,200	4,917,200
Current Year Appropriation	2,300,000				
Total General Fund	4,036,900	11,881,500	12,006,000	4,385,200	4,917,200
Restricted Funds					
Balance Forward	5,897,800	144,100	144,100	144,100	144,100
Current Receipts	43,244,400	42,084,400	43,586,400	41,864,100	43,232,600
Non-Revenue Receipts	-5,753,700				
Total Restricted Funds	43,388,500	42,228,500	43,730,500	42,008,200	43,376,700
TOTAL SOURCE OF FUNDS	47,425,400	54,110,000	55,736,500	46,393,400	48,293,900
EXPENDITURES BY CLASS					
Personnel Costs	24,708,500	25,642,900	26,836,900	25,495,400	26,069,100
Operating Expenses	19,505,900	19,157,000	19,676,400	17,561,900	18,621,600
Grants Loans Benefits	2,478,700	2,505,800	2,518,300	2,505,800	2,518,300
Debt Service		6,008,000	6,008,000	34,000	388,000
Capital Outlay	588,200	652,200	552,800	652,200	552,800
TOTAL EXPENDITURES	47,281,300	53,965,900	55,592,400	46,249,300	48,149,800
EXPENDITURES BY FUND SOURCE					
General Fund	4,036,900	11,881,500	12,006,000	4,385,200	4,917,200
Restricted Funds	43,244,400	42,084,400	43,586,400	41,864,100	43,232,600
TOTAL EXPENDITURES	47,281,300	53,965,900	55,592,400	46,249,300	48,149,800
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	42,633,900	44,658,100	46,048,700	41,030,600	42,452,100
Kentucky International Convention Center	4,647,400	3,299,800	3,535,700	5,184,700	5,309,700
Debt Service		6,008,000	6,008,000	34,000	388,000
TOTAL EXPENDITURES	47,281,300	53,965,900	55,592,400	46,249,300	48,149,800

The Kentucky State Fair Board is composed of 21 members authorized in Executive Order 2015-398: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, the Executive Director of the Governor’s Office of Agricultural Policy, the State president of the Kentucky FFA, the State President of the Kentucky 4-H Organization, and 15 members appointed by the Governor. . The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville. A president is appointed by the Board to manage these centers and Fair Board properties.

Kentucky Exposition Center - The Kentucky Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Exposition Center is a completely air conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000 seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Cracker Barrel restaurant, Thorton’s gas station and Executive Bowl, all of which are long term lessees of the State Fair Board.

Kentucky International Convention Center - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises.

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces. The Cowger Garage also includes commercial space which is leased on a long term basis.

Policy

The Executive Budget includes General Fund resources in the amount of \$2,300,000 in fiscal year 2015-2016, and \$1,900,000 in fiscal years 2016- 2017 and 2017-2018 to cover the cumulative and ongoing revenue shortfall due to the closure of the Kentucky International Convention Center for construction.

The Executive Budget provides General Fund of \$34,000 in fiscal year 2016-2017 and \$368,000 in fiscal year 2017-2018 for debt service on new bonds included in the capital budget.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	96,172,700	96,132,700	96,062,700	96,132,700	97,085,200
Current Receipts	57,561,100	58,932,100	59,831,900	59,082,100	59,831,900
Non-Revenue Receipts	-21,000,000	-21,000,000	-21,000,000	-20,000,000	-20,000,000
Total Restricted Funds	132,733,800	134,064,800	134,894,600	135,214,800	136,917,100
Federal Fund					
Balance Forward	8,192,300	8,192,300	8,192,300	8,192,300	8,326,000
Current Receipts	16,371,300	17,443,900	18,146,000	17,443,900	18,146,000
Total Federal Fund	24,563,600	25,636,200	26,338,300	25,636,200	26,472,000
TOTAL SOURCE OF FUNDS	157,297,400	159,701,000	161,232,900	160,851,000	163,389,100
EXPENDITURES BY CLASS					
Personnel Costs	37,958,800	40,238,500	42,130,100	40,236,300	40,545,500
Operating Expenses	12,025,100	12,167,400	12,174,300	12,163,400	12,165,200
Grants Loans Benefits	839,400	991,400	991,400	991,400	991,400
Capital Outlay	2,149,100	2,048,700	1,752,100	2,048,700	1,752,100
TOTAL EXPENDITURES	52,972,400	55,446,000	57,047,900	55,439,800	55,454,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	36,601,100	38,002,100	38,901,900	38,129,600	38,246,700
Federal Fund	16,371,300	17,443,900	18,146,000	17,310,200	17,207,500
TOTAL EXPENDITURES	52,972,400	55,446,000	57,047,900	55,439,800	55,454,200
EXPENDITURES BY UNIT					
Administration and Support	7,298,500	7,930,000	8,223,600	7,971,500	7,920,200
Wildlife Management	14,950,200	15,836,200	16,352,800	15,676,900	15,735,200
Fisheries Management	10,173,000	10,269,700	10,366,300	10,147,200	9,938,500
Information and Education	7,062,000	7,532,700	7,781,800	7,468,400	7,513,000
Law Enforcement	13,488,700	13,877,400	14,323,400	14,175,800	14,347,300
TOTAL EXPENDITURES	52,972,400	55,446,000	57,047,900	55,439,800	55,454,200

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen and women in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 130,000 acres of land in Kentucky which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

Wildlife Management - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for

improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

Information and Education - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education; operates the Salato Wildlife Education Center; and administers three summer camps for children.

Law Enforcement - The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

Administration and Support - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

Policy

The Executive Budget includes Restricted Funds in each fiscal year for a \$4,000 training incentive stipend for Conservation Officers. These funds are provided from the Fish and Game Fund.

Tourism, Arts and Heritage

Historical Society

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,873,400	6,876,700	7,371,000	5,557,200	5,596,500
Total General Fund	5,873,400	6,876,700	7,371,000	5,557,200	5,596,500
Restricted Funds					
Balance Forward	150,400	238,000	328,700	238,000	358,700
Current Receipts	545,400	578,500	588,500	578,500	588,500
Total Restricted Funds	695,800	816,500	917,200	816,500	947,200
Federal Fund					
Balance Forward					10,700
Current Receipts	285,700	218,600	200,800	218,600	200,800
Total Federal Fund	285,700	218,600	200,800	218,600	211,500
TOTAL SOURCE OF FUNDS	6,854,900	7,911,800	8,489,000	6,592,300	6,755,200
EXPENDITURES BY CLASS					
Personnel Costs	3,909,200	4,632,100	4,859,300	4,127,600	4,171,800
Operating Expenses	2,393,400	2,581,000	2,549,300	2,045,300	2,012,900
Grants Loans Benefits	50,000	80,000	90,000	50,000	50,000
Debt Service		290,000	571,000		
TOTAL EXPENDITURES	6,352,600	7,583,100	8,069,600	6,222,900	6,234,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,609,100	6,876,700	7,371,000	5,557,200	5,596,500
Restricted Funds	457,800	487,800	497,800	457,800	457,800
Federal Fund	285,700	218,600	200,800	207,900	180,400
TOTAL EXPENDITURES	6,352,600	7,583,100	8,069,600	6,222,900	6,234,700
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	115,700	41,000	41,000	40,400	40,400
Research and Publications	99,600	100,000	100,000	99,200	99,200
Museums	78,500	81,000	81,000	76,000	76,000
Administration	6,058,800	7,361,100	7,847,600	6,007,300	6,019,100
TOTAL EXPENDITURES	6,352,600	7,583,100	8,069,600	6,222,900	6,234,700

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals—*The Register of the Kentucky Historical Society* and *Kentucky Ancestors*—and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities—the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is

also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, and community services. Community Services consists of the local history program and the Cemetery Preservation program. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

Tourism, Arts and Heritage

Arts Council

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,796,200	2,884,100	2,965,700	2,625,700	2,640,700
Total General Fund	2,796,200	2,884,100	2,965,700	2,625,700	2,640,700
Restricted Funds					
Balance Forward	4,200				
Current Receipts	147,400	151,600	151,600	151,600	151,600
Total Restricted Funds	151,600	151,600	151,600	151,600	151,600
Federal Fund					
Balance Forward	6,400	6,400	6,400	6,400	6,400
Current Receipts	708,500	708,500	708,500	708,500	708,500
Total Federal Fund	714,900	714,900	714,900	714,900	714,900
TOTAL SOURCE OF FUNDS	3,662,700	3,750,600	3,832,200	3,492,200	3,507,200
EXPENDITURES BY CLASS					
Personnel Costs	1,510,000	1,612,100	1,689,700	1,605,300	1,616,300
Operating Expenses	509,600	562,100	566,100	408,900	412,900
Grants Loans Benefits	1,510,900	1,570,000	1,570,000	1,471,600	1,471,600
TOTAL EXPENDITURES	3,530,500	3,744,200	3,825,800	3,485,800	3,500,800
EXPENDITURES BY FUND SOURCE					
General Fund	2,670,400	2,884,100	2,965,700	2,625,700	2,640,700
Restricted Funds	151,600	151,600	151,600	151,600	151,600
Federal Fund	708,500	708,500	708,500	708,500	708,500
TOTAL EXPENDITURES	3,530,500	3,744,200	3,825,800	3,485,800	3,500,800
EXPENDITURES BY UNIT					
Arts Council	1,629,900	1,792,900	1,874,500	1,635,900	1,650,900
Support Grants	1,691,200	1,740,400	1,740,400	1,642,000	1,642,000
Arts Marketing	209,400	210,900	210,900	207,900	207,900
TOTAL EXPENDITURES	3,530,500	3,744,200	3,825,800	3,485,800	3,500,800

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts, arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

Tourism, Arts and Heritage

Heritage Council

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	747,300	1,105,300	1,203,200	711,300	717,100
Total General Fund	747,300	1,105,300	1,203,200	711,300	717,100
Restricted Funds					
Balance Forward	193,800	175,000	156,200	175,000	144,700
Current Receipts	246,500	246,500	246,500	246,500	246,500
Total Restricted Funds	440,300	421,500	402,700	421,500	391,200
Federal Fund					
Current Receipts	825,200	875,700	920,600	857,700	863,800
Total Federal Fund	825,200	875,700	920,600	857,700	863,800
TOTAL SOURCE OF FUNDS	2,012,800	2,402,500	2,526,500	1,990,500	1,972,100
EXPENDITURES BY CLASS					
Personnel Costs	1,531,900	1,772,900	1,847,700	1,605,500	1,619,300
Operating Expenses	185,800	318,900	318,900	153,800	153,800
Grants Loans Benefits	86,500	86,500	86,500	86,500	86,500
Debt Service		68,000	136,000		
TOTAL EXPENDITURES	1,804,200	2,246,300	2,389,100	1,845,800	1,859,600
EXPENDITURES BY FUND SOURCE					
General Fund	713,700	1,105,300	1,203,200	711,300	717,100
Restricted Funds	265,300	265,300	265,300	276,800	278,700
Federal Fund	825,200	875,700	920,600	857,700	863,800
TOTAL EXPENDITURES	1,804,200	2,246,300	2,389,100	1,845,800	1,859,600
EXPENDITURES BY UNIT					
Kentucky Heritage Council	1,804,200	2,246,300	2,389,100	1,845,800	1,859,600
TOTAL EXPENDITURES	1,804,200	2,246,300	2,389,100	1,845,800	1,859,600

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas; The Site Protection Program, The Site Identification and Evaluation Program and The Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state historic preservation tax credit programs and restoration grants programs, conducting archaeological investigations, and reviewing all federally funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	938,700	2,803,600	3,269,100	885,300	887,300
Total General Fund	938,700	2,803,600	3,269,100	885,300	887,300
TOTAL SOURCE OF FUNDS	938,700	2,803,600	3,269,100	885,300	887,300
EXPENDITURES BY CLASS					
Personnel Costs	100,300	258,800	258,800	129,300	129,300
Operating Expenses	206,400	838,800	875,800	194,000	196,000
Grants Loans Benefits	589,800	1,452,000	1,476,000	562,000	562,000
Debt Service		254,000	658,500		
TOTAL EXPENDITURES	896,500	2,803,600	3,269,100	885,300	887,300
EXPENDITURES BY FUND SOURCE					
General Fund	896,500	2,803,600	3,269,100	885,300	887,300
TOTAL EXPENDITURES	896,500	2,803,600	3,269,100	885,300	887,300
EXPENDITURES BY UNIT					
Kentucky Center for the Arts	306,700	1,351,600	1,793,100	323,300	325,300
Governor's School for the Arts	589,800	1,452,000	1,476,000	562,000	562,000
TOTAL EXPENDITURES	896,500	2,803,600	3,269,100	885,300	887,300

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. The Kentucky Center serves over 400,000 people each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

The Kentucky Center provides a wide range of nationally recognized educational programs, including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts. The school currently serves 256 students.

Transportation

Transportation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,228,200	7,263,200	7,305,900	5,667,700	5,667,700
Continuing Approp-General Fund	197,100				
Total General Fund	6,425,300	7,263,200	7,305,900	5,667,700	5,667,700
Restricted Funds					
Balance Forward	410,525,900	474,671,900	594,553,700	474,721,900	594,670,900
Current Receipts	125,283,400	134,366,200	134,623,300	134,152,300	134,334,200
Non-Revenue Receipts	195,441,200	124,945,000	-55,000	124,945,000	-55,000
Fund Transfers	-8,564,800	-5,959,200	-5,961,200	-6,416,200	-6,418,900
Total Restricted Funds	722,685,700	728,023,900	723,160,800	727,403,000	722,531,200
Federal Fund					
Current Receipts	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Total Federal Fund	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Road Fund					
Regular Appropriation	1,443,678,300	1,419,679,800	1,441,225,200	1,346,366,500	1,365,512,200
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-30,832,500				
Other	-61,952,200				
Total Road Fund	1,357,231,700	1,419,679,800	1,441,225,200	1,346,366,500	1,365,512,200
TOTAL SOURCE OF FUNDS	2,837,588,900	2,888,890,700	2,907,971,100	2,820,216,300	2,849,420,000
EXPENDITURES BY CLASS					
Personnel Costs	478,730,900	510,595,000	504,355,000	491,612,500	470,000,900
Operating Expenses	300,118,600	318,482,900	318,498,400	307,407,400	307,400,800
Grants Loans Benefits	256,954,500	224,995,300	224,548,900	224,384,400	223,971,800
Debt Service	231,251,900	250,609,500	278,097,000	244,988,700	273,439,400
Capital Outlay	655,000	532,700	491,600	491,700	450,600
Construction	1,073,021,900	989,121,600	992,156,100	953,177,700	979,750,200
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,325,000	7,263,200	7,305,900	5,667,700	5,667,700
Restricted Funds	247,963,800	133,470,200	133,336,700	132,732,100	131,730,500
Federal Fund	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Road Fund	1,335,197,800	1,419,679,800	1,441,225,200	1,342,883,500	1,361,906,600
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700
EXPENDITURES BY UNIT					
General Administration and Support	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
Aviation	29,361,400	15,075,000	13,677,400	14,964,700	13,427,000
Debt Service	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
Highways	1,664,504,300	1,628,487,500	1,643,844,000	1,564,906,300	1,590,765,500
Public Transportation	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
Revenue Sharing	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
Vehicle Regulation	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non highway federal aid, the state General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Transportation
General Administration and Support

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,000	500,000	500,000	455,000	455,000
Total General Fund	500,000	500,000	500,000	455,000	455,000
Restricted Funds					
Balance Forward	168,900	114,200	59,500	114,200	59,500
Current Receipts	1,994,400	2,070,000	2,146,100	2,072,600	2,093,300
Total Restricted Funds	2,163,300	2,184,200	2,205,600	2,186,800	2,152,800
Road Fund					
Regular Appropriation	72,006,800	75,581,100	77,291,300	74,340,100	74,651,200
Budget Reduction-Road Fund	-968,600				
Total Road Fund	71,038,200	75,581,100	77,291,300	74,340,100	74,651,200
TOTAL SOURCE OF FUNDS	73,701,500	78,265,300	79,996,900	76,981,900	77,259,000
EXPENDITURES BY CLASS					
Personnel Costs	30,401,600	35,009,100	36,598,300	32,788,000	33,107,800
Operating Expenses	35,229,400	35,241,000	35,442,200	36,393,100	36,412,400
Grants Loans Benefits	504,800	501,000	501,000	456,000	456,000
Debt Service	6,846,500	7,210,000	7,207,000	7,113,600	7,107,400
Capital Outlay	231,000	187,700	180,400	146,700	139,400
Construction	25,000	57,000	57,000	25,000	25,000
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
EXPENDITURES BY FUND SOURCE					
General Fund	500,000	500,000	500,000	455,000	455,000
Restricted Funds	2,049,100	2,124,700	2,194,600	2,127,300	2,141,800
Road Fund	70,689,200	75,581,100	77,291,300	74,340,100	74,651,200
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
EXPENDITURES BY UNIT					
Office of the Secretary	6,382,000	7,977,300	8,366,000	6,689,600	6,757,500
Legal Services	5,762,200	6,229,200	6,437,200	6,105,200	6,155,500
Office of Human Resource Management	4,630,700	4,891,500	5,083,400	4,817,400	4,852,800
Office of Support Services	21,624,200	22,727,100	23,026,100	22,198,300	22,278,900
Technology	30,178,600	31,471,700	31,936,600	32,224,800	32,274,400
Office of Audits	4,660,600	4,909,000	5,136,600	4,887,100	4,928,900
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day to day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as the main policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to

provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. Beginning in April 2013, the Office of Support Services began providing production print services for the Executive Branch through its Division of Graphic Design and Printing, a function previously performed by the Commonwealth Office of Technology. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The Executive Budget includes Road fund in the amount of \$289,500 in fiscal year 2016-2017 and \$295,000 in fiscal year 2017-2018 for operating costs of the Kentucky Business One-Stop Portal.

The General Fund appropriation provides funding for the improvement of public river ports in the Commonwealth. The Secretary of Transportation, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how to distribute the funds.

Transportation

Aviation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,035,000	1,077,700		
Total General Fund		1,035,000	1,077,700		
Restricted Funds					
Balance Forward	14,976,900	1,335,700	207,100	1,335,700	160,900
Current Receipts	12,631,900	12,631,900	12,631,900	12,671,700	12,671,700
Fund Transfers	-1,464,800	-2,216,200	-2,218,900	-2,216,100	-2,218,900
Total Restricted Funds	26,144,000	11,751,400	10,620,100	11,791,300	10,613,700
Federal Fund					
Current Receipts	1,836,900	663,500	213,700	663,500	213,700
Total Federal Fund	1,836,900	663,500	213,700	663,500	213,700
Road Fund					
Regular Appropriation	2,884,500	1,832,200	1,830,700	12,670,900	12,676,100
Budget Reduction-Road Fund	-100,000				
Total Road Fund	2,784,500	1,832,200	1,830,700	12,670,900	12,676,100
TOTAL SOURCE OF FUNDS	30,765,400	15,282,100	13,742,200	25,125,700	23,503,500
EXPENDITURES BY CLASS					
Personnel Costs	3,881,600	3,791,300	3,499,800	3,669,900	3,248,100
Operating Expenses	1,094,000	1,061,100	1,059,100	1,061,700	1,060,400
Grants Loans Benefits	22,397,700	8,234,000	7,131,400	18,244,600	17,131,400
Debt Service	1,830,500	1,832,200	1,830,700	1,832,200	1,830,700
Construction	157,600	156,400	156,400	156,400	156,400
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000
EXPENDITURES BY FUND SOURCE					
General Fund		1,035,000	1,077,700		
Restricted Funds	24,808,300	11,544,300	10,555,300	11,630,400	10,537,200
Federal Fund	1,836,900	663,500	213,700	663,500	213,700
Road Fund	2,716,200	1,832,200	1,830,700	12,670,900	12,676,100
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000
EXPENDITURES BY UNIT					
Commonwealth Aviation	25,027,900	10,560,600	9,087,200	20,560,700	19,010,700
Capital City Airport	2,503,000	2,682,200	2,759,500	2,571,900	2,585,600
Aviation Administration	1,830,500	1,832,200	1,830,700	1,832,200	1,830,700
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$383,900 in fiscal year 2016-2017 and \$388,200 in fiscal year 2017- 2018 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$994,000 in fiscal year 2016-2017 and \$994,500 in fiscal year 2017-2018 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$838,200 in fiscal year 2016-2017 and \$836,200 in fiscal year 2017-2018 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2010 General Assembly.

The Executive Budget includes Road Fund in the amount of \$10,000,000 in each year of the biennium for the Kentucky Aviation Economic Development program to support the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities and for other aviation programs within the Commonwealth that will benefit publicly owned or operated aviation facilities.

	Transportation Debt Service				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
Total Road Fund	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
TOTAL SOURCE OF FUNDS	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
EXPENDITURES BY CLASS					
Debt Service	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
EXPENDITURES BY FUND SOURCE					
Road Fund	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
EXPENDITURES BY UNIT					
Economic Development Lease Rental	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds that were issued to construct the state's parkways are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. The 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan. All but \$125 million of the \$400 million in bonds authorized by the 2010 Special Session of the General Assembly have been issued.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the Road Fund. The amount of the Road Fund lapse is \$3,483,000 in fiscal year 2016-2017 and \$3,605,600 in fiscal year 2017-2018.

**Transportation
Highways**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	390,221,800	469,589,000	590,291,500	469,589,000	591,174,600
Current Receipts	91,666,500	99,674,000	99,814,200	99,674,000	99,814,200
Non-Revenue Receipts	195,500,000	125,000,000		125,000,000	
Total Restricted Funds	677,388,300	694,263,000	690,105,700	694,263,000	690,988,800
Federal Fund					
Current Receipts	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Total Federal Fund	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Road Fund					
Regular Appropriation	779,181,500	821,586,200	833,456,200	742,032,800	752,426,900
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-28,781,900				
Total Road Fund	756,737,700	821,586,200	833,456,200	742,032,800	752,426,900
TOTAL SOURCE OF FUNDS	2,134,093,300	2,218,779,000	2,229,238,500	2,146,080,900	2,168,522,000
EXPENDITURES BY CLASS					
Personnel Costs	416,471,800	441,117,400	432,516,800	425,674,300	403,982,200
Operating Expenses	242,905,300	259,813,700	259,655,700	247,741,700	247,804,700
Grants Loans Benefits	8,034,200	8,034,200	8,034,200	8,034,200	8,034,200
Debt Service	69,000,000	76,000,000	97,500,000	76,000,000	97,500,000
Capital Outlay	424,000	345,000	311,200	345,000	311,200
Construction	927,669,000	843,177,200	845,826,100	797,111,100	823,133,200
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	207,799,300	103,971,500	104,711,200	103,088,400	103,232,300
Federal Fund	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Road Fund	756,737,700	821,586,200	833,456,200	742,032,800	752,426,900
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500
EXPENDITURES BY UNIT					
Research	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
Construction	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
Maintenance	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
Engineering Administration	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
Planning	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
Highway Operations	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
Equipment Services	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
Highway Safety	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are eight programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, Highway Safety and Equipment Services. The Construction program is divided into five subprograms: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately

9,000 state maintained bridges. Kentucky's interstate system, consisting of approximately 800 miles, carries 27 percent of all travel.

**Transportation
Highways
Research**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Total Federal Fund	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY CLASS					
Personnel Costs	4,519,400	4,519,400	4,519,400	4,519,400	4,519,400
Operating Expenses	298,000	298,000	298,000	298,000	298,000
TOTAL EXPENDITURES	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY FUND SOURCE					
Federal Fund	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation
Highways
Construction**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	375,580,300	458,442,100	585,252,100	458,442,100	585,252,100
Current Receipts	25,228,600	28,056,700	26,381,700	28,056,700	26,381,700
Non-Revenue Receipts	195,500,000	125,000,000		125,000,000	
Total Restricted Funds	596,308,900	611,498,800	611,633,800	611,498,800	611,633,800
Federal Fund					
Current Receipts	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Total Federal Fund	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Road Fund					
Regular Appropriation	385,941,100	393,884,400	395,371,800	337,985,000	346,375,100
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-28,781,900				
Total Road Fund	363,497,300	393,884,400	395,371,800	337,985,000	346,375,100
TOTAL SOURCE OF FUNDS	1,638,357,400	1,686,412,200	1,690,326,300	1,637,368,100	1,660,759,300
EXPENDITURES BY CLASS					
Personnel Costs	179,319,200	178,348,100	157,765,300	175,370,100	150,891,200
Operating Expenses	27,908,100	27,884,300	27,884,300	27,884,300	27,884,300
Grants Loans Benefits	8,034,200	8,034,200	8,034,200	8,034,200	8,034,200
Debt Service	69,000,000	76,000,000	97,500,000	76,000,000	97,500,000
Construction	895,653,800	810,893,500	813,755,400	764,827,400	791,062,500
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	137,866,800	26,246,700	26,246,700	26,246,700	26,246,700
Federal Fund	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Road Fund	363,497,300	393,884,400	395,371,800	337,985,000	346,375,100
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
EXPENDITURES BY UNIT					
Bond Funded Construction	11,620,100				
State Funded Construction	351,020,700	381,403,100	382,886,400	325,507,900	333,897,900
Federal Funded Construction	717,274,500	719,757,000	722,052,800	726,608,100	741,474,300
TIFIA Loan	100,000,000				
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into five sub-programs: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

House Bill 4 from the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority (KPTIA) to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose. The Toll Bond Funded program and the TIFIA Loan program provide funding for one of KPTIA's projects, the Louisville-Southern Indiana Ohio River Bridges mega-project. The Commonwealth is working jointly with the state of Indiana on this \$2.6 billion project, which will reconstruct "spaghetti junction" in downtown Louisville, rehabilitate the existing Kennedy Bridge, and construct two new bridges – the Downtown I-65 bridge and the East End I-265 bridge. Kentucky is responsible for the completion of the downtown portion of the project and is financing the majority of the total cost with toll bonds and a TIFIA loan backed by the federal government. Kentucky's portion of the project is set to be complete in Fall 2017.

Policy

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

**Transportation
Highways
Maintenance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Total Restricted Funds	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Road Fund					
Regular Appropriation	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
Total Road Fund	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
TOTAL SOURCE OF FUNDS	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
EXPENDITURES BY CLASS					
Personnel Costs	157,441,000	176,766,200	185,166,300	166,997,600	168,849,600
Operating Expenses	183,666,200	195,619,800	195,374,500	183,547,800	183,523,500
Construction	1,331,900	600,400	387,400	600,400	387,400
TOTAL EXPENDITURES	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Road Fund	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
TOTAL EXPENDITURES	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into two areas. The Roadway Preservation program maintains approximately 15,000 miles of state primary highways and 13,000 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on over 27,000 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities. The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

**Transportation
Highways**

Engineering Administration

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
Total Road Fund	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
TOTAL SOURCE OF FUNDS	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
EXPENDITURES BY CLASS					
Personnel Costs	12,563,500	14,035,400	14,798,300	13,287,300	13,440,900
Operating Expenses	1,510,100	1,510,100	1,510,100	1,510,100	1,510,100
Capital Outlay	424,000	345,000	311,200	345,000	311,200
TOTAL EXPENDITURES	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
EXPENDITURES BY FUND SOURCE					
Road Fund	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
TOTAL EXPENDITURES	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

**Transportation
Highways
Planning**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Total Federal Fund	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Road Fund					
Regular Appropriation	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
Total Road Fund	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
TOTAL SOURCE OF FUNDS	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
EXPENDITURES BY CLASS					
Personnel Costs	14,608,100	15,138,700	15,583,700	15,122,000	15,560,200
Operating Expenses	622,200	566,000	555,700	566,000	555,700
TOTAL EXPENDITURES	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
EXPENDITURES BY FUND SOURCE					
Federal Fund	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Road Fund	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
TOTAL EXPENDITURES	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation
Highways**

Highway Operations

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts		4,195,900	4,207,200	4,195,900	4,207,200
Total Restricted Funds		4,195,900	4,207,200	4,195,900	4,207,200
Road Fund					
Regular Appropriation	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
Total Road Fund	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
TOTAL SOURCE OF FUNDS	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
EXPENDITURES BY CLASS					
Personnel Costs	30,896,100	33,135,000	34,557,800	32,375,800	32,534,600
Operating Expenses	-121,700	4,027,700	4,145,400	4,027,700	4,145,400
TOTAL EXPENDITURES	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds		4,195,900	4,207,200	4,195,900	4,207,200
Road Fund	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
TOTAL EXPENDITURES	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

Policy

Beginning in fiscal year 2016-2017, the Transportation Cabinet will begin collecting a portion of the toll revenue from the Louisville-Southern Indiana Ohio River Bridges project to fund toll system operations and maintenance and administrative costs of the Kentucky Public Transportation Infrastructure Authority (KPTIA). The toll revenue, which will be collected in a new enterprise fund within the Transportation Cabinet, and the costs that it supports are included in the above restricted funds.

**Transportation
Highways**

Equipment Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	14,618,100	11,130,500	5,025,000	11,130,500	5,908,100
Current Receipts	62,750,000	63,728,500	65,537,400	63,728,500	65,537,400
Total Restricted Funds	77,368,100	74,859,000	70,562,400	74,859,000	71,445,500
TOTAL SOURCE OF FUNDS	77,368,100	74,859,000	70,562,400	74,859,000	71,445,500
EXPENDITURES BY CLASS					
Personnel Costs	12,432,500	14,121,400	14,865,700	13,238,300	13,386,800
Operating Expenses	23,121,800	24,029,300	24,013,400	24,029,300	24,013,400
Construction	30,683,300	31,683,300	31,683,300	31,683,300	31,683,300
TOTAL EXPENDITURES	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
TOTAL EXPENDITURES	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 12 repair garages located throughout the state.

**Transportation
Highways
Highway Safety**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	23,400	16,400	14,400	16,400	14,400
Current Receipts		5,000		5,000	
Total Restricted Funds	23,400	21,400	14,400	21,400	14,400
Federal Fund					
Current Receipts	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Total Federal Fund	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Road Fund					
Regular Appropriation	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
Total Road Fund	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
TOTAL SOURCE OF FUNDS	10,609,000	10,946,100	11,142,000	10,656,700	10,681,200
EXPENDITURES BY CLASS					
Personnel Costs	4,692,000	5,053,200	5,260,300	4,763,800	4,799,500
Operating Expenses	5,900,600	5,878,500	5,874,300	5,878,500	5,874,300
TOTAL EXPENDITURES	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	7,000	7,000	7,000	7,000	7,000
Federal Fund	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Road Fund	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
TOTAL EXPENDITURES	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

Transportation
Public Transportation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,728,200	5,728,200	5,728,200	5,212,700	5,212,700
Continuing Approp-General Fund	197,100				
Total General Fund	5,925,300	5,728,200	5,728,200	5,212,700	5,212,700
Restricted Funds					
Balance Forward	100,100				
Current Receipts	560,000	689,400	717,200	692,600	698,700
Total Restricted Funds	660,100	689,400	717,200	692,600	698,700
Federal Fund					
Current Receipts	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
Total Federal Fund	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
TOTAL SOURCE OF FUNDS	51,427,400	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY CLASS					
Personnel Costs	1,989,700	2,101,500	2,187,700	2,056,400	2,072,300
Operating Expenses	121,800	121,800	121,800	121,800	121,800
Grants Loans Benefits	49,215,600	29,924,800	29,924,800	29,457,600	29,506,200
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY FUND SOURCE					
General Fund	5,825,000	5,728,200	5,728,200	5,212,700	5,212,700
Restricted Funds	660,100	689,400	717,200	692,600	698,700
Federal Fund	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY UNIT					
Public Transportation	50,361,400	31,133,900	31,192,300	30,656,600	30,715,000
Multi-Modal Transportation	405,700	424,800	424,800	386,600	386,600
Human Services Delivery	560,000	589,400	617,200	592,600	598,700
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

Also included in the Public Transportation program is funding for Non-public School Transportation, a program that provides grants to non-public schools so that they may offer bus service to their students.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities. The program also partners with the Veterans' Program Trust Fund to provide transportation services for veterans.

Policy

The Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

**Transportation
Revenue Sharing**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	390,753,800	331,031,600	332,287,900	330,812,900	332,030,200
Budget Reduction-Road Fund	-169,300				
Other	-61,952,200				
Total Road Fund	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
TOTAL SOURCE OF FUNDS	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY CLASS					
Personnel Costs	3,670,100	4,101,600	4,321,500	3,754,700	3,770,800
Operating Expenses	2,989,700	2,981,000	2,979,800	2,981,000	2,979,800
Grants Loans Benefits	176,802,200	178,218,000	178,870,000	178,192,000	178,844,000
Construction	145,170,300	145,731,000	146,116,600	145,885,200	146,435,600
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY FUND SOURCE					
Road Fund	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY UNIT					
County Road Aid	124,292,200	125,115,700	125,573,200	125,097,400	125,554,900
Rural Secondary	150,780,800	151,779,800	152,334,800	151,757,600	152,312,600
Municipal Aid	52,297,800	52,644,300	52,836,800	52,636,600	52,829,100
Energy Recovery	454,000	458,000	460,000	458,000	460,000
Rural and Municipal Aid	807,500	1,033,800	1,083,100	863,300	873,600
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 – 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one fifth is divided evenly among all counties, one fifth is divided proportionately based on the amount of rural population in each county, one fifth is distributed on the basis of rural road mileage in each county, and two fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Pursuant to KRS 183.220(3), two and one-tenth cents (\$0.021) of the tax collected under the motor fuel tax are excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

The Motor Fuels revenue estimate for the fiscal biennium 2016-2018, upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$747,300,000 in fiscal year 2016-2017 and \$749,800,000 for fiscal year 2017-2018.

**Transportation
Vehicle Regulation**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,058,200	3,633,000	3,995,600	3,683,000	3,275,900
Current Receipts	18,430,600	19,300,900	19,313,900	19,041,400	19,056,300
Non-Revenue Receipts	-58,800	-55,000	-55,000	-55,000	-55,000
Fund Transfers	-7,100,000	-3,743,000	-3,742,300	-4,200,000	-4,200,000
Total Restricted Funds	16,330,000	19,135,900	19,512,200	18,469,400	18,077,200
Federal Fund					
Current Receipts	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Total Federal Fund	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Road Fund					
Regular Appropriation	28,464,000	27,224,400	29,588,100	26,126,900	27,902,200
Budget Reduction-Road Fund	-812,700				
Total Road Fund	27,651,300	27,224,400	29,588,100	26,126,900	27,902,200
TOTAL SOURCE OF FUNDS	48,581,300	50,960,300	53,700,300	49,196,300	50,579,400
EXPENDITURES BY CLASS					
Personnel Costs	22,316,100	24,474,100	25,230,900	23,669,300	23,819,700
Operating Expenses	17,778,400	19,264,300	19,239,800	19,108,100	19,021,700
Grants Loans Benefits		83,300	87,500		
Debt Service	3,144,800	3,143,000	4,788,300	3,143,000	4,781,300
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	12,647,000	15,140,300	15,158,400	15,193,500	15,120,500
Federal Fund	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Road Fund	25,992,300	27,224,400	29,588,100	26,126,900	27,902,200
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
EXPENDITURES BY UNIT					
Commissioner	1,370,000	1,447,400	1,520,100	1,441,000	1,454,100
Drivers Licensing	13,261,800	14,529,100	15,581,400	13,667,300	14,486,400
Motor Carriers	7,369,000	7,826,200	8,886,300	7,807,900	8,703,700
Motor Vehicle Licensing	19,023,600	20,506,000	20,688,400	20,642,900	20,678,900
Customer Service	1,156,300	1,264,600	1,300,300	1,191,000	1,197,500
Motor Vehicle Commission	1,058,600	1,391,400	1,370,000	1,170,300	1,102,100
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, Motor Vehicle Licensing, and Customer Service. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers is responsible for the regulation of the trucking and lease/rental industries. The division also collects various taxes from the motor carrier industry, including the weight-distance tax.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices.

Newly created in 2012, the Division of Customer Service provides a single point of contact for all telephone calls to the Department of Vehicle Regulation in support of over 3 million public customers, Circuit Clerks, County Clerks, and commercial businesses.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

Policy

The 2015 General Assembly created the Ignition Interlock License program for drunk driving offenders as outlined in Senate Bill 133. The Transportation Cabinet administers the application process for the program for a fee that is deposited into the Road Fund. The above appropriation includes \$238,000 in fiscal year 2016-2017 and \$250,900 in fiscal year 2017-2018 for administration of the program. Restricted Funds collected under the provisions of KRS 45.345 and KRS 138.710(2) may be used to administer the Ignition Interlock License program.

Statewide

**Statewide
Budget Reserve Trust Fund**

SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
General Fund					
Regular Appropriation				153,436,000	160,960,900
Surplus Expenditure Plan	82,514,310				
Special Appropriation	63,500,000				
Continuing Approp-General Fund	77,093,936	209,447,046	209,447,046	209,447,000	362,883,000
Other	-13,661,200				
Total General Fund	209,447,046	209,447,046	209,447,046	362,883,000	523,843,900
TOTAL SOURCE OF FUNDS	209,447,046	209,447,046	209,447,046	362,883,000	523,843,900

The Budget Reserve Trust Fund is the Commonwealth’s “Rainy Day Fund.” KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

Policy

A deposit of \$82,514,310 to the Budget Reserve Trust Fund was made from the fiscal year 2015 General Fund surplus. House Bill 510 from the 2015 General Assembly directed an additional deposit of \$63,500,000, sourced from an additional fund transfer to the General Fund. The 2014-16 enacted budget withdrew \$13,661,200 in fiscal year 2016.

The net effect is a balance in fiscal year 2016-2017 of \$209.4 million in the Budget Reserve Trust Fund, representing 2.1 percent of budgeted revenues.

The Executive Budget includes \$89,336,000 to the Budget Reserve Trust Fund in fiscal year 2016-2017 and \$89,335,900 in fiscal year 2017-2018, which would bring the balance up to \$388,118,900, which is 3.6 percent of the fiscal year 2017-2018 General Fund revenue estimate.

The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes totals \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes totals \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides “contingent” appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers’ Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund (\$64,100,000 and \$71,625,000, respectively).

If actual General Fund revenues meet the official estimates in both years, then the Budget Reserve Trust Fund balance would rise to \$362,883,000 at the end of fiscal year 2016-2017, and to \$523,843,900 at the end of fiscal year 2017-2018, 4.8 percent of the fiscal year 2017-2018 General Fund revenue estimate.

The Executive Budget directs any General Fund surplus to the Budget Reserve Trust Fund and to the unfunded pension liabilities through the General Fund Surplus Expenditure Plan, after allowing for sufficient resources for items authorized as necessary government expenses.