

TEAM KENTUCKY™



2022-2024 BUDGET OF THE COMMONWEALTH

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Budget in Brief

Commonwealth of Kentucky
2022 – 2024
Budget of the Commonwealth
Budget in Brief

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The Budget of the Commonwealth for the 2022-2024 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2022 General Assembly. It is published by the Office of State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

The 2022-2024 Budget of the Commonwealth is presented in four volumes:

- **Volume I:** State Agency Program Budget Detail
- **Volume II:** Capital Projects
- **Budget in Brief:** Budget Summary Data and Governor Beshear's State of the Union and Budget Address
- **Appropriations and Revenue Bills:** Legislative Bills and Gubernatorial Veto Messages

These documents provide the detail to support the enacted budget as presented in the various budget bills.

Kentucky's 2022-2024 Budget of the Commonwealth

EXECUTIVE SUMMARY

Kentucky's economy is surging. The Commonwealth is experiencing a rapid recovery from the economic impacts of the COVID-19 pandemic and saw record new private sector investment in 2021. These successes have vaulted Kentucky's finances to a historically positive fiscal position.

The 2022 Regular Session of the Kentucky General Assembly passed a biennial budget with substantial additions to the current fiscal year mostly for one-time uses out of the estimated current year revenue surplus.

The revenue situation moving into the 2022-2024 biennium is bright, with \$1.9 billion more in General Fund revenues than budgeted in the current year, and a growth rate of 7.2 percent that follows the 10.9 percent growth rate last year. These are the best back-to-back years since 2005-2006. General Fund receipts have grown over 14.8 percent in the first eleven months of the current fiscal year.

The revenue estimate for fiscal year 2023 assumes no growth, due entirely to tax reductions, which will be discussed later in this summary. For fiscal year 2024, the revenue growth rate is 2.9 percent.

This budget infuses badly needed resources into postsecondary education, both operating and a record amount of capital. It shores up the system of protecting abused and neglected children. It establishes economic development initiatives to improve preparation for additional mega-investments and the growth in the economy. It targets workforce readiness in the health care sector. It pays down liabilities in pensions and deferred maintenance. It directs one-time money to one-time uses. It fully funds the pension systems. It provides relief and recovery from the devastating storms and tornadoes of December 10, 2021. It raises pay for all state employees, with higher amounts for those in critical shortage and public safety areas.

FISCAL POLICY HIGHLIGHTS

The 2022-2024 biennial budget includes a number of fiscal policy highlights:

- Devotes non-recurring resources solely to non-recurring uses
- Pays down on the Commonwealth's pension liabilities
- Creates the largest Budget Reserve Trust Fund, or rainy day fund, in state history
- Pays down on the deferred maintenance debt of the Commonwealth
- Is more than structurally balanced, with less recurring spending than recurring revenues, setting up positive outlooks and flexibility for future budgets
- Stays below the Commonwealth's debt service to revenue policy cap of 6% with a ratio of 4.11%

PUBLIC EDUCATION

PRESCHOOL THROUGH HIGH SCHOOL EDUCATION

The budget adds nearly \$2 billion over the biennium to the current education budget, providing \$915 million in fiscal year 2023 and \$983 million in fiscal year 2024 more than the current budget amounts.

SEEK Funding - \$142.2 million in FY 2023 and \$133.0 million in FY 2024

The 2022-2024 budget provides a 4.3 percent increase in funding for SEEK over the biennium.

Increases the Base Per Pupil by 5%

Kentucky's formula funding program for elementary and secondary schools, the SEEK program, had the same base per-pupil of \$4,000 for the last four years. The budget raises that to \$4,100 in fiscal year 2023 and to \$4,200 in fiscal year 2024, a 5 percent increase over the biennium. Despite the increase in the base per pupil amount, a decline in forecasted student population and higher local property valuation, the base SEEK allocation is less than the fiscal year 2022 amount. The budget does continue the funding for full-day kindergarten.

Other SEEK Funding Components

School districts have not been receiving the funding intended by the statutory formula for pupil transportation. This budget adds **\$59.7 million** each year to fully fund school district costs for **pupil transportation**, a 27.8 percent increase. Another \$5.4 million each year is provided to fully fund vocational education transportation. The SEEK budget pays for all but the federal fund share of the teachers' retirement employer contributions for school districts, an additional \$3.6 million and \$13.4 million. The equalization of school district local tax levies dedicated to capital improvements continues to be a growing part of the SEEK budget. An additional \$75.1 million and \$62.0 million is funded. The budget also fully funds the national board certification salary supplement, which has been capped for many years.

Teacher/School Employee Compensation and Benefits

No teacher or school district employee salary increase was specified in the budget.

The budget fully funds the teachers' pension and medical benefits. An additional \$50.2 million is provided in addition to the current budget in fiscal year 2023 and an additional \$67.2 million in fiscal year 2024, to cover the assumption changes made due to the five-year experience study. For years, the sick leave credit benefit liability and past supplemental cost-of-living increases have been amortized for up to 20 years. This budget devotes \$479.2 million to pay off the principal balance of these past benefit enhancements. The budget also pre-funds this benefit with an additional \$39,325,100 in each fiscal year. The Commonwealth's "shared responsibility" portion of funding the medical benefits requires \$71,200,000 in fiscal year 2023 and \$77,700,000 in fiscal year 2024.

There will be no health insurance premium increases for school employees. An additional \$24.4 million in fiscal year 2023 and \$96 million in fiscal year 2024 is provided for employer contributions that will prevent any premium increases for school employees.

Early Learning Initiative

An **early learning initiative** is funded at \$11 million each year to provide statewide professional learning for early literacy and numeracy and to implement a regional coaching program. In combination with the Read to Achieve program funding, these amounts will finance the actions of Senate Bill 9 on early literacy education.

Career and Technical Education

The budget includes **\$170.3 million** as current year funding to provide grants for the renovation of another **24 local area vocational centers**. The funding is in the School Facilities Construction Commission's budget.

An additional **\$58.0 million** each year is provided for locally operated area vocational education centers to the base funding of \$12.0 million. Of the additional funding is \$8.0 million to update funding to 12 locally operated vocational education centers that have not been a part of the formula funding in the last 12 years due to lack of funding. Additional funding is provided for state operated area technical schools in the amount of \$3.2 million in fiscal year 2023 and \$3.6 million in fiscal year 2024.

School Construction and Renovation Projects

The budget provides \$196.3 million in special offers of assistance for 15 urgent need school construction and renovation projects. The financing combines federal funds in the amount of \$168.7 million from the American Rescue Plan Act's State Fiscal Recovery Fund with \$27.6 million from the General Fund.

Family Resource and Youth Service Centers (FRYSCs)

An additional \$9.4 million more each year will increase funding for Family Resource and Youth Service Centers. There are 874 Family Resource and Youth Services Centers for 1,200 schools, serving 649,000 students and families. Funding for FRYSC's has not been increased for many years.

Gifted and Talented and State Agency Children

An additional \$3.8 million is provided for the Gifted and Talented program. An increase of \$1.5 million in fiscal year 2023 and \$3 million in fiscal year 2024 is provided for the education of state agency children program.

POSTSECONDARY EDUCATION – 10.4% INCREASE

Funding Increase to Postsecondary Education Institutions

From 2008 to 2020, about \$250 million in General Fund has been cut from the nine public postsecondary education institutions. The budget adds **\$80 million** in each fiscal year to the Postsecondary Education Performance Fund, a 10.4 percent increase.

Mandated Programs

Increased funding for specified programs for six of the postsecondary education institutions were included totaling \$26.7 million in fiscal year 2023 and \$24.4 million in fiscal year 2024. The largest items were \$10 million each year for the University of Kentucky Markey Cancer Center contingent on receiving the Comprehensive Cancer Center designation and a \$5 million increase for the University of Kentucky Center for Applied Energy Research.

Bucks for Brains Endowment Match

The budget includes \$40 million in Bond funds for the Bucks for Brains program to be matched dollar-for-dollar with private donations. Funds are endowed, with investment proceeds used to provide a perpetual source of funding for research related activities, but can also be used to support research related capital projects. Funds would be distributed as follows:

University of Kentucky	\$20.0 million
University of Louisville	\$10.0 million
Comprehensive Universities	\$10.0 million

Asset Preservation

The budget includes **\$683.5 million** in Bond funds to pay down the debt of deferred maintenance for the Commonwealth's largest physical plant, the nine postsecondary education institutions. This has been an unfunded top priority of the postsecondary education system for years, and will provide the first significant funding for this since \$103 million was included 20 years ago. Each comprehensive institution will match each Bond fund dollar with 15 cents, and the two research institutions will match with 30 cents, bringing the potential investment in asset preservation to \$821 million. The distribution to each institution is based on a consensus formula developed by the Council on Postsecondary Education with the institutions.

Need-Based Student Financial Aid

Kentucky's need-based aid programs, the College Access Program (CAP) and the Kentucky Tuition Grant program, have benefitted from the dedication and growth of Lottery receipts in the past several years, **funding all eligible applicants for the first time ever** in the most recent application cycle. The maximum grant award for CAP has increased from \$2,000 to \$2,900 last biennium. When leveraging federal Pell Grant dollars, the CAP program now covers full-time tuition and fees at KCTCS and nearly covers the average tuition and fees at four-year institutions. However, tuition and fees are only part of the total cost of attendance. Additional General Fund will allow an increase in the maximum cap award to \$3,100 and \$3,300 in fiscal years 2023 and 2024 respectively while continuing to fund all eligible applicants.

The budget does not allocate all of the Lottery receipts leaving an estimated \$60.6 million for fiscal years 2021 through 2024 unappropriated.

Kentucky State University

Supplemental funding in the amount of \$23 million was provided through the Council on Postsecondary Education in fiscal year 2022 to address financial instability at Kentucky State University, as a non-interest bearing loan. To receive the funds, the university is required to submit a request in support of issues identified by the Council for approval. The Council in 2025 will make recommendations for consideration by the 2026 General Assembly for the terms and

schedule for repayment beginning in fiscal year 2027. An additional \$5 million in fiscal year 2023 and \$10 million in fiscal year 2024 was appropriated to the university toward the implementation of a management improvement plan.

Optometry and Veterinary School Contract Spaces

The budget ensures that Kentucky’s reserved spaces in out-of-state veterinary and optometry professional degree programs are intact with sufficient additional funding for their increased prices.

INVESTING IN OUR PUBLIC EMPLOYEES

Salary Increases for State Employees

State employees will receive an across-the-board increase of 8% effective July 1, 2022; an additional \$145.5 million from the General Fund for all three branches of government. In ten of the last twelve years, state employees have had no salary increment at all. This increase applies to nearly all state employees with a few exceptions like the Kentucky State Police where a greater amount was provided. For fiscal year 2024, the General Assembly has set aside \$200 million from the General Fund for compensation improvements for state employees that will be decided during the 2023 Regular Session of the General Assembly.

Fully Funding Pensions

The budget again fully funds the actuarially determined contributions for all state retirement system plans.

Paying Down Pension Liabilities - \$695 Million

The budget includes substantial funding to pay down the pension liability of the Kentucky Retirement System’s nonhazardous pension plan, which has a \$16.3 billion unfunded liability. The budget includes \$480 million over two years. Another \$215 million was directed to the Kentucky State Police Retirement System’s unfunded liability which adjusted the employer contribution for the next biennium.

Health Insurance – No Premium Increases for State Employees

The budget includes additional \$13 million in fiscal year 2023 and \$29 million in fiscal year 2024 from the General Fund for an increase in employer contributions which will prevent any premium increases for state employees.

FEDERAL AMERICAN RESCUE PLAN ACT SPENDING

There is \$1.2 billion remaining to be appropriated from the State Fiscal Recovery Fund of the American Rescue Plan Act. The budget includes the following uses:

Water and Wastewater infrastructure grants	\$304.0 million
Unemployment Insurance Trust Fund	242.6 million
Urgent Need School Construction/Renovation	168.7 million
Revenue Loss provision of governmental services	84.0 million
Assistance to Nonprofit Organization	75.3 million

Tourism Recovery	75.0 million
Healthcare Workforce Initiatives	57.0 million
Court System Electronic Records System	38.0 million
Senior Meals	36.2 million
Assistance to Specified Nonprofit Organizations	32.3 million
Child Care Assistance	24.0 million
Broadband Pole Replacement Program	20.0 million
Victims of Crime Support	20.0 million
Math and Science Curriculum Initiatives	8.0 million

ENHANCING PUBLIC SAFETY AND VICTIM SERVICES

Kentucky State Police – Salary Increase for Troopers

The Kentucky State Police is experiencing an unprecedented shortage of troopers, its lowest in over 30 years. Retirements and resignations are substantially above historic patterns, and the number of graduating cadets have declined. The budget supports an immediate pay increase of \$15,000 for troopers with a 10 percent difference between ranks by years of service on the salary schedule. This will assist in both recruitment and retention efforts by targeting the starting pay at \$55,888, to be among the top five in Kentucky with an annual inflator to the salary schedule. The budget includes additional General Fund in the amount of \$27.6 million in fiscal year 2023 and \$30.4 million in fiscal year 2024.

Accountability - State Police Body Cameras

Funding for body cameras for state troopers is included for the first time in the budget. The costs are \$9.8 million in fiscal year 2023 and \$2.5 million in fiscal year 2024.

State Police Emergency Radio System Replacement

The first two phases of replacing the State Police’s emergency radio system were funded in the last two budgets totaling \$87.6 million. The final phase is funded at \$80.9 million in the 2022-24 budget. Overall, the project will replace the existing statewide emergency radio communications network which has reached the end of its life-cycle after 17 years. The new system will ensure a common technology platform and interoperable communications for those on the network.

Improved Compensation for Law Enforcement and Firefighters

Local and state law enforcement officers and local firefighters will receive a \$300 stipend increase from the Kentucky Law Enforcement and Firefighters Foundation Program funds, bringing the stipend up to \$4,300. Over 8,000 law enforcement officers and over 3,800 firefighters will receive this increase.

Supporting State Prosecutors and Victim Services

Commonwealth Attorneys - The budget provides \$3 million each year for additional staff positions to address case backlogs and provide enhanced victim services. It also funds the conversion of the final four part-time offices to full-time.

County Attorneys - The budget provides \$3 million each year for additional staff positions to provide enhanced victim services and to address case backlogs and additional workload due to recent legislative changes. The budget also adds \$7,000 in operating expenses to each of the 120 County Attorney offices to supplement the \$3,000 per office currently provided for criminal justice related operating expenses.

Probation and Parole – Caseload Increase

To accommodate an expected two percent increase in the probation and parole caseload, an additional 25 probation and parole officers is funded to maintain a caseload of 99 per officer.

Public Advocacy – Staff Compensation and Conflict Cases

The General Fund budget for the Department of Public Advocacy is increased by about 25% in this budget. Over \$11 million is provided to increase the salaries of the department’s employees. An additional \$700,000 is added each year to the budget for conflict cases; cases where multiple defendants require representation and outside attorneys provide defense services.

Replacement of the Kentucky State Reformatory

Due to the significant physical deterioration of the 84-year old Kentucky State Reformatory, and the inability to recruit and retain correctional staff in a competitive local labor market, the budget includes \$106 million in construction funding for the expansion of the Little Sandy Correctional Complex to add 816 beds and a separate \$171 million project to construct the corrections system’s statewide medical facility currently housed at the Reformatory. Upon the completion of these two projects, the Kentucky State Reformatory will be closed. The multi-year design and construction timeline will enable the Department to transition Reformatory employees to other positions. Funding is also provided for an environmental impact and feasibility study of the site.

Payments to Jails for Housing State Felons

Funding for an increase in the per diem payment to county jails for housing state felons is provided: \$13.2 million each year for a \$4 per day per inmate increase.

Court Security – Increase in Pay

The budget includes \$8.5 million each year for an increase in the hourly pay from \$9 to \$15 per hour to sheriffs’ offices for providing security at courthouses.

PROTECTING AND EXPANDING HEALTH CARE

Fully Funding Medicaid

The budget fully funds the Medicaid program, including Medicaid expansion, based on an updated forecast. The impacts of actions to reduce the infection rate of COVID-19 has resulted in many more Kentuckians accessing health insurance through the Medicaid program. Due to the coronavirus public health emergency, the federal government provides states with a 6.2% enhancement to the federal medical assistance percentage (FMAP) which the budget assumes will be effective through March 31, 2022.

Medicaid Waiver – Michelle P. and Supports for Community Living Slot Increases

Additional slots are funded in the Medicaid budget: 100 additional slots in the Michelle P. waiver program and 100 additional slots in the Supports for Community Living waiver program over the biennium; 50 in the first year and another 50 in the second year.

Medicaid-Extend Temporary Nursing Home Facility Reimbursement Rate

The budget extends the \$29 per-diem reimbursement rate increase for nursing homes that expired December 31, 2021. This represents \$150 million annually to nursing homes. The General Fund amount is \$41,527,500 in fiscal year 2023 and \$41,745,000 in fiscal year 2024. Federal Medicaid funds provide the rest.

Local Health Department Transformation

Substantial funding of \$17.7 million in fiscal year 2023 and \$19.1 million in fiscal year 2024 is included to fund the intent of Public Health Transformation legislation that was enacted in 2020. These funds will be allocated to the 60 local health departments to add support for their workforce and operations in delivering foundational programs and services to Kentuckians in all areas of the state.

988 Crisis Support Line Implementation

Effective July 1, 2022 the three-digit calling number of 988 will become active and replace the 1-800-273-8255 number currently used for the National Suicide Prevention Lifeline. The number of calls are expected to increase 56% from approximately 120,000 per year to 190,000. The budget includes \$6.2 million in fiscal year 2023 and \$13.4 million in fiscal year 2024 to phase in additional staff of Kentucky's Community Mental Health Centers for 24/7/365 crisis support and provide low interest loans to the Centers to expand mobile crisis services.

Tim's Law Pilot Expansion to Two Other Psychiatric Hospitals

Tim's law, which passed in 2017 but was not funded, authorizes state courts to order assisted outpatient treatment for the small number of individuals diagnosed with a serious mental illness, but who would not voluntarily agree. This program currently exists at Central State Hospital, and soon at Western State Hospital, funded with federal funds. State funding of \$500,000 and \$1,000,000 during the two fiscal years will expand the program to Eastern State Hospital and Appalachian Regional Hospitals.

Inpatient Psychiatric Services

To support inpatient psychiatric services at Appalachian Regional Hospital, an additional \$14.6 million is included each year.

Kentucky Pediatric Research Trust Fund

The budget increases funding to the Kentucky Pediatric Research Trust Fund by adding \$3,750,000 each year to the base funding of \$2,500,000. The Trust Fund serves as an umbrella organization to organize all pediatric cancer work across the state.

Electronic Health Records for the Cabinet for Health and Family Services

The Cabinet for Health and Family Services will procure the services that will provide an electronic health record system for its programs with a \$24.2 million appropriation.

PROTECTING CHILDREN & FAMILIES

200 New Social Workers to Fight Abuse and Neglect

Community Based Services currently has 1,019 Social Service Worker staff and is funded for 1,246. Current average caseload is 21 with an average caseload with past due cases of 28. The funding amounts to \$8.5 million in fiscal year 2023 and \$17 million in fiscal year 2024.

Social Service Worker Compensation and Working Conditions

In addition to the 10 percent salary increase the Governor approved in the current year, the budget includes another 8 percent salary increase in fiscal year 2023, as with all other state employees. The budget also provides funding for a social service worker recruitment program and for the agency to examine the feasibility of providing a social service worker alternative work program to improve retention.

Child Care Assistance - \$2 Per Day Increase

Due to COVID-19, the fiscal year 2022 budget included one-time funding to provide a \$2 per child per day increase in the Child Care Assistance Program provider reimbursement rate. The budget includes the use of federal State Fiscal Recovery Fund to continue this temporary increase through June 30, 2024, \$12 million each year.

Employee Child Care Assistance Partnership Pilot Program

The budget includes \$15,000,000 in fiscal year 2024 for the new Employee Child-Care Assistance Partnership pilot program. This pilot program is to involve partnerships between Kentucky employers, their employees, childcare providers, and the Cabinet for Health and Family Services. Through the partnership, the Department will provide up to 100% match of the contribution made by the employer.

Prevention Services for Abused & Neglected Children

The budget in each fiscal year includes additional funding of \$19.6 million each year, \$10.0 million from the General Fund and \$9.6 million from federal funds to sustain and expand prevention services that work with families to mitigate issues when a child is at imminent risk for removal.

Increased Reimbursement for Private Residential and Therapeutic Foster Care Providers

An additional \$36 million each year, with \$25 million from the General Fund, is included to support an increase in reimbursement rates for private residential and therapeutic foster care providers to help meet the requirements of the federal Family First Prevention Services Act of 2018.

Child Advocacy Centers, Domestic Violence Centers, Rape Crisis Centers

The budget includes increased funding directed to Domestic Violence Centers (\$3.5 million in fiscal year 2023 and \$4 million in fiscal year 2024), Rape Crisis Centers (\$1.5 million in fiscal year 2023 and \$2 million in fiscal year 2024), and Child Advocacy Centers (\$5 million in fiscal year 2023 and \$5.5 million in fiscal year 2024).

Senior Meals – Continue to Ensure No Waitlist

Federal pandemic funds have eliminated a waitlist of about 7,000 meals. These funds expired December 31, 2021. The budget includes \$36.2 million over the next two and a half years from the federal State Fiscal Recovery Fund to continue providing an additional 49,000 meals per week fully meeting the current need for meals to Kentucky's senior citizens age 60 and older living in the community.

New Office of Dementia Services

Funding is provided to support staffing for the new Office of Dementia Services established in the 2021 legislative session. There are approximately 73,000 Kentuckians with Alzheimer's disease and other dementias, projected to increase to 86,000 by 2025. The Office of Dementia Services will administer programs related to dementia care services and coordinate and manage the Alzheimer's Disease and Related Disorders Advisory Council.

PREPARING A WORLD-CLASS WORKFORCE

Workforce Development Initiatives in Postsecondary Education

The Kentucky Community and Technical College System received \$38 million in federal funds from the State Fiscal Recovery Fund for the Commonwealth West Healthcare Workforce Innovation Center, a collaboration between KCTCS and healthcare providers. The new Center is to provide accessible, healthcare-specific educational pathways in the western region of the state for postsecondary, high school, and nontraditional students to expand the pipeline of qualified healthcare workers. The budget includes \$10 million in federal funds from the State Fiscal Recovery Fund in fiscal year 2023 for a new Healthcare Workforce Initiative to help grow and strengthen the pipeline of nursing professionals and other healthcare providers in the Commonwealth. The dedicated pool is to support and grow programs dedicated to training healthcare providers in disciplines leading to professional certification or licensure. Another \$2 million in federal funds each year will go to the Healthcare Worker Loan Relief program, to provide student loan repayment for eligible healthcare workers within the Commonwealth. The Workforce Development Trust Fund received \$2.2 million in fiscal year 2023 to help Kentucky create a competitive workforce through expanded educational and training opportunities at KCTCS institutions.

Area Health Education Centers-Health Care Workforce Development

At a time when promoting health care career preparation was badly needed, state funding for Area Health Education Centers was eliminated in the 2018-20 budget. Area Health Education Centers promote health careers at schools, prepare students for the Medical College Admission Test, and create a nursing pipeline. There are program offices at the University of Kentucky and the University of Louisville, eight Regional Centers, nine host institutions, and a host of community partners. \$2.5 million is provided each year from the federal State Fiscal Recovery Fund.

Everybody Counts Expansion

The budget supports the expansion of the Everybody Counts program. This program recently began in Jefferson County public schools which aims to have every Jefferson County public

school senior, before they graduate, hired into a job at one of four participating companies including Ford Motor Company, United Parcel Service, General Electric, and Kroger, or enrolled in a post-secondary program, or both. The funding provides for outreach efforts to work with other Kentucky communities to install a similar program with their schools and employers.

CREATING AND ATTRACTING JOBS

Kentucky Product Development Initiative

The budget includes \$200 million for the Kentucky Product Development Initiative. House Bill 745 sets out the parameters of the initiative. There is \$50 million each year for support of approved mega-development projects of at least \$10 million, and \$100 million in fiscal year 2023 allocated to each of Kentucky's 120 counties based on population. After a first round of grant awards from the counties' fund, the remaining funds are pooled for a second round of grant awards. When companies are making decisions on where to expand or locate their operation, Kentucky's ability to provide location options which are "build-ready" is critical.

Covington Wet Research Lab

An investment of \$15 million is appropriated to support the construction and fit-out of a shared research and development lab facility to serve the rapidly expanding life sciences research and development sector in the region. This initiative is a collaboration among the City of Covington, several life sciences companies, the regional economic development organization, the entrepreneurship ecosystem and higher education.

Mega Project Additional Funding

The budget includes \$16.8 million for the Kentucky Economic Development Authority forgivable loan program for economic development projects with a minimum investment of \$2 billion.

Worker Training

General Fund of \$2.5 million each year is included for training for Ford workers to be up-skilled on robotics and other advanced manufacturing technologies as they continue to add new technology and features to their products.

INFRASTRUCTURE INVESTMENT

Transportation – Roads and Bridges

The budget includes an historic investment of \$250,000,000 from the General Fund for Major Transportation Infrastructure Projects. The intention of these funds is to lock in an ability for Kentucky to meet an expected state share of potential federal competitive grants for major transportation infrastructure projects in combination with other resources. The three major projects targeted are the replacement of the Brent Spence bridge, the I-69 Ohio River crossing in Hendersonville in concert with the state of Indiana, and the completion of the Mountain Parkway project. These funds give Kentucky an improved prospect at leveraging new federal funding from the Infrastructure Investment and Jobs Act.

Federal Infrastructure Legislation – Additional Road and Bridge Funding

The new Infrastructure Investment and Jobs Act provided states with a 22 percent increase in funding from the federal Highway Trust Fund in federal fiscal year 2022 and an additional two percent increase in the subsequent four years. The Highway Trust Fund provides an 80 percent share and states must provide the other 20 percent. Over the biennium, the Cabinet will be able to utilize Road Fund to provide a state match of \$184.9 million which will leverage around \$774.7 million of additional federal dollars over from the Highway Trust Fund and a new federal bridge program, yielding a total additional \$959.6 million in combined road and bridge funding.

2022-2024 Biennial Highway Construction Plan

The 2022-2024 biennial highway construction plan is based on \$8.5 billion in anticipated state and federal highway program revenues. Much of this funding is committed to continuing the development and construction of projects carried forward from the 2020 Highway Plan. Highlighted in the plan is almost \$600 million annually for investment in Kentucky's existing pavements and bridges. This plan also charts a toll-free pathway for funding the I-71/75 Brent Spence Bridge project in Northern Kentucky, provides funding for continuing the development of the I-69 Ohio River crossing, and begins the roadway widening work necessary to extend the 4-lane Mountain Parkway along KY 114 from Salyersville to Prestonsburg.

Electric Vehicle Charging Stations – Preparing for the Future

The new federal Infrastructure Investment and Jobs Act includes an estimated \$69.5 million for Kentucky to install electric vehicle charging stations. The budget adds \$17.3 million from the General Fund, for a total investment of \$86.8 million. The state funds are necessary to meet the 20 percent state match and to provide funding for the purchase of electric vehicles for the state government fleet.

Better Kentucky Cleaner Water Program

The budget includes \$551.7 million in federal funds for the Better Kentucky Cleaner Water program that finances drinking water and wastewater projects, \$304 million from the federal State Fiscal Recovery Fund and \$247.7 million from the new federal Infrastructure Investment Jobs Act. These funds will be matched with \$11.3 million from the General Fund for drinking water and wastewater low-interest loan projects. The Infrastructure bill provides \$159.3 million more than the baseline federal program over the biennium. Another \$10 million is budgeted to establish the Water Management Assistance Fund to provide assistance to governmental entities the provide drinking water and wastewater services to the public.

Broadband Expansion

The budget includes funding to establish an Office for Broadband Development, as authorized by House Bill 315. The Office will provide grants for broadband deployment, strategic direction and planning for broadband accessibility, service, and growth on behalf of the Commonwealth. The Office will also serve as the single point liaison to federal agencies and programs regarding broadband issues.

Actions by the General Assembly changed the federal funding source from the 2021 Regular Session's appropriation in the amount of \$182,769,000 for broadband deployment to the

Coronavirus Capital Projects Fund from the prior allocation from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021.

Federal funds of \$20 million from the State Fiscal Recovery Fund is appropriated to provide reimbursement for eligible pole replacement costs related to the deployment of broadband infrastructure in unserved areas, defined as an area where broadband service with a minimum twenty-five megabits per second downstream and three megabits per second upstream is not available.

General Aviation Airports

The budget includes \$11.4 million to provide \$200,000 to each of Kentucky's general aviation airports. Bond funded projects are dedicated to the Barkley Regional Airport, Mt. Sterling/Montgomery County Airport, and the Bardstown/Nelson County Airport.

PARTNERING WITH LOCAL GOVERNMENTS

County Clerks – \$50 Million of Investment

The budget includes \$25 million from the General Fund, for grants to County Clerks grants that will enable them to transition their processing of recorded instruments to electronic forms and processes. Another \$25 million is included for grants to County Clerks to acquire replacement election equipment approved by the State Board of Elections.

Property Valuation Administrators

The budget includes over \$1.6 million each year to restore past budget cuts. A formula is used to allocate funding for positions in PVA office across the state. By statute, the minimum number of employees per county is two. There are 24 counties with only two employees.

County Jail Arraignment Equipment Grants

Funding is provided for grants to county jails to acquire jail arraignment equipment that is compatible with technology used by the court system, \$15 million.

Area Development Districts – Additional Funding to Match Federal Grants

The budget includes additional funding of \$250,000 from the General Fund in each fiscal year for affected Area Development Districts to match the increase in the Appalachian Regional Commission grants, and an additional \$250,000 to match increased Delta Regional Authority grants.

INVESTING IN VETERANS

Veterans Services-Homeless Program, Additional Staff, Veterans Service Organization Outreach

The budget includes additional \$200,000 each year for the Homeless Veterans Program, and over \$700,000 each year to increase the number of veteran benefit field representatives.

Veterans Cemeteries-Addressing More Interments

The number of veteran interments has grown from about 1,300 in 2019 to about 1,700 in 2021. Additional positions at four of the Veterans Cemeteries are funded to bring them up to a staffing level that is appropriate for the number of committal services conducted annually.

Kentucky Medal of Honor Renovation/Rededication

Funding is provided to replace the fiberglass obelisk honoring Kentucky's Medal of Honor recipients with a permanent one at the Campus of Freedom's Foundation in Valley Forge, Pennsylvania. Most state memorials have been replaced with stone or granite often native to that state; however, Kentucky is one of the few remaining that have not.

Bowling Green Veterans Center – Beginning Operations

The budget includes about \$1 million in fiscal year 2024 to phase in the operations of the newest state Veterans Center in Bowling Green with construction beginning in the summer of 2022.

TOURISM

Kentucky Tourism Recovery and Investment

Federal funds, \$75 million from the federal State Fiscal Recovery Fund, is included to market the safe return of visitors to Kentucky's many tourism destinations. There are four components: \$15 million for marketing and promoting tourism in Kentucky, \$25 million for tourism commissions to market their communities, \$25 million for tourism commissions for attracting meetings and conventions, and \$10 million to tourism commissions for multi-jurisdictional collaborative destination marketing.

State Parks Improvements

In the second year of the biennium, \$150 million in Bond funds are set aside pending the approval of a proposal by the General Assembly in a future session. The proposal is to include recommendations for public/private partnerships, projects with a 50 percent match from private or local government partners and plans for broadband connectivity.

State Fair Board Property Improvements

In the second year of the biennium, \$180 million in Bond funds are set aside pending the approval of a proposal by the General Assembly in a future session. The proposal is to include recommendations for public/private partnerships and partnerships with local government, and projects with a 50 percent match from private or local government partners.

ASSISTANCE FOR TORNADO/STORM RECOVERY

The budget includes \$200 million for the West Kentucky State Aid Funding for Emergencies (SAFE) fund. This fund is directed to assisting the communities that were impacted by the December 2021 storms and tornadoes. The funding was split among several areas:

- \$135.9 million to Emergency Management
- \$ 30.0 million to the Department of Education to assist school districts
- \$ 25.0 million to the Economic Development Cabinet for a risk assistance program
- \$ 9.0 million to University of Kentucky for their facility in Princeton, Kentucky

\$ 0.1 million to Murray State University

ENHANCING FISCAL RESPONSIBILITY

Budget Reserve Trust Fund

The current balance of the Fund is a little under \$1.5 billion, the largest dollar amount ever and the highest ratio of balance to the fiscal year 2022 revenue estimate, at 12.3 percent. To further build the Budget Reserve Trust Fund and maintain a similar share of the General Fund that currently exists, the budget provides \$250 million in a direct appropriation in fiscal year 2023. This will bring the balance to more than \$1.7 billion, 12.6 percent of the fiscal year 2023 estimated revenues.

Structural Balance

One measure of a fiscally responsible budget is how recurring revenues line up with recurring spending. The budget is more than structurally balanced, because the recurring spending in both fiscal years is less than recurring revenues. In fiscal year 2024, recurring revenues exceed recurring spending by 3.5 percent.

PAYING DOWN THE DEBT OF STATE GOVERNMENT'S DEFERRED MAINTENANCE – \$1.4 BILLION

The budget includes the most significant payment against the debt obligation of deferred maintenance to Kentucky state government's physical plant ever. Including the \$683.5 million in Bond funds for asset preservation for the public postsecondary education institutions, matched with \$137.5 million from the institutions, another \$600 million is devoted to major maintenance, renovations and repairs for the rest of state government's large physical plant. The \$600 million are for building systems which have been determined by the Finance and Administration Cabinet as past their useful life, some in dire need. The funding covers correctional, mental health, veterans, military affairs, tourism, education, state police, and state office facilities. When combined, the budget has a total of about \$1.4 billion to reduce the debt of deferred maintenance.

REST OF GOVERNMENT

Military Affairs

The budget includes additional funding to replace other funds that have expired or reduced, but were supporting the primary missions of the Department of Military Affairs, to cover higher fixed costs, and to fully match federal grants.

Board of Elections

The budget includes additional General Fund to improve Kentucky's election process, including funding to maintain voter registration lists, to meet the state match for federal election security grants, to obtain electronic poll books, and to cover the state share of the cost of local elections.

TAX AND REVENUE CHANGES FOR THE 2022-2024 BIENNIUM

There were five bills enacted during the 2022 regular session and one Executive Order that will lower or increase revenues during the 2022-2024 biennium. The table below displays the amount of change from the revenue estimate issued by the Consensus Forecasting Group in December, 2021.

Governor Beshear signed an Executive Order 2022-096 on February 16, 2022 which prevented the approximate 40 percent appreciation of motor vehicle values from adversely affecting taxpayers. The Order froze the 2022 and 2023 assessments for motor vehicles at the 2021 levels. The General Assembly passed House Bill 6 which also changed the method of valuation for motor vehicles from the clean trade-in value to the average trade-in value, which is a lower valuation.

House Bill 8 contained most of the tax and revenue changes:

A decrease to the **individual income tax** rate from 5 percent to 4.5 percent effective January 1, 2023, with the potential for subsequent tax rate declines of 0.5 percent annually if acted on by the General Assembly through future legislation. Further reductions depend upon meeting certain conditions involving revenues, appropriations, and the size of the Budget Reserve Trust Fund.

Expanded the **sales and use tax** to 35 additional service effective January 1, 2023.

Authorized a tax amnesty but did not provide any funding to implement it. Subject to future appropriations, the amnesty program may be in place during the biennium.

Expanded the per-project tax credit limit on the **historical rehabilitation tax credit** for both owner-occupied residential (from \$60,000 to \$100,000) and non-owner-occupied residential property (from \$400,000 to \$10,000,000).

Established a new **decontamination tax credit** to encourage investment in the decontamination or remediation of qualifying decontamination property.

A new **car sharing or rental excise tax** of 6 percent of gross receipts on holders of limousine, peer-to-peer car sharing, taxicab, transportation network, and U-Drive-it certificates.

Established an **electric and hybrid vehicle ownership fee**, \$120 annually for electric vehicles and \$60 for hybrid vehicles, effective January 1, 2023, with half of the receipts going to the Road Fund and half to the General Fund. The fee will change annually by no more than five percent based upon the national highway construction cost index.

Created a new **excise tax of 3-cents per kilowatt hour on the use charging stations for electric vehicles** effective January 1, 2024. Proceeds are directed to the Road Fund. The fee will change annually by no more than five percent based upon the national highway construction cost index by no more than one-tenth of one cent.

Updated the reference to the **Internal Revenue Code** as of December 31, 2022 for income tax purposes related to the treatment of restaurant revitalization grants.

Extended the **coal severance tax** refunds on exported coal for two more years.

Other revenue-related legislation:

House Bill 659 raised the cigarette tax vendor compensation.

House Bill 1 contained a provision that effectively lowered the Public Service Commission’s assessment millage rate, resulting in a decrease in General Fund revenue.

House Bill 1 directed a portion of the net Lottery receipts in fiscal year 2024 to not be deposited into the General Fund but be deposited into a trust and agency account to await appropriation.

House Bill 607 taxes all forms of pari-mutuel wagering changes at the uniform rate of 1.5 percent, raising the Advanced Deposit Wagering rate from its current 0.5 percent rate.

	FY 22	FY 23	FY 24
General Fund			
HB 8 Individual Income Tax		(291,540,000)	(594,010,000)
Sales Tax base changes		43,920,000	106,420,000
New Excise Tax on car sharing or rental		7,900,000	19,000,000
Hybrid / electric vehicle annual fee		800,000	1,550,500
Code update on income taxes		(7,500,000)	(10,500,000)
Historical Rehabilitation Credit		(7,500,000)	(10,000,000)
Decontamination Credit		(3,750,000)	(8,750,000)
		(257,670,000)	(496,289,500)
HB 1 PSC Millage Rate		(4,241,600)	(4,011,900)
HB 607 Pari-mutuel tax		3,600,000	3,800,000
HB 659 Cigarette vendor's compensation		(3,400,000)	(3,400,000)
HB 6 Motor Vehicle Property tax	(34,800,000)	(65,100,000)	(29,700,000)
Total General Fund	(34,800,000)	(326,811,600)	(529,601,400)
Road Fund			
HB 8 Motor Carrier Certificates		300,000	700,000
HB 8 Charging station tax		0	200,000
HB 8 Hybrid / electric vehicle annual fee		800,000	1,550,500
Total Road Fund		1,100,000	2,450,500

ACKNOWLEDGMENTS

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**2022-24 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY**

	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
RESOURCES			
Beginning Balance	1,516,043,100	844,807,900	265,443,400
Revenue Estimate	13,791,900,000	14,085,800,000	14,684,000,000
Tax and Revenue Changes	(34,800,000)	(326,811,600)	(529,601,400)
Lottery Receipts Transferred to Trust Account			(3,425,300)
Fund Transfers	85,399,300	3,455,900	5,273,300
RESOURCES	15,358,542,400	14,607,252,200	14,421,690,000
Continued Appropriations Reserve			
Budget Reserve Trust Fund	600,000,000	1,506,919,700	1,754,919,700
Executive Branch	78,057,100	78,057,100	78,057,100
Legislative Branch	23,677,200	23,677,200	23,677,200
Judicial Branch	13,920,800	13,920,800	13,920,800
Continued Appropriations Reserve	715,655,100	1,622,574,800	1,870,574,800
TOTAL RESOURCES	16,074,197,500	16,229,827,000	16,292,264,800
APPROPRIATIONS			
Executive Branch			
Appropriations-Operating	12,076,874,600	13,135,454,900	13,477,566,300
Appropriations-Capital	8,170,000	330,444,000	76,382,000
Reserve for Necessary Government Expenses	10,000,000		
Special Appropriations	224,000,000	116,750,000	116,000,000
Current Year Appropriations	846,376,400		
Dedicated Revenue Adjustments	39,101,000		
Contingent Appropriation of Lottery Receipts		1,025,300	3,000,000
Lapses	(77,263,500)	(9,827,400)	(8,895,700)
Total Executive Branch	13,127,258,500	13,573,846,800	13,664,052,600
Judicial Branch			
Appropriations-Operating	396,752,600	412,732,400	421,664,700
Appropriations-Capital		4,189,000	
Current Year Appropriations	10,928,500		
Lapses	(10,000,000)		
Total Judicial Branch	397,681,100	416,921,400	421,664,700
Legislative Branch			
Appropriations-Operating	79,653,300	85,040,600	88,016,800
Appropriations-Capital		18,000,000	
Current Year Appropriations	2,221,900		
Total Legislative Branch	81,875,200	103,040,600	88,016,800
TOTAL APPROPRIATIONS	13,606,814,800	14,093,808,800	14,173,734,100
BALANCE	2,467,382,700	2,136,018,200	2,118,530,700
Continued Appropriations Reserve			
Budget Reserve Trust Fund	1,506,919,700	1,506,919,700	1,754,919,700
Appropriations to Budget Reserve Trust Fund		248,000,000	
Subtotal-Budget Reserve Trust Fund	1,506,919,700	1,754,919,700	1,754,919,700
Executive Branch	78,057,100	78,057,100	78,057,100
Legislative Branch	23,677,200	23,677,200	23,677,200
Judicial Branch	13,920,800	13,920,800	13,920,800
Continued Appropriations Reserve	1,622,574,800	1,870,574,800	1,870,574,800
ENDING BALANCE	844,807,900	265,443,400	247,955,900

**2022-2024 BIENNIAL BUDGET
ROAD FUND SUMMARY**

	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
RESOURCES			
Beginning Balance	97,325,700	1,978,500	878,500
Official Revenue Estimate	1,680,100,000	1,719,900,000	1,676,700,000
Tax and Revenue Changes		1,100,000	2,450,500
Fund Transfers	837,400	836,100	835,300
TOTAL RESOURCES	1,778,263,100	1,723,814,600	1,680,864,300
APPROPRIATIONS			
Appropriations - Operating	1,613,219,600	1,693,235,700	1,667,367,300
Appropriations - Capital		32,529,000	16,050,000
Surplus Appropriations	97,267,300		
Dedicated Revenue Adjustments	9,137,500		
Current Year Appropriations	16,505,900		
Budgeted Lapse	(8,722,800)	(2,828,600)	(2,553,000)
TOTAL APPROPRIATIONS	1,727,407,500	1,722,936,100	1,680,864,300
ENDING BALANCE	50,855,600	878,500	0

**2022-2024 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

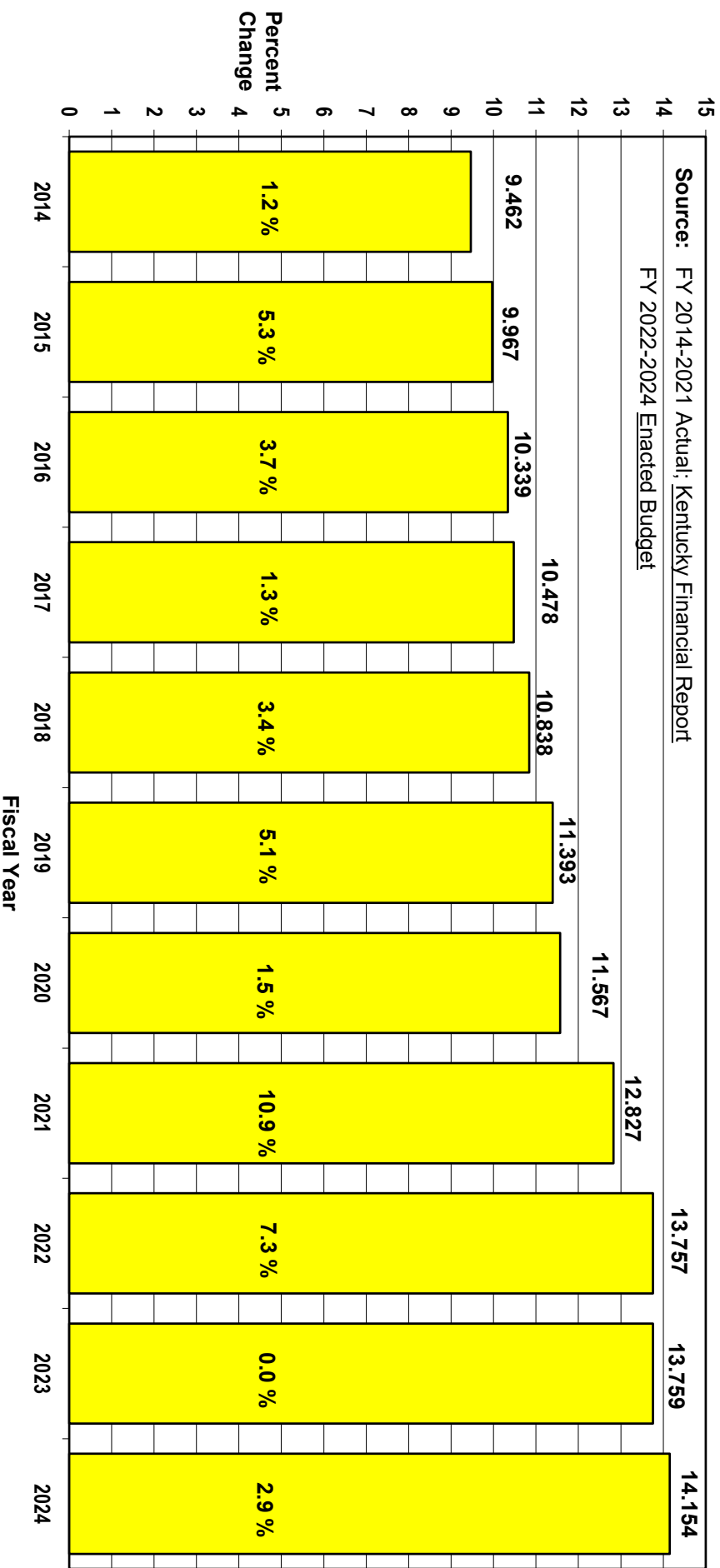
	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS			
General Fund	741,000	352,633,000	76,382,000
Restricted Funds	4,673,000	7,996,241,000	121,650,000
Federal Funds		621,131,000	197,965,000
Road Fund	3,000,000	33,529,000	16,050,000
Bond Funds		1,268,758,000	1,565,366,000
Agency Bonds		827,553,000	105,527,000
Investment Income			11,222,000
Other - Cash	6,000,000	891,677,000	5,000,000
Other - Third Party Financing	6,000,000	1,003,714,000	50,000,000
SOURCE OF FUNDS	20,414,000	12,995,236,000	2,149,162,000
APPROPRIATIONS BY CABINET			
General Government	66,000	669,495,000	242,876,000
Economic Development		15,000,000	15,000,000
Department of Education		56,411,000	2,000,000
Education and Labor		13,068,000	8,418,000
Energy and Environment		17,356,000	2,083,000
Finance and Administration		330,964,000	27,064,000
Health and Family Services	675,000	83,349,000	15,022,000
Justice and Public Safety		410,269,000	62,977,000
Postsecondary Education	16,673,000	11,183,746,000	1,342,022,000
Tourism, Arts and Heritage		120,850,000	393,850,000
Transportation	3,000,000	34,539,000	37,850,000
Executive Branch	20,414,000	12,935,047,000	2,149,162,000
Legislative Branch		18,000,000	
Judicial Branch		42,189,000	
TOTAL APPROPRIATIONS	20,414,000	12,995,236,000	2,149,162,000

General Fund Revenue Receipts

Fiscal Years 2014-2024

(Billions of dollars – rounded)

Billions of Dollars



• Excludes Tobacco Settlement – Phase I Funds

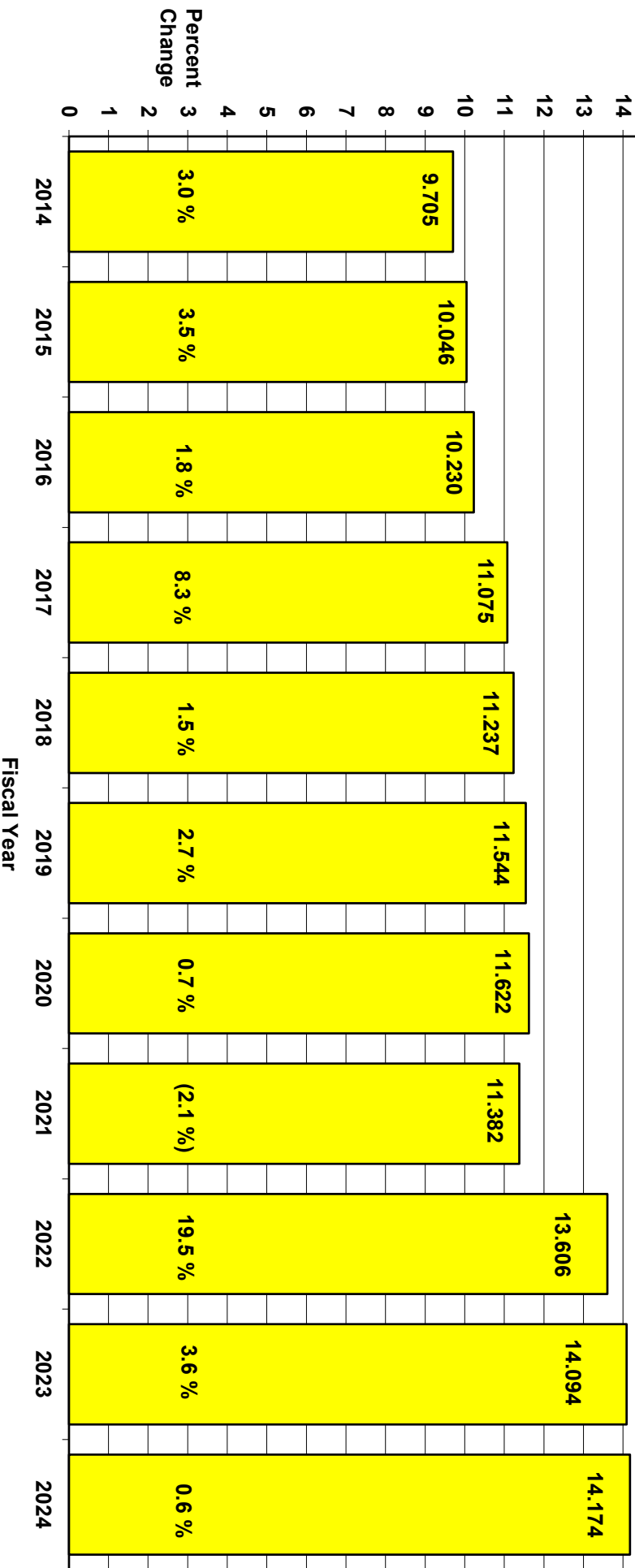
• Excludes Fund Transfers

General Fund Expenditures

Fiscal Years 2014-2024

(Billions of dollars – rounded)

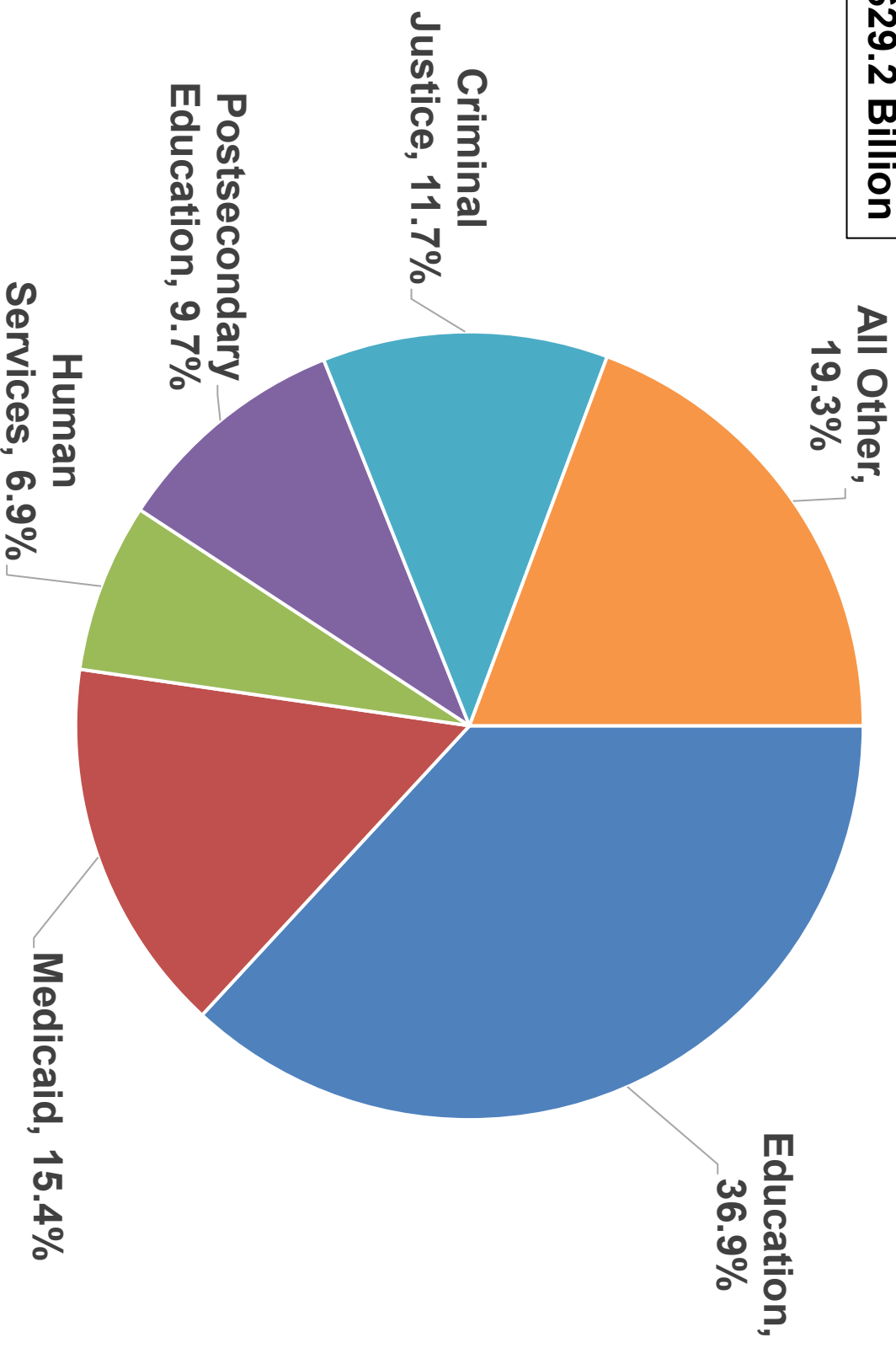
Source: FY 2014-2021 Actual; Kentucky Financial Report
 FY 2022-2024 Enacted Budget



• Excludes Tobacco Settlement – Phase I Funds

2022 - 2024 Budget of the Commonwealth Distribution of General Fund Appropriations

Total = \$29.2 Billion



Excludes Tobacco Settlement - Phase I Funds

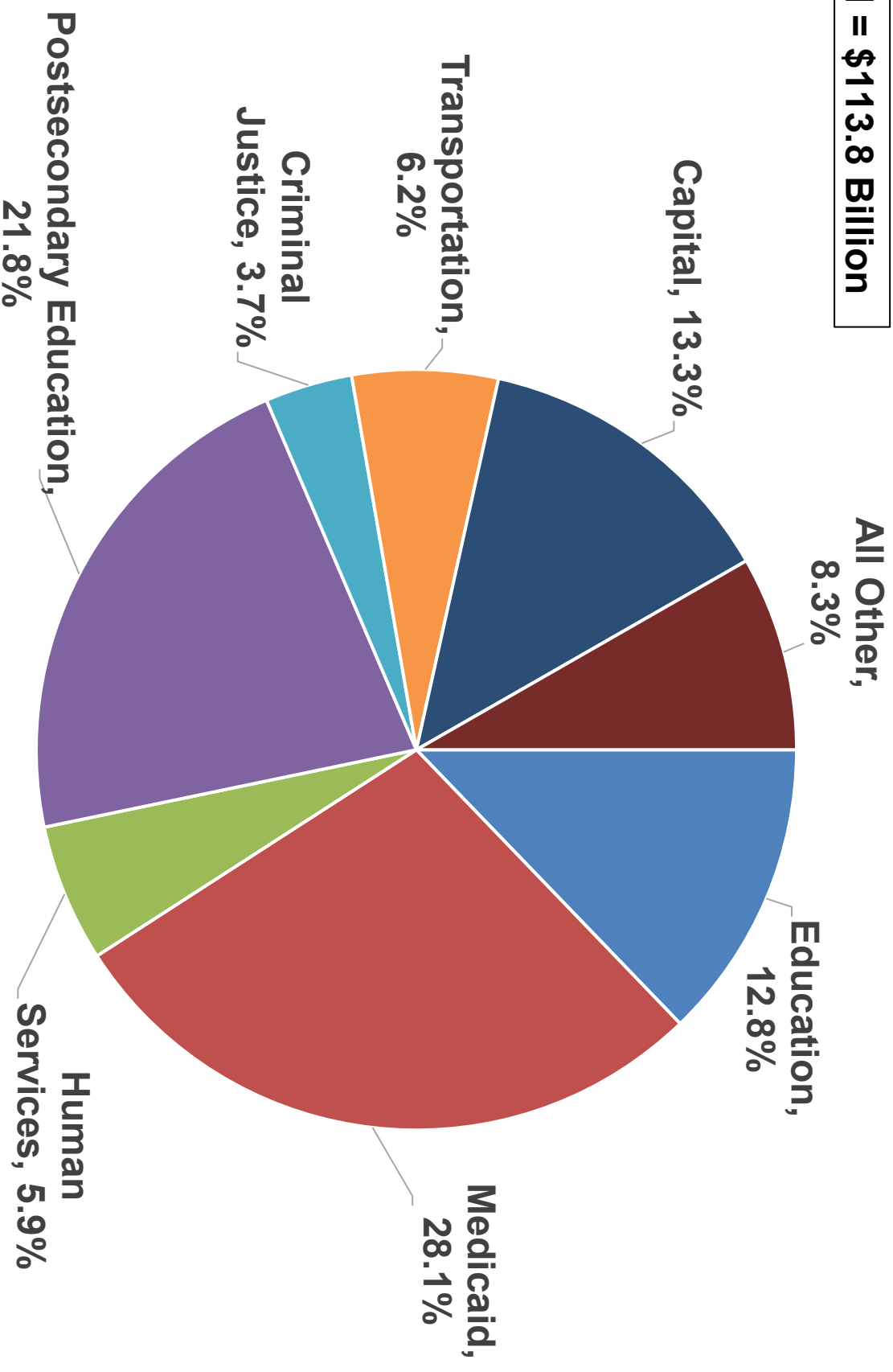
* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission

** Human Services include the Health and Family Services Cabinet (net of Medicaid)

*** Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

2022 - 2024 Budget of the Commonwealth Distribution of All Funds Appropriations

Total = \$113.8 Billion



Excludes Tobacco Settlement - Phase I Funds

* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission

** Human Services include the Health and Family Services Cabinet (net of Medicaid)

*** Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

General Fund Official Enacted Forecast FY22-FY24

	FY22		FY23		FY24	
	Estimate	% Chg	Estimate	% Chg	Estimate	% Chg
Individual Income	5,424,700,000	5.5%	5,342,260,000	-1.5%	5,249,290,000	-1.7%
Sales & Use	4,950,700,000	8.5%	5,283,220,000	6.7%	5,625,420,000	6.5%
Corp. Inc. & LLET	970,400,000	9.9%	909,750,000	-6.3%	963,750,000	5.9%
Property	679,200,000	-3.3%	674,900,000	-0.6%	735,900,000	9.0%
Lottery	319,300,000	10.4%	335,000,000	4.9%	347,000,000	3.6%
Cigarettes	334,700,000	-4.3%	318,600,000	-4.8%	305,700,000	-4.0%
Coal Severance	64,100,000	14.3%	76,600,000	19.5%	75,200,000	-1.8%
Other	1,014,000,000	20.4%	818,658,400	-19.3%	852,138,600	4.1%
Total General Fund	13,757,100,000	7.2%	13,758,988,400	0.0%	14,154,398,600	2.9%

Road Fund

Official Enacted Forecast FY22-FY24

	FY22		FY23		FY24	
	Estimate	% Chg	Estimate	% Chg	Estimate	% Chg
Motor Fuels	788,250,000	5.3%	833,750,000	5.8%	817,400,000	-2.0%
Motor Vehicle Usage	619,650,000	-0.2%	603,700,000	-2.6%	569,050,000	-5.7%
Motor Vehicle License	116,550,000	-7.1%	119,350,000	2.1%	121,650,000	1.6%
Motor Vehicle Operators	25,800,000	16.8%	27,100,000	5.0%	28,300,000	4.4%
Weight Distance	90,450,000	8.7%	94,600,000	4.6%	96,600,000	2.1%
Investment	(1,000,000)	747.5%	100,000	110.0%	2,100,000	2000.0%
Other	40,400,000	-4.8%	42,400,000	3.0%	44,050,500	2.2%
Total Road Fund	1,680,100,000	2.3%	1,721,000,000	2.4%	1,679,150,500	-2.5%

DEBT AUTHORIZED BY RECENT SESSIONS OF THE GENERAL ASSEMBLY

<u>Biennium</u>	<u>Principal Debt Authorized</u>	<u>Biennium</u>	<u>Principal Debt Authorized</u>
2000-02 ¹	1,046,927,600	2012-14 ⁷	630,258,000
2002-04 ²	828,936,380	2014-16 ⁸	1,496,548,200
2004-06 ³	1,906,315,300	2016-18 ⁹	1,266,242,500
2006-08 ⁴	2,110,528,000	2018-20 ¹⁰	1,047,702,000
2008-10 ⁵	2,015,494,000	2020-22 ¹¹	1,204,657,300
2010-12 ⁶	1,553,199,800	2022-24 ¹²	3,767,204,000

¹Debt Enacted in the 2000-2002 Budget of the Commonwealth.

General Fund Authorization:	\$901,202,600
Road Fund Authorization:	\$ 28,200,000
Agency Fund Authorization:	\$117,525,000

The 2000 Session of the Kentucky General Assembly authorized \$1,053,015,600 of debt. The Secretary of the Finance and Administration Cabinet determined that \$6,088,000 of debt authorized projects would be funded with General Fund cash, thereby reducing the authorized amount to \$1,046,927,600.

²Debt Enacted in the 2002-2004 Budget of the Commonwealth.

General Fund Authorization:	\$621,936,380
Agency Fund Authorization:	\$207,000,000

³Debt Enacted in the 2004-2006 Budget of the Commonwealth.

General Fund Authorization:	\$1,204,589,300
Road Fund Authorization:	\$ 450,000,000
Agency Fund Authorization:	\$ 251,726,000

The 2005 Session of the Kentucky General Assembly also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

⁴Debt Enacted in the 2006-2008 Budget of the Commonwealth and subsequent 2007 Second Extraordinary Session of the General Assembly.

General Fund Authorization:	\$1,492,991,000
Road Fund Authorization:	\$ 350,000,000
Agency Fund Authorization:	\$ 267,537,000

The 2006 Session of the Kentucky General Assembly also authorized \$290,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

⁵Debt Enacted in the 2008-2010 Budget of the Commonwealth.

General/Tobacco Fund Authorization:	\$ 657,281,000
Road Fund Authorization:	\$ 535,000,000
Agency Fund Authorization:	\$ 743,213,000
Other Authorization:	\$ 80,000,000

The 2008 Session of the Kentucky General Assembly also authorized \$231,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. The Agency Fund bond authorization includes \$230,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

⁶Debt Enacted in the 2010-2012 Budget of the Commonwealth.

General/Tobacco Fund Authorization:	\$ 507,395,800
Road Fund Authorization:	\$ 522,500,000
Agency Fund Authorization:	\$ 523,304,000

The 2010 Extraordinary Session of the Kentucky General Assembly also authorized \$435,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2010 Regular Session authorized \$4,000,000 of Agency Bonds for the Department of Military Affairs.

⁷Debt Enacted in the 2012-2014 Budget of the Commonwealth and 2013 Regular Session of the General Assembly.

General Fund Authorization:	\$ 182,860,000
Road Fund Authorization:	\$ 12,500,000
Agency Fund Authorization:	\$ 434,898,000

The 2013 Regular Session authorized \$363,298,000 of Agency Bonds for several universities and authorized \$28,100,000 of Agency Bonds for the Administrative Office of the Courts in the Court of Justice.

⁸Debt Enacted in the 2014-2016 Budget of the Commonwealth and 2015 Regular Session of the General Assembly.

General Fund Authorization:	\$ 770,273,200
Road Fund Authorization:	\$ 5,000,000
Agency Fund Authorization:	\$ 721,275,000

The 2014 Regular Session authorized \$742,773,200 for new General Fund Bond projects and deauthorized \$105,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2015 Regular Session authorized General Fund bonds of \$132,500,000 for the University of Kentucky Research Building.

⁹Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.

General Fund Authorization	\$ 588,986,500
Agency Fund Authorization	\$ 677,256,000

The 2016 Regular Session authorized \$582,986,500 for new projects and deauthorized \$9,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2017 Regular Session of the General Assembly authorized General Fund bonds of \$15,000,000 for the Economic Development Cabinet.

¹⁰Debt Enacted in the 2018-2020 Budget of the Commonwealth and 2019 Regular Session of the General Assembly.

General Fund Authorization:	\$ 444,817,000
Agency Fund Authorization:	\$ 602,885,000

The 2018 Regular Session authorized \$369,817,000 for new General Fund Bond projects. The Agency Fund bond authorization includes \$60,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2019 Regular Session of the General Assembly authorized General Fund bonds of \$25,000,000 for the Economic Development Cabinet and \$50,000,000 for Parks.

¹¹Debt Enacted in the 2020-2022 Budget of the Commonwealth and 2021 Regular Session of the General Assembly.

General Fund Authorization	\$ 425,519,300
Agency Fund Authorization	\$ 779,138,000

The total General Fund bonds listed above include \$35,000,000 in bonds for the Economic Development Cabinet that were authorized in House Bill 99 from the 2020 Session of the General Assembly; \$302,672,300 authorized in the Executive Branch appropriations act by the 2020 General Assembly; and an additional \$87,847,000 authorized in the Executive Branch appropriations act by the 2021 General Assembly. The Agency Fund Authorization includes \$422,138,000 authorized by the 2020 General Assembly and an additional \$357,000,000 authorized by the 2021 General Assembly.

¹²\$3,767,204,000 New Debt enacted in the 2022-2024 Budget of the Commonwealth

General Fund Authorization	\$ 2,834,124,000
Agency Fund Authorization	\$ 933,080,000

The 2022 Regular Session also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds for the Brent Spence Bridge project.

DEBT FINANCING

2022-2024 Budget of the Commonwealth

The 2022 Regular Session of the Kentucky General Assembly enacted \$3,767,204,000 in net debt-financed capital projects. The General Fund amount is \$2,834,124,000 and the Agency Fund amount is \$933,080,000. Also included was a reauthorization and reallocation of \$12,590,800 in previously authorized General Fund supported debt. If all authorized amounts are issued by June 30, 2024, the Commonwealth's debt capacity ratio would be 4.11%.

Structure

The Commonwealth's indebtedness is classified as either appropriation supported debt or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a lease revenue obligation of one of its debt issuing agencies created by the Kentucky General Assembly to finance various projects which are subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project or agency constitutes the entire source of payment.

The payment of debt service by the state universities is secured by a state intercept provision that provides that in the event of a default, the Secretary of the Finance and Administration Cabinet is required to intercept any funds appropriated to the University but not yet disbursed and to remit those funds to the Trustee to remedy the default.

Non-appropriation supported debt (moral obligation debt) carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith, credit, and taxing power of the Commonwealth. The General Assembly does not intend to appropriate any general funds to fulfill the financial obligations represented by these types of indebtedness. Some issues covenant that in the event of a shortfall, the issuer will request from the Secretary of the Finance Cabinet or the Governor and the General Assembly in the next regular session sufficient amounts to pay debt service or to replenish the debt service reserve funds, as applicable. Certain Kentucky Higher Education Student Loan Corporation bonds, Kentucky Housing Corporation bonds, and the Kentucky Infrastructure Authority's Governmental Agencies Program and Leveraged Wastewater and Drinking Water Revolving Fund bonds are not moral obligation debt.

**APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE (%)
DEBT CAPACITY RATIO**

Fiscal Year	Percent of Total Revenue	Fiscal Year	Percent of Total Revenue
1999	5.05	2012	4.53
2000	5.90	2013	5.94
2001	5.58	2014	6.17
2002	5.18	2015	6.02
2003	5.70	2016	5.72
2004	5.39	2017	5.62
2005	4.70	2018	5.75
2006	4.89	2019	5.70
2007	4.29	2020	5.21
2008	5.16	2021	4.89
2009	4.81	2022	4.23*
2010	2.97	2023	4.20*
2011	4.55	2024	4.11*

*Estimated. The Fiscal Year 2024 figure assumes all new appropriated debt is issued by June 30, 2024.

The above analysis for Fiscal Years 2022, 2023, and 2024 is premised on the following assumptions:

- Fiscal Years 2022-2024 General Fund and Road Fund revenues are based on the enacted Revenue Estimates as well as interest subsidies received for General Fund and Road Fund Build America Bonds issued.
- Agency Fund revenues are based on actual Fiscal Year 2021 revenues from the Supplementary Information to the FY21 Comprehensive Annual Financial Report, and for FY22, FY23, and FY24, estimated amounts are obtained from the 2022-2024 biennial budget submissions.
- All previously appropriated but unissued debt was assumed issued by June 30, 2022.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 3.06% for 10-year tax-exempt issues, 3.46% for 20-year tax-exempt issues, and 4.74% for 20-year taxable issues.

ENACTED BOND FUNDED PROJECTS

<u>Agency</u>	<u>Project</u>	<u>General Fund</u>
EKU	Renovate Alumni Coliseum	31,350,000
EKU	Construct New Model Laboratory School	90,000,000
EKU	Asset Preservation Pool	54,806,000
KSU	Asset Preservation Pool	16,078,000
Morehead	Construct Science & Engineering Bldg	98,000,000
Morehead	Asset Preservation Pool	35,222,000
Murray St	Construct School of Nursing and Health Professional Bldg	45,500,000
Murray St	Asset Preservation Pool	47,176,000
NKU	Expand Hermann Science Center	79,900,000
NKU	Asset Preservation Pool	46,794,000
UK	Construct Health Education Bldg	250,000,000
UK	Asset Preservation Pool	154,196,000
UofL	Speed School Addition	65,000,000
UofL	Asset Preservation Pool	81,886,000
WKU	Construct New Gordon Ford College of Business	74,400,000
WKU	Asset Preservation Pool	68,080,000
KCTCS	Renovate Occupational Tech Ph 1-Elizabethtown CC	16,500,000
KCTCS	Expand Leitchfield Campus - Elizabethtown CTC	9,000,000
KCTCS	Construct Student/Classroom - Bluegrass CTC Newtown	52,200,000
KCTCS	Asset Preservation Pool	179,262,000
CPE	Research Endowment Trust Fund	30,000,000
CPE	Comprehensive University Excellence Trust Fund	10,000,000
KIA	Fund A-Federally Assisted Wastewater	13,047,000
KIA	Fund F-Drinking Water Revolving Loan Program	13,671,000
KIA	Fund B-Infrastructure Revolving Fund	25,000,000
Military Affairs	Construct Readiness Center Somerset	4,227,000
Local Government	Flood Control Matching Fund	12,000,000
School Facilities Construction Commission	Offers of Assistance 2020-2022	58,000,000
Economic Development	Economic Development Bond Program-2022-2024	10,000,000
Economic Development	High-Tech Construct/Investment Pool-2022-2024	10,000,000
Economic Development	KEDFA Loan Pool-2022-2024	10,000,000
KDE	State Schools Safety and Security Pool-2022-2024	3,100,000
KDE	State Schools Dormitory and Cottage Renovation	7,000,000
KDE	Construct Leadership Training Center Classrooms and Activity Center	6,000,000
Environmental Protection	State-Owned Dam Repair	8,000,000
Environmental Protection	Southern Wood Treatment Site	5,604,000
Controller	eMARS Upgrade	14,000,000
Facilities	Historic Properties Deferred Maintenance	5,000,000
Facilities	HVAC Replacement/Rebuild-Various	7,400,000
Facilities	L&N Building Exterior Upgrade	6,500,000
Facilities	CHR-Escalators Replacement/Elevator Upgrades	7,500,000
Facilities	Capitol Campus Renovation	260,000,000
Behavioral Health	Oakwood-Renovate/Replace Cottages, Phase III	9,998,000
Behavioral Health	Western State Nursing Facility-Renovations	6,336,000
Income Support	KASES III	11,220,000
DCBS	TWIST Modernization	9,497,000
Criminal Justice Training	New Indoor Firing Range	28,536,000
Corrections	Relocate Medical Services/CPTU from the Reformatory	171,126,000
Corrections	Little Sandy Correctional Complex-Expansion-Replace Reformatory	106,340,000
State Police	Post 7 (Richmond) & 10 (Harlan) Construction	8,456,000
State Police	KSP Emergency Radio System Replacement-Phase III	80,909,000
State Police	KEWS Fiberglass Shelter Replacement	5,307,000
Parks	State Parks Improvement	150,000,000
Horse Park	Renovate International Museum of the Horse	4,000,000
Fair Board	State Fair Board Property Improvements	180,000,000
Fair Board	Maintenance Pool	20,000,000
Transportation	Barkley Regional Airport Improvement Projects Pool	5,300,000

Transportation	Mt. Sterling/Montgomery Co Airport Improvement Pool	8,000,000
Transportation	Bardstown/Nelson Co Airport Improvement Pool	7,700,000
Total - New General Fund Bond Projects		2,834,124,000

<u>Agency</u>	<u>Project</u>	<u>Agency Fund</u>
UK	Facilities Renewal and Modernization 2	125,000,000
UK	Construct Health Education Bldg	50,000,000
UK	Improve UKHC Facilities	50,000,000
UK	Improve Housing	40,000,000
UK	Acquire/Improve Medical/Adm Facility 1	50,000,000
UK	Construct Ambulatory Facility - UKHC	50,000,000
UK	Repair Critical Infrastructure/Bldg Systems	25,000,000
UK	Asset Preservation Pool	46,260,000
UK	Acquire Partnership Medical System - UKHC	50,000,000
EKU	Asset Preservation Pool	8,222,000
EKU	Renovate Alumni Coliseum	25,000,000
EKU	Residence Hall Renovation Pool Additional	30,200,000
KySU	Asset Preservation Pool	2,412,000
Morehead	Construct New Residence Hall Additional	38,792,000
Morehead	Renovate Cartmell Residence Hall	15,521,000
Morehead	Renovate Normal Residence Hall	3,840,000
Morehead	Renovate Fields Residence Hall	4,920,000
Morehead	Renovate Grote-Thompson Residence Hall	4,920,000
Morehead	Renovate Cooper Residence Hall	9,000,000
Morehead	Asset Preservation Pool	5,284,000
Morehead	Capital Renewal and Maint Pool-Auxiliary Additional	100,000
Morehead	Comply with ADA - Auxiliary	2,079,000
Morehead	Renovate Alumni Tower Ground Floor Additional	85,000
Morehead	Replace Turf on Jacobs Field	1,127,000
Murray St.	Construct Residential Housing	68,970,000
Murray St.	Renovate Residence Hall HVAC Additional	158,000
Murray St.	Replace Residence Hall Domestic Water Piping Additional	52,000
Murray St.	Renovate Residence Hall Electrical System Additional	189,000
Murray St.	Renovate Residence Hall Interior - Additional	73,000
Murray St.	Asset Preservation Pool	7,078,000
NKU	Renovate Residence Hall Additional	5,000,000
NKU	Reconstruct West Side Parking Additional	7,000,000
NKU	Asset Preservation Pool	7,020,000
UofL	Upgrade STEM Instruction Building	50,000,000
UofL	Asset Preservation Pool	24,566,000
UofL	Capital Renewal Replace and Upgrade Pool-2022-2024	50,000,000
UofL	Construct College of Business Building	40,000,000
WKU	Construct Parking Structure IV	25,000,000
WKU	Asset Preservation Pool	10,212,000
Total - Agency Bonds		933,080,000
Grand Total – All Bond Projects		3,767,204,000

Commonwealth of Kentucky

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,817,561,400	11,898,992,100	11,964,138,300	14,235,860,900	14,063,629,800
Surplus Expenditure Plan	130,094,500	162,469,000	1,162,652,200		
Special Appropriation	-12,370,000	3,069,000	976,219,300	116,750,000	116,000,000
Current Year Appropriation	45,749,300	60,324,100	859,526,800		
Continuing Approp-General Fund	222,842,054	374,999,536	715,655,200	1,530,919,700	1,762,419,700
Budget Reduction-General Fund	-7,500,000				
Mandated Allotments	406,059	2,589,600			
Other	10,922,429	-352,169,141	-398,838,600		
Total General Fund	12,207,705,742	12,150,274,194	15,279,353,200	15,883,530,600	15,942,049,500
Tobacco Fund					
Tobacco Settlement - Phase I	120,087,500	108,226,600	104,785,700	107,687,400	106,078,200
Continuing Approp-Tob Settlement	62,788,809	67,886,166	75,854,700		
Other	-5,440,281	19,982,288			
Total Tobacco Fund	177,436,028	196,095,054	180,640,400	107,687,400	106,078,200
Restricted Funds					
Balance Forward	912,799,853	1,031,218,491	1,064,468,767	1,257,707,806	717,809,006
Current Receipts	7,279,577,827	7,448,546,947	9,138,708,200	10,875,151,000	13,456,125,200
Non-Revenue Receipts	697,601,038	622,360,773	1,557,431,639	1,076,736,500	1,255,576,300
Fund Transfers	-50,917,800	-102,748,140	-68,106,500	-1,449,600	-2,510,000
Total Restricted Funds	8,839,060,918	8,999,378,071	11,692,502,106	13,208,145,706	15,427,000,506
Federal Fund					
Balance Forward	-15,553,449	1,459,575,566	1,333,935,189	1,384,864,800	18,579,100
Current Receipts	18,891,669,055	21,357,350,318	22,085,919,211	18,961,468,800	19,399,623,800
Non-Revenue Receipts	-21,207,199	88,043,156	-4,100	-3,229,000	-3,229,400
CRF Receipts		38,643,053			
Total Federal Fund	18,854,908,407	22,943,612,093	23,419,850,300	20,343,104,600	19,414,973,500
Road Fund					
Regular Appropriation	1,513,697,500	1,586,160,200	1,606,029,600	1,725,764,700	1,683,417,300
Surplus Expenditure Plan	75,238,050	139,829	97,267,300		
Current Year Appropriation	5,065,500	64,067,100	16,505,900		
Continuing Approp-Road Fund	397,544,504	416,116,216			
Other	-8,212,532	-33,350,999	9,133,600		
Total Road Fund	1,983,333,022	2,033,132,346	1,728,936,400	1,725,764,700	1,683,417,300
TOTAL SOURCE OF FUNDS	42,062,444,117	46,322,491,758	52,301,282,406	51,268,233,006	52,573,519,006
EXPENDITURES BY CLASS					
Personnel Costs	7,699,119,251	8,034,938,633	9,224,470,600	9,972,912,700	11,007,931,100
Operating Expenses	3,332,280,100	3,684,782,927	4,854,540,300	5,820,408,200	7,048,235,300
Grants Loans Benefits	24,305,935,526	27,539,006,514	30,915,196,100	28,878,847,700	28,304,435,900
Debt Service	1,122,073,995	1,124,391,635	1,079,323,400	1,003,502,700	1,086,990,900
Capital Outlay	375,922,246	385,493,194	486,827,700	1,090,242,200	802,786,800
Construction	1,166,755,360	1,085,286,141	1,487,707,200	1,989,189,000	1,733,640,100
TOTAL EXPENDITURES	38,002,086,477	41,853,899,045	48,048,065,300	48,755,102,500	49,984,020,100

EXPENDITURES BY FUND SOURCE

General Fund	11,616,430,865	11,379,798,747	13,679,217,200	14,111,283,500	13,978,234,100
Tobacco Fund	107,562,362	118,313,542	178,854,700	106,020,700	104,579,300
Restricted Funds	7,366,427,827	7,491,762,360	10,434,794,300	12,490,336,700	14,821,017,500
Federal Fund	17,396,936,242	21,477,465,147	22,034,985,500	20,324,525,500	19,399,324,900
Road Fund	1,514,729,181	1,386,559,248	1,720,213,600	1,722,936,100	1,680,864,300
TOTAL EXPENDITURES	38,002,086,477	41,853,899,045	48,048,065,300	48,755,102,500	49,984,020,100

EXPENDITURES BY UNIT

Executive Branch	37,501,828,399	41,358,483,354	47,497,639,100	48,201,837,900	49,421,472,600
Legislative Branch	66,175,055	66,163,218	81,686,200	85,115,600	88,191,800
Judicial Branch	434,083,023	429,252,473	468,740,000	468,149,000	474,355,700
TOTAL EXPENDITURES	38,002,086,477	41,853,899,045	48,048,065,300	48,755,102,500	49,984,020,100

Executive Branch

Executive Branch

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,359,021,200	11,434,589,000	11,502,796,400	13,738,087,900	13,553,948,300
Surplus Expenditure Plan	130,094,500	162,469,000	1,162,652,200		
Special Appropriation	-12,370,000	3,069,000	961,519,300	116,750,000	116,000,000
Current Year Appropriation	45,749,300	60,324,100	846,376,400		
Continuing Approp-General Fund	202,891,080	354,673,118	678,057,200	1,530,919,700	1,762,419,700
Mandated Allotments	406,059	2,589,600			
Other	10,922,429	-352,169,141	-398,838,600		
Total General Fund	11,736,714,568	11,665,544,676	14,752,562,900	15,385,757,600	15,432,368,000
Tobacco Fund					
Tobacco Settlement - Phase I	120,087,500	108,226,600	104,785,700	107,687,400	106,078,200
Continuing Approp-Tob Settlement	62,788,809	67,886,166	75,854,700		
Other	-5,440,281	19,982,288			
Total Tobacco Fund	177,436,028	196,095,054	180,640,400	107,687,400	106,078,200
Restricted Funds					
Balance Forward	879,478,702	992,510,151	1,021,211,067	1,221,787,006	689,223,806
Current Receipts	7,256,916,559	7,426,133,743	9,119,004,200	10,853,083,400	13,433,542,600
Non-Revenue Receipts	670,855,043	595,965,847	1,531,184,839	1,053,853,000	1,232,558,800
Fund Transfers	-50,917,800	-102,748,140	-68,106,500	-1,449,600	-2,510,000
Total Restricted Funds	8,756,332,503	8,911,861,601	11,603,293,606	13,127,273,806	15,352,815,206
Federal Fund					
Balance Forward	-15,553,449	1,459,575,566	1,333,486,689	1,384,416,300	18,130,600
Current Receipts	18,883,826,808	21,351,383,859	22,081,893,811	18,958,263,900	19,397,047,800
Non-Revenue Receipts	-21,207,199	88,043,156	-4,100	-3,229,000	-3,229,400
CRF Receipts		38,643,053			
Total Federal Fund	18,847,066,160	22,937,645,633	23,415,376,400	20,339,451,200	19,411,949,000
Road Fund					
Regular Appropriation	1,513,697,500	1,586,160,200	1,606,029,600	1,725,764,700	1,683,417,300
Surplus Expenditure Plan	75,238,050	139,829	97,267,300		
Current Year Appropriation	5,065,500	64,067,100	16,505,900		
Continuing Approp-Road Fund	397,544,504	416,116,216			
Other	-8,212,532	-33,350,999	9,133,600		
Total Road Fund	1,983,333,022	2,033,132,346	1,728,936,400	1,725,764,700	1,683,417,300
TOTAL SOURCE OF FUNDS	41,500,882,281	45,744,279,311	51,680,809,706	50,685,934,706	51,986,627,706
EXPENDITURES BY CLASS					
Personnel Costs	7,372,237,580	7,709,175,849	8,874,636,600	9,608,951,200	10,636,091,600
Operating Expenses	3,161,529,217	3,519,964,851	4,659,548,100	5,636,705,100	6,863,127,300
Grants Loans Benefits	24,305,933,592	27,539,006,514	30,915,196,100	28,878,847,700	28,304,435,900
Debt Service	1,122,073,995	1,124,391,635	1,079,323,400	1,003,502,700	1,086,990,900
Capital Outlay	373,298,656	380,658,363	481,227,700	1,084,642,200	797,186,800
Construction	1,166,755,360	1,085,286,141	1,487,707,200	1,989,189,000	1,733,640,100
TOTAL EXPENDITURES	37,501,828,399	41,358,483,354	47,497,639,100	48,201,837,900	49,421,472,600
EXPENDITURES BY FUND SOURCE					
General Fund	11,168,035,110	10,932,849,234	13,186,104,100	13,613,510,500	13,468,552,600
Tobacco Fund	107,562,362	118,313,542	178,854,700	106,020,700	104,579,300
Restricted Funds	7,322,407,752	7,448,814,166	10,381,506,600	12,438,050,000	14,770,727,500
Federal Fund	17,389,093,995	21,471,947,164	22,030,960,100	20,321,320,600	19,396,748,900
Road Fund	1,514,729,181	1,386,559,248	1,720,213,600	1,722,936,100	1,680,864,300
TOTAL EXPENDITURES	37,501,828,399	41,358,483,354	47,497,639,100	48,201,837,900	49,421,472,600

EXPENDITURES BY UNIT

General Government	1,783,082,158	2,128,902,487	2,913,207,300	2,708,609,400	2,174,078,000
Economic Development	27,172,199	27,930,403	517,491,300	288,840,700	33,847,600
Department of Education	5,003,461,031	5,220,480,246	6,738,847,900	6,335,049,000	6,401,687,900
Education and Labor	3,805,915,757	3,844,550,771	1,930,382,400	831,415,000	784,860,500
Energy and Environment	253,237,880	252,381,660	313,991,900	393,726,600	421,297,400
Finance and Administration	922,766,135	1,008,603,744	1,287,437,400	983,824,700	1,005,197,900
Health and Family Services	14,483,885,954	17,440,843,555	18,971,141,300	19,188,809,300	19,433,101,600
Justice and Public Safety	1,256,881,990	1,202,220,252	1,401,264,900	1,495,342,500	1,514,206,600
Personnel	50,805,419	50,598,044	166,628,200	154,586,800	159,576,200
Postsecondary Education	6,979,489,846	7,353,475,923	9,467,461,200	11,196,449,800	13,626,570,400
Public Protection	121,053,213	155,961,635	153,133,500	216,498,800	141,126,500
Tourism, Arts and Heritage	253,777,276	223,868,214	376,313,900	337,678,700	330,370,700
Transportation	2,557,799,540	2,447,966,421	3,080,426,900	3,709,373,600	3,319,169,300
Statewide	2,500,000	700,000	179,911,000	361,633,000	76,382,000
TOTAL EXPENDITURES	37,501,828,399	41,358,483,354	47,497,639,100	48,201,837,900	49,421,472,600

General Government

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,159,157,500	1,237,318,900	1,180,918,100	1,550,686,100	1,513,412,900
Surplus Expenditure Plan	130,094,500				
Special Appropriation			96,500,000	109,250,000	105,000,000
Current Year Appropriation	21,535,000		709,266,200		
Continuing Approp-General Fund	15,144,462	7,732	7,700	15,000,000	7,500,000
Reorganization Adjustment	151,800				
Mandated Allotments	406,059	2,487,000			
Other	-1,534,815	-1,161,541	26,801,000		
Total General Fund	1,324,954,506	1,238,652,090	2,013,493,000	1,674,936,100	1,625,912,900
Tobacco Fund					
Tobacco Settlement - Phase I	38,879,300	35,244,800	35,618,800	41,868,600	41,862,000
Continuing Approp-Tob Settlement	24,801,866	31,044,714	33,974,000		
Other	-2,477,587	9,991,144			
Total Tobacco Fund	61,203,579	76,280,658	69,592,800	41,868,600	41,862,000
Restricted Funds					
Balance Forward	131,068,546	147,428,551	142,078,682	108,601,021	87,137,421
Current Receipts	175,159,415	172,871,550	172,175,200	197,114,100	200,581,700
Non-Revenue Receipts	71,799,744	55,030,885	204,564,439	84,443,800	85,540,200
Fund Transfers	-1,500,000	-6,400,000	-10,275,600		
Total Restricted Funds	376,527,705	368,930,987	508,542,721	390,158,921	373,259,321
Federal Fund					
Balance Forward	7,285,166	1,522,530,329	1,324,399,300	1,376,390,600	11,771,100
Current Receipts	1,719,827,656	471,781,083	497,171,100	-668,336,300	205,852,300
Non-Revenue Receipts	124,800	-44,888,089			
Total Federal Fund	1,727,237,622	1,949,423,323	1,821,570,400	708,054,300	217,623,400
Road Fund					
Regular Appropriation	562,000	571,600			
Total Road Fund	562,000	571,600			
TOTAL SOURCE OF FUNDS	3,490,485,412	3,633,858,658	4,413,198,921	2,815,017,921	2,258,657,621
EXPENDITURES BY CLASS					
Personnel Costs	416,064,102	461,722,448	503,055,900	503,459,000	508,228,000
Operating Expenses	154,760,181	207,215,952	243,929,700	143,486,200	137,964,300
Grants Loans Benefits	1,005,321,006	1,258,011,995	2,005,984,300	1,898,940,500	1,381,876,700
Debt Service	195,740,496	178,984,864	131,126,900	149,121,200	135,715,100
Capital Outlay	10,207,802	22,833,153	29,110,500	13,602,500	10,293,900
Construction	988,571	134,075			
TOTAL EXPENDITURES	1,783,082,158	2,128,902,487	2,913,207,300	2,708,609,400	2,174,078,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,318,554,847	1,235,079,999	1,998,493,000	1,667,436,100	1,625,912,900
Tobacco Fund	30,158,865	42,306,651	69,592,800	41,868,600	41,862,000
Restricted Funds	229,099,154	226,852,003	399,941,700	303,021,500	298,187,400
Federal Fund	204,707,292	624,115,181	445,179,800	696,283,200	208,115,700
Road Fund	562,000	548,654			
TOTAL EXPENDITURES	1,783,082,158	2,128,902,487	2,913,207,300	2,708,609,400	2,174,078,000
EXPENDITURES BY UNIT					
Office of the Governor	6,784,766	6,877,109	7,119,400	7,241,700	7,271,300
Office of State Budget Director	5,234,587	66,970,753	12,105,800	4,241,400	4,259,300
Homeland Security	5,662,858	5,446,117	9,563,000	9,152,500	8,543,700

EXPENDITURES BY UNIT

Department of Veterans' Affairs	87,739,994	85,075,752	92,262,000	99,681,100	98,337,000
Kentucky Infrastructure Authority	36,333,864	31,225,606	33,771,300	374,917,500	36,892,000
Military Affairs	164,960,268	195,223,686	323,489,400	146,343,500	147,032,600
Commission on Human Rights	2,122,242	2,139,912	2,256,300	2,408,500	2,426,900
Department for Local Government	34,431,367	356,790,568	262,383,600	346,107,500	147,197,900
Local Government Economic Assistance Fund	36,427,402	20,287,647	28,579,000	34,857,300	35,214,200
Local Government Economic Development Fund	13,570,500	16,664,012	23,819,200	37,592,000	39,941,600
Local Government Regional Development Agency Assistance Fund	4,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Executive Branch Ethics Commission	969,247	935,457	1,019,100	1,038,900	1,044,600
Secretary of State	4,439,570	4,742,373	5,248,300	6,410,200	6,434,600
Board of Elections	11,012,338	18,425,917	5,589,500	9,046,800	8,339,000
Registry of Election Finance	1,514,092	1,541,300	1,605,700	1,703,200	1,713,600
Attorney General	31,849,063	31,091,436	40,547,500	44,316,000	44,470,100
Unified Prosecutorial System	119,166,886	119,962,686	130,954,500	143,366,500	144,502,900
Treasury	5,519,208	4,814,855	6,057,400	6,614,400	6,642,600
Agriculture	68,174,294	80,852,536	113,395,300	86,556,700	86,764,000
Auditor of Public Accounts	15,753,837	16,253,315	18,856,300	22,529,100	22,255,300
Personnel Board	899,899	875,000	906,000	910,000	914,200
Kentucky Public Pensions Authority	97,165,300	36,151,006	264,308,000	290,184,500	290,440,800
Occupational & Professional Boards & Commissions	23,099,047	23,382,642	27,356,900	28,277,200	28,476,700
Kentucky River Authority	5,448,903	5,428,091	8,487,300	12,099,500	6,507,900
School Facilities Construction Commission	129,071,300	121,775,600	210,848,300	129,661,200	127,169,800
Teachers' Retirement System	804,257,740	796,728,573	1,211,359,700	779,978,800	787,061,300
Judgments	16,899,788	19,287,492	7,500,000	7,500,000	7,500,000
Appropriations Not Otherwise Classified	16,525,217	14,460,714	14,526,400	20,526,400	20,526,400
KY Communications Network Authority	34,048,582	39,492,331	43,292,100	49,347,000	50,197,700
TOTAL EXPENDITURES	1,783,082,158	2,128,902,487	2,913,207,300	2,708,609,400	2,174,078,000

Economic Development

Economic Development

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,606,300	26,054,000	26,757,300	285,495,200	30,482,200
Special Appropriation	1,060,500	3,069,000	400,639,600		
Current Year Appropriation			50,268,300		
Continuing Approp-General Fund	8,200,027	8,042,798	10,984,300		
Reorganization Adjustment			100,600		
Total General Fund	34,866,827	37,165,798	488,750,100	285,495,200	30,482,200
Restricted Funds					
Balance Forward	2,549,244	1,482,397	1,492,100	1,233,500	1,070,700
Current Receipts	2,350,060	2,789,045	2,961,200	2,881,700	2,980,500
Non-Revenue Receipts			25,000,000		
Total Restricted Funds	4,899,304	4,271,442	29,453,300	4,115,200	4,051,200
Federal Fund					
Balance Forward	-127,941	-70,499	-21,100	7,800	7,800
Current Receipts	557,534	255,879	550,300	301,000	301,000
Total Federal Fund	429,593	185,379	529,200	308,800	308,800
TOTAL SOURCE OF FUNDS	40,195,724	41,622,620	518,732,600	289,919,200	34,842,200
EXPENDITURES BY CLASS					
Personnel Costs	11,258,572	9,922,923	14,144,300	14,117,000	14,192,400
Operating Expenses	1,933,055	1,537,292	2,106,200	2,099,400	2,098,900
Grants Loans Benefits	12,920,072	13,401,187	501,240,800	272,058,300	15,858,300
Debt Service	1,060,500	3,069,000		566,000	1,698,000
TOTAL EXPENDITURES	27,172,199	27,930,403	517,491,300	288,840,700	33,847,600
EXPENDITURES BY FUND SOURCE					
General Fund	23,255,200	24,944,526	488,750,100	285,495,200	30,482,200
Restricted Funds	3,416,907	2,779,418	28,219,800	3,044,500	3,064,400
Federal Fund	500,092	206,458	521,400	301,000	301,000
TOTAL EXPENDITURES	27,172,199	27,930,403	517,491,300	288,840,700	33,847,600
EXPENDITURES BY UNIT					
Economic Development	27,172,199	27,930,403	517,491,300	288,840,700	33,847,600
TOTAL EXPENDITURES	27,172,199	27,930,403	517,491,300	288,840,700	33,847,600

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. 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.

Policy

The budget includes General Fund in the amount of \$2,500,000 in each fiscal year for Bluegrass State Skills Corporation to make training grants to Ford Motor Company to continue training efforts including training workers on robotics and other advanced manufacturing technologies.

The budget provides General Fund in the amount of \$46,000,000 in fiscal year 2023 to support site infrastructure improvements through the Intermodal Transportation Authority, Inc. for infrastructure critical to water and sewer requirements for Economic Development.

The budget includes an investment of \$15,000,000 from the General Funding in fiscal year 2023 to the city of Covington to support the construction and fit-out of a shared research and development Lab facility to serve the rapidly expanding life sciences research and development sector in the region. This initiative is a collaboration among the City of Covington, several life sciences companies, a regional economic development organization, the entrepreneurship ecosystem and higher education.

The budget includes General Fund in the amount of \$16,800,000 in fiscal year 2023 for funding Kentucky Development Finance Authority forgivable loans for economic development projects with a minimum investment of \$2,000,000,000.

The budget includes General Fund of \$50,000,000, in fiscal year 2022 and \$150,000,000 in fiscal year 2023 to support the creation and implementation of the Kentucky Product Development Initiative. HB 745 established subchapter 21 of KRS 154, known as the Kentucky Product Development Initiative (KPDI). The bill, HB 745, codified the existing KPDI program that provides grants to public entities for qualifying development projects into state law.

The budget includes several one-time allocations of General Fund in fiscal year 2023:

\$13,000,000 to the Kenton County Fiscal Court for acquisition and site development;

\$2,500,000 to Southbank Partners for economic development projects;

\$1,500,000 to the Waterfront Botanical Gardens for the construction of a new access road to mitigate flooding on the property;

\$1,400,000 to the Southeast Kentucky Regional Industrial Authority for the construction of an access road and utility upgrades making the site Certified Pad Ready.

The budget includes General Fund in the amount of \$10,000,000 in fiscal year 2023 for the Louisville Waterfront Development Phase IV for a 22-acre expansion between 10th and 15th streets to connect downtown and West Louisville along the waterfront.

The budget includes General Fund in the amount of \$566,000 in fiscal year 2023 and \$1,698,000 in fiscal year 2024 for debt service on new bonds included in the capital budget.

The budget includes additional Restricted Funds in the amount of \$258,600 in the fiscal year 2022 for Bluegrass State Skills Corporation training grants to expend remaining funds from previous fiscal year.

Department of Education
Department of Education

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,127,898,300	4,106,080,500	4,065,921,100	4,460,922,700	4,528,254,500
Special Appropriation			140,000,000		
Current Year Appropriation			2,814,600		
Continuing Approp-General Fund		92	44,300		
Other		-163,745,300	30,000,000		
Total General Fund	4,127,898,300	3,942,335,292	4,238,780,000	4,460,922,700	4,528,254,500
Restricted Funds					
Balance Forward	16,605,154	13,277,284	15,401,300		
Current Receipts	2,266,228	1,921,701	6,503,400	14,478,800	14,501,800
Non-Revenue Receipts	15,792,661	18,264,616	22,056,600	29,092,700	29,269,600
Fund Transfers		-200,000			
Total Restricted Funds	34,664,043	33,263,601	43,961,300	43,571,500	43,771,400
Federal Fund					
Balance Forward	3,884,670	3,186,882			
Current Receipts	945,591,540	1,276,483,757	2,456,106,600	1,830,554,800	1,829,662,000
Total Federal Fund	949,476,210	1,279,670,639	2,456,106,600	1,830,554,800	1,829,662,000
TOTAL SOURCE OF FUNDS	5,112,038,553	5,255,269,533	6,738,847,900	6,335,049,000	6,401,687,900
EXPENDITURES BY CLASS					
Personnel Costs	111,490,453	115,304,878	147,316,200	151,037,600	151,573,700
Operating Expenses	32,852,935	39,900,454	40,966,400	44,447,300	44,906,600
Grants Loans Benefits	4,859,417,643	5,063,605,930	6,550,565,300	6,138,980,100	6,204,039,600
Debt Service		959,500		584,000	1,168,000
Capital Outlay	-300,000	709,484			
TOTAL EXPENDITURES	5,003,461,031	5,220,480,246	6,738,847,900	6,335,049,000	6,401,687,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,035,784,945	3,926,166,029	4,238,780,000	4,460,922,700	4,528,254,500
Restricted Funds	21,386,759	17,847,511	43,961,300	43,571,500	43,771,400
Federal Fund	946,289,328	1,276,466,706	2,456,106,600	1,830,554,800	1,829,662,000
TOTAL EXPENDITURES	5,003,461,031	5,220,480,246	6,738,847,900	6,335,049,000	6,401,687,900
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	2,961,784,378	2,949,466,440	3,062,857,900	3,205,077,100	3,195,808,600
Operations and Support Services	481,246,002	470,268,798	642,380,000	537,445,300	538,214,000
Learning and Results Services	1,560,430,652	1,800,745,009	3,033,610,000	2,592,526,600	2,667,665,300
TOTAL EXPENDITURES	5,003,461,031	5,220,480,246	6,738,847,900	6,335,049,000	6,401,687,900

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.

Education and Labor

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,647,100	68,448,200	72,492,500	84,790,400	84,992,800
Current Year Appropriation			1,607,000		
Continuing Approp-General Fund	4,283,786	2,621,985	6,667,700		
Reorganization Adjustment	-845,800				
Total General Fund	76,085,086	71,070,185	80,767,200	84,790,400	84,992,800
Tobacco Fund					
Tobacco Settlement - Phase I	2,050,000	1,400,000	1,400,000	1,400,000	1,400,000
Continuing Approp-Tob Settlement	3,912,323	4,296,995	9,562,300		
Other		5,994,686			
Total Tobacco Fund	5,962,323	11,691,681	10,962,300	1,400,000	1,400,000
Restricted Funds					
Balance Forward	43,680,567	53,365,819	31,820,300	22,127,700	22,214,700
Current Receipts	94,364,552	75,725,358	80,092,000	79,986,600	80,360,500
Non-Revenue Receipts	93,186,572	68,386,557	116,051,900	150,457,200	128,127,400
Total Restricted Funds	231,231,691	197,477,734	227,964,200	252,571,500	230,702,600
Federal Fund					
Balance Forward	-2,658,296	-2,913,031	8,205,200	132,300	264,600
Current Receipts	3,489,612,617	3,487,669,604	1,624,743,500	515,000,100	490,311,200
Non-Revenue Receipts	68,700,276	135,846,429			
Total Federal Fund	3,555,654,596	3,620,603,002	1,632,948,700	515,132,400	490,575,800
TOTAL SOURCE OF FUNDS	3,868,933,696	3,900,842,602	1,952,642,400	853,894,300	807,671,200
EXPENDITURES BY CLASS					
Personnel Costs	214,896,546	240,382,479	505,320,800	268,956,400	271,371,100
Operating Expenses	45,925,627	41,896,590	44,223,800	42,471,700	42,007,500
Grants Loans Benefits	3,544,350,449	3,561,721,455	1,380,439,900	519,589,000	471,103,200
Debt Service	365,000	67			
Capital Outlay	351,397	481,260	397,900	397,900	378,700
Construction	26,739	68,921			
TOTAL EXPENDITURES	3,805,915,757	3,844,550,771	1,930,382,400	831,415,000	784,860,500
EXPENDITURES BY FUND SOURCE					
General Fund	67,816,929	64,337,049	80,767,200	84,790,400	84,992,800
Tobacco Fund	1,665,329	2,129,418	10,962,300	1,400,000	1,400,000
Restricted Funds	177,865,872	165,657,215	205,836,500	230,356,800	208,156,500
Federal Fund	3,558,567,627	3,612,427,090	1,632,816,400	514,867,800	490,311,200
TOTAL EXPENDITURES	3,805,915,757	3,844,550,771	1,930,382,400	831,415,000	784,860,500
EXPENDITURES BY UNIT					
General Administration and Program Support	33,510,957	47,080,685	51,303,500	51,289,100	51,257,600
Commission on Proprietary Education	248,029	298,807	517,200	534,700	537,600
Deaf and Hard of Hearing	2,140,000	2,296,184	2,390,000	2,428,100	2,442,500
Kentucky Educational Television	16,739,095	16,563,826	17,172,000	18,127,800	18,237,000
Environmental Education Council	585,653	546,215	939,600	946,400	947,300
Libraries and Archives	16,444,289	14,301,182	18,371,800	17,033,700	16,415,700
Workforce Development	3,576,888,472	3,622,428,070	1,674,142,900	549,483,800	525,590,700
Workplace Standards	13,196,206	12,595,803	14,495,700	15,063,600	15,449,000
Workers' Claims	57,931,875	53,034,878	61,171,500	61,552,300	61,677,800
Occupational Safety and Health Review Commission	634,110	695,157	726,800	790,800	794,300

EXPENDITURES BY UNIT

Workers' Compensation Funding Commission	87,597,071	74,709,964	89,150,300	114,163,600	91,509,900
Workers' Compensation Nominating Committee			1,100	1,100	1,100
TOTAL EXPENDITURES	<u>3,805,915,757</u>	<u>3,844,550,771</u>	<u>1,930,382,400</u>	<u>831,415,000</u>	<u>784,860,500</u>

As announced by Governor Beshear on November 18, 2021 and codified by the 2022 General Assembly in Senate Bill 180, the Kentucky Education and Workforce Development Cabinet and the Labor Cabinet will merge to create the Education and Labor Cabinet. These agencies will work together to give citizens an opportunity to experience transformational change by obtaining a great education and quality training that can lead to a meaningful career and greater prosperity for their families. The merger will result in a more robust cabinet to give the state an opportunity for cross-training employees adding resiliency, while ensuring efforts are not duplicated. Combining these two cabinets will allow the state to develop a comprehensive workforce development strategy to meet the needs of many economic development projects and better compete for federal funds. This will allow the Cabinet to be more responsible to workforce issues, putting together offices that do similar things.

Attached to the Education and Workforce Cabinet for administrative purposes are the State Labor Relations Board, the Workers' Compensation Funding Commission, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Workers' Compensation Nominating Committee, the Workers' Compensation Board, and the Unemployment Insurance Commission.

The following agencies comprise the Education and Labor 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 Development
- Kentucky Commission on Proprietary Education
- Kentucky Educational Television
- Department for Libraries and Archives
- Department of Workers' Claims
- Department of Workplace Standards
- Employment Services

Energy and Environment

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	88,903,000	86,352,900	90,176,800	99,387,000	96,938,200
Current Year Appropriation	700,000		3,649,500		
Continuing Approp-General Fund	1,798,494	1,672,752	1,670,100		
Reorganization Adjustment	2,049,300				
Mandated Allotments		102,600			
Total General Fund	93,450,794	88,128,252	95,496,400	99,387,000	96,938,200
Tobacco Fund					
Tobacco Settlement - Phase I	3,757,300	3,386,800	3,423,400	3,400,000	3,400,000
Continuing Approp-Tob Settlement	14,348,273	12,014,805	9,838,800		
Other	-242,554				
Total Tobacco Fund	17,863,019	15,401,605	13,262,200	3,400,000	3,400,000
Restricted Funds					
Balance Forward	52,277,507	53,476,408	35,246,900	19,990,900	21,806,400
Current Receipts	30,451,922	32,514,257	30,271,100	32,967,600	32,501,100
Non-Revenue Receipts	73,552,500	69,320,739	90,588,200	73,019,600	73,463,500
Fund Transfers	-14,500,000	-31,500,000	-15,000,000		
Total Restricted Funds	141,781,930	123,811,404	141,106,200	125,978,100	127,771,000
Federal Fund					
Balance Forward	-2,969,819	-2,780,344	-645,800		
Current Receipts	77,015,538	83,378,255	93,103,600	189,081,700	219,305,400
Non-Revenue Receipts	-2,486,130	-2,582,962	-1,154,600	-2,313,800	-2,314,100
Total Federal Fund	71,559,589	78,014,949	91,303,200	186,767,900	216,991,300
Road Fund					
Regular Appropriation	320,900	320,900			
Total Road Fund	320,900	320,900			
TOTAL SOURCE OF FUNDS	324,976,232	305,677,110	341,168,000	415,533,000	445,100,500
EXPENDITURES BY CLASS					
Personnel Costs	156,223,401	155,286,689	171,262,700	182,719,400	183,956,000
Operating Expenses	33,344,751	35,218,290	39,852,800	39,406,600	38,316,700
Grants Loans Benefits	25,294,496	24,823,527	56,389,400	117,787,900	148,508,500
Debt Service	849,000	140,000		492,500	985,000
Capital Outlay	10,502,542	3,586,647	7,471,500	11,787,300	7,250,600
Construction	27,023,690	33,326,507	39,015,500	41,532,900	42,280,600
TOTAL EXPENDITURES	253,237,880	252,381,660	313,991,900	393,726,600	421,297,400
EXPENDITURES BY FUND SOURCE					
General Fund	84,423,311	79,272,869	88,311,200	99,387,000	96,938,200
Tobacco Fund	5,848,215	5,562,776	13,262,200	3,400,000	3,400,000
Restricted Funds	88,305,522	88,564,519	121,115,300	104,171,700	103,967,900
Federal Fund	74,339,932	78,660,597	91,303,200	186,767,900	216,991,300
Road Fund	320,900	320,900			
TOTAL EXPENDITURES	253,237,880	252,381,660	313,991,900	393,726,600	421,297,400
EXPENDITURES BY UNIT					
Secretary	6,723,152	6,646,402	27,964,200	8,080,300	8,124,700
Environmental Protection	121,224,680	118,815,838	129,126,200	134,157,000	135,724,000
Natural Resources	98,634,879	100,484,523	124,237,400	207,601,000	235,328,000
Public Service Commission	11,346,541	11,536,472	14,219,900	16,678,000	16,794,200
Administrative Services	10,672,819	10,417,066	12,581,900	12,931,200	13,003,700
Kentucky Nature Preserves	2,902,412	2,817,457	3,544,000	4,440,300	4,563,700

EXPENDITURES BY UNIT

Energy Policy	1,733,398	1,663,902	2,318,300	9,838,800	7,759,100
TOTAL EXPENDITURES	<u>253,237,880</u>	<u>252,381,660</u>	<u>313,991,900</u>	<u>393,726,600</u>	<u>421,297,400</u>

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 two departments: Environmental Protection and Natural Resources. The Cabinet has four offices: the Office of the Secretary, the Office of Administrative Services, the Office of Energy Policy, and the Office of Kentucky Nature Preserves. Attached for administrative purposes are the Mine Safety Review 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.

Finance and Administration
Finance and Administration

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	693,435,500	685,172,300	729,694,300	636,848,600	661,360,200
Special Appropriation			3,069,000		
Current Year Appropriation	2,800,000		12,281,000		
Total General Fund	696,235,500	685,172,300	745,044,300	636,848,600	661,360,200
Tobacco Fund					
Tobacco Settlement - Phase I	32,128,700	31,113,200	26,851,200	25,518,800	23,916,200
Total Tobacco Fund	32,128,700	31,113,200	26,851,200	25,518,800	23,916,200
Restricted Funds					
Balance Forward	40,603,091	38,264,690	52,066,200	42,351,700	35,771,300
Current Receipts	232,732,469	234,637,812	249,350,500	262,896,800	263,282,700
Non-Revenue Receipts	3,467,606	3,060,867	3,798,700	2,579,800	2,593,900
Fund Transfers	-2,800,000	-16,894,040	-250,000		
Total Restricted Funds	274,003,166	259,069,329	304,965,400	307,828,300	301,647,900
Federal Fund					
Balance Forward	3,033	-153,107	149,935,900		
Current Receipts	155,140	376,780,453	133,129,500	60,894,400	57,734,800
Non-Revenue Receipts			2,400		
Total Federal Fund	158,174	376,627,346	283,067,800	60,894,400	57,734,800
Road Fund					
Regular Appropriation	3,887,400	4,047,400			
Total Road Fund	3,887,400	4,047,400			
TOTAL SOURCE OF FUNDS	1,006,412,940	1,356,029,575	1,359,928,700	1,031,090,100	1,044,659,100
EXPENDITURES BY CLASS					
Personnel Costs	268,178,519	246,749,044	275,509,500	292,515,700	295,239,100
Operating Expenses	136,556,675	125,590,836	152,227,300	168,033,500	172,390,500
Grants Loans Benefits	524,150	90,009,756	283,391,600	61,052,500	57,168,100
Debt Service	490,137,581	521,758,011	542,376,400	420,456,700	438,667,400
Capital Outlay	27,362,111	24,496,097	33,932,600	41,766,300	41,732,800
Construction	7,100				
TOTAL EXPENDITURES	922,766,135	1,008,603,744	1,287,437,400	983,824,700	1,005,197,900
EXPENDITURES BY FUND SOURCE					
General Fund	652,801,817	673,977,299	716,690,400	627,021,200	652,464,500
Tobacco Fund	30,141,200	29,186,600	25,065,500	23,852,100	22,417,300
Restricted Funds	235,738,476	207,003,089	262,613,700	272,057,000	272,581,300
Federal Fund	311,281	94,389,356	283,067,800	60,894,400	57,734,800
Road Fund	3,773,362	4,047,400			
TOTAL EXPENDITURES	922,766,135	1,008,603,744	1,287,437,400	983,824,700	1,005,197,900
EXPENDITURES BY UNIT					
General Administration	37,373,015	115,784,210	320,307,000	104,852,300	101,287,100
Controller	18,091,345	18,376,718	20,601,700	22,619,200	23,527,300
Debt Service	481,226,081	512,825,704	531,857,100	398,771,900	405,817,100
Facilities and Support Services	52,916,531	54,469,930	61,981,100	73,162,100	84,055,000
County Costs	21,855,317	17,457,930	21,471,400	30,946,000	30,946,000
Commonwealth Office of Technology	130,086,715	119,434,556	144,563,200	154,349,400	155,573,400
Revenue	121,699,450	110,307,996	123,508,300	130,514,300	134,686,900

EXPENDITURES BY UNIT

Property Valuation Administrators	59,517,683	59,946,700	63,147,600	68,609,500	69,305,100
TOTAL EXPENDITURES	922,766,135	1,008,603,744	1,287,437,400	983,824,700	1,005,197,900

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.

Health and Family Services

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,871,337,800	2,902,696,700	2,788,375,200	3,021,746,400	3,516,649,000
Special Appropriation			32,000,000		
Current Year Appropriation	300,000	16,312,500	16,993,400		
Reorganization Adjustment	-151,800				
Other		-25,245,400			
Total General Fund	2,871,486,000	2,893,763,800	2,837,368,600	3,021,746,400	3,516,649,000
Tobacco Fund					
Tobacco Settlement - Phase I	29,222,900	26,039,100	26,204,700	26,000,000	26,000,000
Continuing Approp-Tob Settlement	14,467,167	14,647,654	17,308,900		
Other	-1,841,176	3,696,458			
Total Tobacco Fund	41,848,891	44,383,211	43,513,600	26,000,000	26,000,000
Restricted Funds					
Balance Forward	91,546,817	168,688,511	150,753,000	560,719,200	84,097,900
Current Receipts	834,688,081	910,458,483	1,085,361,900	1,281,422,700	1,297,604,700
Non-Revenue Receipts	222,485,429	192,156,875	843,324,100	526,715,700	706,611,400
Fund Transfers		-4,000,000			
Total Restricted Funds	1,148,720,327	1,267,303,869	2,079,439,000	2,368,857,600	2,088,314,000
Federal Fund					
Balance Forward	-23,186,950	18,596,081	6,549,300	1,483,700	135,300
Current Receipts	10,668,732,926	13,391,377,306	14,566,473,700	13,854,954,800	13,803,025,000
Non-Revenue Receipts	-659	30,635			
Total Federal Fund	10,645,545,317	13,410,004,022	14,573,023,000	13,856,438,500	13,803,160,300
TOTAL SOURCE OF FUNDS	14,707,600,535	17,615,454,902	19,533,344,200	19,273,042,500	19,434,123,300
EXPENDITURES BY CLASS					
Personnel Costs	945,132,207	1,189,437,059	1,334,724,100	1,508,237,100	1,480,889,600
Operating Expenses	116,206,612	153,361,420	164,117,100	167,908,200	159,299,000
Grants Loans Benefits	13,409,996,629	16,085,621,752	17,462,441,500	17,500,964,800	17,779,376,000
Debt Service	12,300,725	11,730,725	9,809,600	11,650,200	13,488,000
Capital Outlay	197,664	632,770	49,000	49,000	49,000
Construction	52,118	59,831			
TOTAL EXPENDITURES	14,483,885,954	17,440,843,555	18,971,141,300	19,188,809,300	19,433,101,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,849,703,664	2,893,763,800	2,837,368,600	3,021,746,400	3,516,649,000
Tobacco Fund	27,201,237	27,074,135	43,513,600	26,000,000	26,000,000
Restricted Funds	980,031,816	1,116,550,768	1,518,719,800	2,284,759,700	2,087,292,300
Federal Fund	10,626,949,236	13,403,454,853	14,571,539,300	13,856,303,200	13,803,160,300
TOTAL EXPENDITURES	14,483,885,954	17,440,843,555	18,971,141,300	19,188,809,300	19,433,101,600
EXPENDITURES BY UNIT					
General Administration and Program Support	92,994,884	94,315,470	184,532,500	118,179,000	118,736,600
Aging and Independent Living	71,458,303	87,123,134	109,201,800	118,334,500	118,585,600
Income Support	105,252,200	103,657,947	119,156,200	131,132,800	132,200,200
Public Health	357,568,845	597,384,688	770,262,100	623,169,200	522,158,400
Behavioral Health, Developmental & Intellectual Disabilities	455,089,957	448,687,275	491,649,300	524,643,500	525,312,200
Family Resource Centers and Volunteer Services	17,981,890	18,655,295	36,878,600	31,671,600	31,685,100
Community Based Services	1,298,045,289	1,431,956,567	1,919,967,400	1,888,897,000	1,649,321,900
Medicaid Services	12,043,415,613	14,607,307,180	15,277,653,500	15,689,008,700	16,271,563,000

EXPENDITURES BY UNIT

Office for Children with Special Health Care Needs	18,290,766	17,446,805	19,894,900	21,707,800	21,455,500
Office of Health Data and Analytics	23,788,208	34,309,193	41,945,000	42,065,200	42,083,100
TOTAL EXPENDITURES	<u>14,483,885,954</u>	<u>17,440,843,555</u>	<u>18,971,141,300</u>	<u>19,188,809,300</u>	<u>19,433,101,600</u>

The Cabinet for Health and Family Services is the primary state agency responsible for leadership in protecting and promoting the health and well-being of all Kentuckians through the delivery of quality health and human services. The following departments and/or offices comprise the Cabinet for Health and Family Services: the Office of the Secretary, Office of the Inspector General, Office of Legal Services, Office of Administrative Services, Office of Application Technology Services, Office of Human Resource Management, Office of Finance and Budget, Office of Legislative and Regulatory Affairs, Office of Ombudsman and Administrative Review, and Office of Public Affairs which comprise the Administration and Program Support appropriation unit. Remaining agencies/appropriation units within the Cabinet include the Office of Health Data and Analytics; Department for Medicaid Services; Department for Behavioral Health, Developmental and Intellectual Disabilities; Department for Public Health; Department for Aging and Independent Living; Department for Community Based Services; Department for Income Support; Department for Family Resource Centers and Volunteer Services; and the Commission for Children with Special Health Care Needs.

Justice and Public Safety

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	922,728,700	953,585,700	980,513,700	1,124,812,000	1,190,244,600
Special Appropriation			36,060,700	1,000,000	1,000,000
Current Year Appropriation	17,216,900	50,000	26,004,400		
Continuing Approp-General Fund	2,789	153	146,300		
Other		-145,016,900			
Total General Fund	939,948,389	808,618,953	1,042,725,100	1,125,812,000	1,191,244,600
Tobacco Fund					
Tobacco Settlement - Phase I	7,362,800	3,516,600	3,593,800	3,250,000	3,250,000
Continuing Approp-Tob Settlement	4,616,891	5,727,555	5,168,400		
Other	-460,638				
Total Tobacco Fund	11,519,053	9,244,155	8,762,200	3,250,000	3,250,000
Restricted Funds					
Balance Forward	42,808,789	54,737,326	88,652,800	81,471,600	78,004,100
Current Receipts	48,484,983	43,600,399	51,142,800	51,583,500	51,911,400
Non-Revenue Receipts	122,140,831	116,689,880	118,707,000	123,391,500	126,312,600
Fund Transfers			-2,452,100	-1,028,500	-2,057,000
Total Restricted Funds	213,434,603	215,027,605	256,050,500	255,418,100	254,171,100
Federal Fund					
Balance Forward	-5,218,494	-9,216,444	-11,597,100	-823,400	-343,500
Current Receipts	95,830,541	196,681,031	128,992,100	129,909,800	83,781,200
Non-Revenue Receipts		531,131			
Total Federal Fund	90,612,047	187,995,718	117,395,000	129,086,400	83,437,700
Road Fund					
Regular Appropriation	106,762,100	108,100,200	56,980,300	59,436,600	59,262,500
Other		-30,000,000			
Total Road Fund	106,762,100	78,100,200	56,980,300	59,436,600	59,262,500
TOTAL SOURCE OF FUNDS	1,362,276,191	1,298,986,631	1,481,913,100	1,573,003,100	1,591,365,900
EXPENDITURES BY CLASS					
Personnel Costs	693,675,679	690,586,383	788,418,900	847,790,600	855,627,200
Operating Expenses	153,673,844	159,866,691	180,932,900	166,780,600	166,981,000
Grants Loans Benefits	387,254,327	337,670,795	411,219,300	438,079,300	440,896,700
Debt Service	3,628,460	1,219,169	463,800	15,018,800	31,418,800
Capital Outlay	18,593,801	12,864,578	20,230,000	27,673,200	19,282,900
Construction	55,880	12,635			
TOTAL EXPENDITURES	1,256,881,990	1,202,220,252	1,401,264,900	1,495,342,500	1,514,206,600
EXPENDITURES BY FUND SOURCE					
General Fund	909,106,810	794,076,761	1,042,725,100	1,125,812,000	1,191,244,600
Tobacco Fund	5,791,497	4,075,746	8,762,200	3,250,000	3,250,000
Restricted Funds	158,697,277	126,374,786	174,578,900	177,414,000	177,050,200
Federal Fund	99,828,490	199,592,759	118,218,400	129,429,900	83,399,300
Road Fund	83,457,915	78,100,200	56,980,300	59,436,600	59,262,500
TOTAL EXPENDITURES	1,256,881,990	1,202,220,252	1,401,264,900	1,495,342,500	1,514,206,600
EXPENDITURES BY UNIT					
Justice Administration	81,878,943	86,932,087	99,218,100	114,054,200	113,381,500
Criminal Justice Training	85,866,057	77,228,581	86,758,900	93,223,800	94,530,800
Juvenile Justice	112,481,135	103,219,390	127,001,800	137,447,400	138,602,900
State Police	270,076,388	272,494,905	300,378,100	330,960,400	330,110,300
Corrections	634,624,875	588,333,972	710,122,800	731,097,100	748,555,900

EXPENDITURES BY UNIT

Public Advocacy	71,954,592	74,011,317	77,785,200	88,559,600	89,025,200
TOTAL EXPENDITURES	<u>1,256,881,990</u>	<u>1,202,220,252</u>	<u>1,401,264,900</u>	<u>1,495,342,500</u>	<u>1,514,206,600</u>

The Kentucky Justice Cabinet was established in 1974 and was renamed the Justice and Public Safety Cabinet in 2007. The Cabinet is responsible for criminal justice services throughout the Commonwealth of Kentucky, including law enforcement, law enforcement training, adult and juvenile incarceration, and public advocacy. The Cabinet provides overall leadership, policy direction and training for six departments and multiple public agencies and boards, with a focus on prevention, treatment, law enforcement and preparing offenders for reentry into society with acquired skills to facilitate non-criminal behavior.

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

The mission of the Justice and Public Safety Cabinet is to ensure the safety and security of Kentucky communities through a fair and impartial administration of taxpayer resources. The approach centers on protecting citizens, restoring victims and reforming wrongdoers, all in a focused environment where everything is measured for accountability and performance. The Cabinet seeks the best possible return from our public safety investment, using evidence-based programs, fiscal discipline, and data-driven strategies. Likewise, the Cabinet is committed to holding offenders to the highest standards of personal accountability and responsibility.

The vision of the Justice and Public Safety Cabinet is to remain a national leader in criminal justice while focusing our resources on the most effective strategies to reduce crime and protect public safety. This involves a comprehensive effort to right-size corrections, enhance re-entry programs, and reinvest any savings into law enforcement, community supervision, and better drug interventions. The Cabinet will empower and support victims, and demand that offenders learn productive skills to support themselves after release.

	Personnel		Revised FY 2022	Enacted FY 2023	Enacted FY 2024
	Actual FY 2020	Actual FY 2021			
SOURCE OF FUNDS					
General Fund					
Regular Appropriation			102,064,000	89,090,400	89,924,800
Total General Fund			102,064,000	89,090,400	89,924,800
Restricted Funds					
Balance Forward	31,510,227	29,176,415	33,718,100	25,842,200	20,235,500
Current Receipts	49,389,222	48,469,175	47,444,500	49,166,000	53,288,600
Non-Revenue Receipts	1,676,060	8,893,162	9,243,800	10,723,700	11,155,200
Fund Transfers	-2,693,800	-2,690,700			
Total Restricted Funds	79,881,708	83,848,051	90,406,400	85,731,900	84,679,300
Federal Fund					
Current Receipts	100,125	468,075			1,259,000
Total Federal Fund	100,125	468,075			1,259,000
Road Fund					
Regular Appropriation					1,129,000
Total Road Fund					1,129,000
TOTAL SOURCE OF FUNDS	79,981,833	84,316,126	192,470,400	174,822,300	176,992,100
EXPENDITURES BY CLASS					
Personnel Costs	46,240,863	46,139,433	58,134,000	58,835,800	68,335,100
Operating Expenses	4,564,555	4,458,611	6,400,200	6,660,600	6,623,300
Grants Loans Benefits			102,064,000	89,090,400	84,617,800
Capital Outlay			30,000		
TOTAL EXPENDITURES	50,805,419	50,598,044	166,628,200	154,586,800	159,576,200
EXPENDITURES BY FUND SOURCE					
General Fund			102,064,000	89,090,400	89,924,800
Restricted Funds	50,705,294	50,129,969	64,564,200	65,496,400	67,263,400
Federal Fund	100,125	468,075			1,259,000
Road Fund					1,129,000
TOTAL EXPENDITURES	50,805,419	50,598,044	166,628,200	154,586,800	159,576,200
EXPENDITURES BY UNIT					
General Operations	25,843,263	25,970,208	31,944,000	32,750,800	32,871,600
Public Employees Deferred Compensation Authority	6,743,320	6,958,694	8,322,300	8,386,700	8,401,000
Workers' Compensation Benefits and Reserve	18,218,836	17,669,141	24,297,900	24,358,900	24,358,800
Fixed Allocation Non-Hazardous Pension Fund			102,064,000	89,090,400	84,617,800
State Salary and Compensation Fund					9,327,000
TOTAL EXPENDITURES	50,805,419	50,598,044	166,628,200	154,586,800	159,576,200

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, Fixed Allocation Non-Hazardous Pension 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.

Postsecondary Education

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,118,607,800	1,152,735,400	1,209,303,500	1,385,058,800	1,440,555,700
Special Appropriation			28,200,000	8,500,000	10,000,000
Current Year Appropriation	497,400	10,161,600	894,400		
Continuing Approp-General Fund	42,426,308	37,929,863	57,595,900		
Reorganization Adjustment	-1,856,200				
Other	15,363,344	-17,000,000			
Total General Fund	1,175,038,652	1,183,826,863	1,295,993,800	1,393,558,800	1,450,555,700
Tobacco Fund					
Tobacco Settlement - Phase I	6,686,500	7,526,100	7,693,800	6,250,000	6,250,000
Continuing Approp-Tob Settlement	642,289	154,444	2,300		
Other	-418,327	300,000			
Total Tobacco Fund	6,910,462	7,980,544	7,696,100	6,250,000	6,250,000
Restricted Funds					
Balance Forward	7,328,908	8,143,165	9,234,500	4,199,700	1,810,100
Current Receipts	5,388,665,664	5,522,429,360	6,921,780,000	8,389,521,100	10,803,081,600
Non-Revenue Receipts	14,752,621	11,104,236	6,508,100	26,222,900	17,965,600
Fund Transfers			-1,300,000		
Total Restricted Funds	5,410,747,192	5,541,676,761	6,936,222,600	8,419,943,700	10,822,857,300
Federal Fund					
Balance Forward	1,311	2,175	-38,011		
Current Receipts	873,205,454	1,085,791,976	1,229,722,911	1,378,507,400	1,348,178,500
Non-Revenue Receipts			2,063,500		
CRF Receipts		38,643,053			
Total Federal Fund	873,206,764	1,124,437,204	1,231,748,400	1,378,507,400	1,348,178,500
TOTAL SOURCE OF FUNDS	7,465,903,070	7,857,921,373	9,471,660,900	11,198,259,900	13,627,841,500
EXPENDITURES BY CLASS					
Personnel Costs	3,690,128,926	3,762,350,806	4,128,943,900	4,790,866,400	5,807,525,300
Operating Expenses	2,087,824,436	2,357,990,859	3,339,146,800	4,368,108,000	5,637,542,000
Grants Loans Benefits	747,522,656	769,248,347	1,483,131,300	1,341,254,600	1,325,120,000
Debt Service	165,063,809	173,514,589	173,898,700	189,927,900	239,596,000
Capital Outlay	288,950,019	290,371,322	342,340,500	506,292,900	616,787,100
TOTAL EXPENDITURES	6,979,489,846	7,353,475,923	9,467,461,200	11,196,449,800	13,626,570,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,136,736,412	1,126,227,892	1,295,993,800	1,393,558,800	1,450,555,700
Tobacco Fund	6,756,018	7,978,217	7,696,100	6,250,000	6,250,000
Restricted Funds	4,961,189,427	5,090,620,848	6,932,022,900	8,418,133,600	10,821,586,200
Federal Fund	874,807,989	1,128,648,965	1,231,748,400	1,378,507,400	1,348,178,500
TOTAL EXPENDITURES	6,979,489,846	7,353,475,923	9,467,461,200	11,196,449,800	13,626,570,400
EXPENDITURES BY UNIT					
Council on Postsecondary Education	30,638,255	34,139,080	55,953,900	62,247,200	44,765,900
Kentucky Higher Education Assistance Authority	289,923,354	295,441,312	380,348,200	385,186,400	383,369,100
Postsecondary Education Institutions	6,658,928,237	7,023,895,531	9,031,159,100	10,749,016,200	13,198,435,400
TOTAL EXPENDITURES	6,979,489,846	7,353,475,923	9,467,461,200	11,196,449,800	13,626,570,400

Public Protection

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,178,100	5,312,900	7,324,200	8,572,200	8,298,100
Current Year Appropriation			211,000		
Reorganization Adjustment	652,700				
Total General Fund	7,830,800	5,312,900	7,535,200	8,572,200	8,298,100
Restricted Funds					
Balance Forward	116,330,483	133,035,044	158,678,700	173,002,100	196,346,600
Current Receipts	116,723,129	120,010,689	119,825,600	126,639,600	128,413,500
Non-Revenue Receipts	37,354,335	55,471,495	51,593,600	28,314,800	51,916,600
Fund Transfers	-23,000,000	-35,225,000	-35,000,000		
Total Restricted Funds	247,407,948	273,292,228	295,097,900	327,956,500	376,676,700
Federal Fund					
Balance Forward	-37,399	-2,273	-14,500		
Current Receipts	723,500	36,040,627	23,517,000	76,316,700	1,016,700
Total Federal Fund	686,101	36,038,355	23,502,500	76,316,700	1,016,700
TOTAL SOURCE OF FUNDS	255,924,849	314,643,483	326,135,600	412,845,400	385,991,500
EXPENDITURES BY CLASS					
Personnel Costs	69,103,918	70,478,751	79,180,400	84,718,500	84,933,700
Operating Expenses	12,045,617	9,799,660	10,207,300	12,249,900	12,198,600
Grants Loans Benefits	39,545,258	75,425,589	63,539,800	118,537,400	43,533,200
Capital Outlay	357,780	257,022	206,000	993,000	461,000
Construction	641	613			
TOTAL EXPENDITURES	121,053,213	155,961,635	153,133,500	216,498,800	141,126,500
EXPENDITURES BY FUND SOURCE					
General Fund	5,991,936	5,294,866	7,535,200	8,572,200	8,298,100
Restricted Funds	114,372,904	114,613,890	122,095,800	131,609,900	131,811,700
Federal Fund	688,373	36,052,880	23,502,500	76,316,700	1,016,700
TOTAL EXPENDITURES	121,053,213	155,961,635	153,133,500	216,498,800	141,126,500
EXPENDITURES BY UNIT					
Secretary	8,743,669	44,767,975	32,124,100	85,216,400	9,969,200
Professional Licensing	3,321,673	3,545,675	5,377,600	5,482,600	5,509,800
Boxing and Wrestling Commission	161,680	139,410	182,400	187,100	187,900
Alcoholic Beverage Control	8,573,520	6,287,306	7,039,200	7,161,300	7,187,400
Charitable Gaming	3,443,382	3,787,551	3,944,700	4,048,700	4,075,400
Financial Institutions	12,607,551	12,312,308	13,280,300	15,187,900	15,266,500
Horse Racing Commission	45,259,245	46,092,946	47,961,100	52,345,100	52,386,000
Housing, Buildings and Construction	23,209,599	23,775,256	24,904,700	27,571,000	27,164,400
Insurance	13,624,154	13,449,618	16,006,500	16,940,700	17,013,000
Claims and Appeals	2,108,740	1,803,591	2,312,900	2,358,000	2,366,900
TOTAL EXPENDITURES	121,053,213	155,961,635	153,133,500	216,498,800	141,126,500

The Public Protection Cabinet's mission is to provide for public safety, consumer protection and financial integrity through the enforcement and administration of laws and regulations throughout the Commonwealth. The Cabinet has six departments:

- Department of Alcoholic Beverage Control
- Department of Charitable Gaming
- Department of Financial Institutions
- Department of Housing, Buildings and Construction
- Department of Insurance
- Department of Professional Licensing.

Attached to the Cabinet for administrative purposes only:

- Kentucky Horse Racing Commission
- Kentucky Boxing & Wrestling Commission
- Office of Claims and Appeals

The Office of the Secretary also includes the Office of Administrative Services, the Office of Communications and Public Outreach, Office of Administrative Hearings, and the Office of Legal Services.

Tourism, Arts and Heritage

Tourism, Arts and Heritage

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	70,367,600	69,696,200	71,689,600	93,205,300	99,620,500
Special Appropriation	2,121,000		50,000		
Current Year Appropriation	2,700,000	33,800,000	21,581,800		
Reorganization Adjustment			-100,600		
Total General Fund	75,188,600	103,496,200	93,220,800	93,205,300	99,620,500
Restricted Funds					
Balance Forward	190,652,125	195,241,347	204,389,185	165,529,085	123,735,285
Current Receipts	155,257,999	125,523,451	158,104,500	177,199,100	166,757,700
Non-Revenue Receipts	8,772,491	-13,790,374	-26,328,500	-17,165,600	-16,463,000
Fund Transfers		-1,000,000			
Total Restricted Funds	354,682,615	305,974,424	336,165,185	325,562,585	274,029,985
Federal Fund					
Balance Forward	6,400,239	7,913,503	8,294,800	7,174,000	6,244,000
Current Receipts	23,635,706	20,335,828	112,251,600	42,631,300	25,137,300
Non-Revenue Receipts	-2,923,702	-893,989	-915,400	-915,200	-915,300
Total Federal Fund	27,112,243	27,355,343	119,631,000	48,890,100	30,466,000
Road Fund					
Regular Appropriation	553,000	573,800			
Total Road Fund	553,000	573,800			
TOTAL SOURCE OF FUNDS	457,536,458	437,399,766	549,016,985	467,657,985	404,116,485
EXPENDITURES BY CLASS					
Personnel Costs	155,317,908	139,490,772	182,169,000	199,941,200	206,493,400
Operating Expenses	77,469,740	67,283,629	93,793,700	118,746,700	92,704,500
Grants Loans Benefits	8,097,615	5,033,055	89,720,800	8,948,500	8,914,100
Debt Service	6,452,833	3,130,020	2,357,600	3,224,600	15,980,100
Capital Outlay	6,340,924	9,191,749	8,272,800	6,817,700	6,278,600
Construction	98,256	-261,011			
TOTAL EXPENDITURES	253,777,276	223,868,214	376,313,900	337,678,700	330,370,700
EXPENDITURES BY FUND SOURCE					
General Fund	74,584,268	102,648,531	93,220,800	93,205,300	99,620,500
Restricted Funds	159,441,268	101,585,284	170,636,100	201,827,300	205,614,500
Federal Fund	19,198,740	19,060,599	112,457,000	42,646,100	25,135,700
Road Fund	553,000	573,800			
TOTAL EXPENDITURES	253,777,276	223,868,214	376,313,900	337,678,700	330,370,700
EXPENDITURES BY UNIT					
Secretary	15,351,825	11,945,340	108,878,300	38,868,900	21,083,100
Artisans Center	2,336,255	1,997,066	2,722,200	2,765,900	2,783,000
Kentucky Department of Tourism	2,896,366	2,805,563	3,336,100	3,456,400	3,480,900
Parks	99,995,644	86,836,837	101,678,600	110,645,400	116,735,000
Horse Park Commission	12,201,375	10,754,151	12,977,000	13,917,300	14,129,100
State Fair Board	51,970,347	40,647,416	55,743,800	57,843,000	66,804,700
Fish and Wildlife Resources	57,494,825	57,560,867	75,287,300	91,687,800	90,223,900
Historical Society	6,283,716	6,067,499	7,255,500	8,471,100	8,548,500
Arts Council	2,836,491	2,561,313	3,818,700	2,713,600	2,726,300
Heritage Council	1,852,132	2,133,863	2,532,100	6,751,000	3,297,900
Kentucky Center for the Arts	558,300	558,300	2,084,300	558,300	558,300
TOTAL EXPENDITURES	253,777,276	223,868,214	376,313,900	337,678,700	330,370,700

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 Tourism
- Office of the Secretary
- The Kentucky Humanities Council

	Transportation Transportation				
	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,089,000	6,089,000	14,489,000	294,839,800	16,832,800
Current Year Appropriation			63,800		
Continuing Approp-General Fund	1,957,414	1,213,043	940,900		
Total General Fund	8,046,414	7,302,043	15,493,700	294,839,800	16,832,800
Restricted Funds					
Balance Forward	112,517,244	96,193,194	97,679,300	16,718,300	16,993,800
Current Receipts	126,382,834	135,182,464	193,991,500	187,225,800	338,276,800
Non-Revenue Receipts	5,874,193	11,376,910	66,076,900	16,056,900	16,065,800
Fund Transfers	-6,424,000	-4,838,400	-3,828,800	-421,100	-453,000
Total Restricted Funds	238,350,272	237,914,168	353,918,900	219,579,900	370,883,400
Federal Fund					
Balance Forward	1,071,034	-77,517,707	-151,581,300	51,300	51,300
Current Receipts	988,838,531	924,339,984	1,216,131,900	1,548,448,200	1,331,483,400
Non-Revenue Receipts	-84,621,784				
Total Federal Fund	905,287,781	846,822,278	1,064,550,600	1,548,499,500	1,331,534,700
Road Fund					
Regular Appropriation	1,401,612,100	1,472,546,300	1,549,049,300	1,666,328,100	1,623,025,800
Surplus Expenditure Plan	75,238,050	139,829	97,267,300		
Current Year Appropriation	5,065,500	64,067,100	16,505,900		
Continuing Approp-Road Fund	397,544,504	416,116,216			
Other	-8,212,532	-3,350,999	9,133,600		
Total Road Fund	1,871,247,622	1,949,518,446	1,671,956,100	1,666,328,100	1,623,025,800
TOTAL SOURCE OF FUNDS	3,022,932,088	3,041,556,934	3,105,919,300	3,729,247,300	3,342,276,700
EXPENDITURES BY CLASS					
Personnel Costs	594,526,486	581,324,185	686,456,900	705,756,500	707,727,000
Operating Expenses	304,371,189	315,844,568	341,643,900	356,306,400	350,094,400
Grants Loans Benefits	265,689,293	254,433,127	379,068,100	364,564,400	343,423,700
Debt Service	246,475,592	229,885,691	219,290,400	212,460,800	208,274,500
Capital Outlay	8,234,616	14,534,281	5,275,900	122,629,400	18,290,200
Construction	1,138,502,365	1,051,944,570	1,448,691,700	1,947,656,100	1,691,359,500
TOTAL EXPENDITURES	2,557,799,540	2,447,966,421	3,080,426,900	3,709,373,600	3,319,169,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,774,970	6,359,613	15,493,700	294,839,800	16,832,800
Restricted Funds	142,157,077	140,234,868	337,200,600	202,586,100	350,380,300
Federal Fund	982,805,487	998,403,645	1,064,499,300	1,548,448,200	1,331,483,400
Road Fund	1,426,062,005	1,302,968,295	1,663,233,300	1,663,499,500	1,620,472,800
TOTAL EXPENDITURES	2,557,799,540	2,447,966,421	3,080,426,900	3,709,373,600	3,319,169,300
EXPENDITURES BY UNIT					
General Administration and Support	76,583,104	78,730,795	89,789,300	171,437,400	84,878,700
Aviation	17,984,766	18,189,782	42,740,400	36,456,900	22,263,600
Debt Service	142,492,346	142,480,244	130,416,800	132,123,500	134,302,100
Highways	1,898,314,707	1,818,467,063	2,270,922,000	2,796,014,700	2,530,928,600
Public Transportation	40,676,836	42,146,532	119,873,200	98,928,600	96,891,800

Revenue Sharing	337,047,576	286,922,231	350,828,400	372,763,000	364,783,000
Vehicle Regulation	37,760,205	47,089,775	72,856,800	68,120,500	69,071,500
Transfer to Capital Projects	6,940,000	13,940,000	3,000,000	33,529,000	16,050,000
TOTAL EXPENDITURES	<u>2,557,799,540</u>	<u>2,447,966,421</u>	<u>3,080,426,900</u>	<u>3,709,373,600</u>	<u>3,319,169,300</u>

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.

Legislative Branch

Legislative Branch

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	70,162,500	71,986,400	79,289,300	85,040,600	88,016,800
Current Year Appropriation			2,221,900		
Continuing Approp-General Fund	13,971,530	15,689,975	23,677,200		
Total General Fund	84,134,030	87,676,375	105,188,400	85,040,600	88,016,800
Restricted Funds					
Balance Forward	1,235,069	1,431,040	601,100	601,100	601,100
Current Receipts	195,971	32,206			
Non-Revenue Receipts		448,476	175,000	75,000	175,000
Total Restricted Funds	1,431,040	1,911,722	776,100	676,100	776,100
Federal Fund					
Balance Forward			448,500	448,500	448,500
Current Receipts		2,794,559			
Total Federal Fund		2,794,559	448,500	448,500	448,500
TOTAL SOURCE OF FUNDS	85,565,070	92,382,655	106,413,000	86,165,200	89,241,400
EXPENDITURES BY CLASS					
Personnel Costs	54,307,688	52,112,643	65,527,200	69,764,500	72,165,500
Operating Expenses	11,520,351	13,919,066	15,759,000	14,951,100	15,626,300
Capital Outlay	347,017	131,509	400,000	400,000	400,000
TOTAL EXPENDITURES	66,175,055	66,163,218	81,686,200	85,115,600	88,191,800
EXPENDITURES BY FUND SOURCE					
General Fund	66,175,055	63,817,135	81,511,200	85,040,600	88,016,800
Restricted Funds			175,000	75,000	175,000
Federal Fund		2,346,083			
TOTAL EXPENDITURES	66,175,055	66,163,218	81,686,200	85,115,600	88,191,800
EXPENDITURES BY UNIT					
Legislative Branch	66,175,055	66,163,218	81,686,200	85,115,600	88,191,800
TOTAL EXPENDITURES	66,175,055	66,163,218	81,686,200	85,115,600	88,191,800

Judicial Branch

Judicial Branch

	Actual FY 2020	Actual FY 2021	Revised FY 2022	Enacted FY 2023	Enacted FY 2024
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	388,377,700	392,416,700	382,052,600	412,732,400	421,664,700
Special Appropriation			14,700,000		
Current Year Appropriation			10,928,500		
Continuing Approp-General Fund	5,979,444	4,636,443	13,920,800		
Budget Reduction-General Fund	-7,500,000				
Total General Fund	386,857,144	397,053,143	421,601,900	412,732,400	421,664,700
Restricted Funds					
Balance Forward	32,086,082	37,277,300	42,656,600	35,319,700	27,984,100
Current Receipts	22,465,298	22,380,997	19,704,000	22,067,600	22,582,600
Non-Revenue Receipts	26,745,995	25,946,451	26,071,800	22,808,500	22,842,500
Total Restricted Funds	81,297,375	85,604,748	88,432,400	80,195,800	73,409,200
Federal Fund					
Current Receipts	7,842,247	3,171,901	4,025,400	3,204,900	2,576,000
Total Federal Fund	7,842,247	3,171,901	4,025,400	3,204,900	2,576,000
TOTAL SOURCE OF FUNDS	475,996,766	485,829,792	514,059,700	496,133,100	497,649,900
EXPENDITURES BY CLASS					
Personnel Costs	272,573,984	273,650,141	284,306,800	294,197,000	299,674,000
Operating Expenses	159,230,532	150,899,009	179,233,200	168,752,000	169,481,700
Grants Loans Benefits	1,934				
Capital Outlay	2,276,573	4,703,323	5,200,000	5,200,000	5,200,000
TOTAL EXPENDITURES	434,083,023	429,252,473	468,740,000	468,149,000	474,355,700
EXPENDITURES BY FUND SOURCE					
General Fund	382,220,701	383,132,378	411,601,900	412,732,400	421,664,700
Restricted Funds	44,020,075	42,948,194	53,112,700	52,211,700	50,115,000
Federal Fund	7,842,247	3,171,901	4,025,400	3,204,900	2,576,000
TOTAL EXPENDITURES	434,083,023	429,252,473	468,740,000	468,149,000	474,355,700
EXPENDITURES BY UNIT					
Judicial Branch	434,083,023	429,252,473	468,740,000	468,149,000	474,355,700
TOTAL EXPENDITURES	434,083,023	429,252,473	468,740,000	468,149,000	474,355,700



State of the Commonwealth Address

Governor Andy Beshear

January 5, 2022

President Stivers, Speaker Osborne, Members of the General Assembly, Lieutenant Governor Coleman, constitutional officers, Chief Justice Minton and the justices of the Kentucky Supreme Court, secretaries of the Executive Cabinet, General Lambertson – and to all the Kentuckians around the commonwealth who are watching safely from home, including Kentucky’s First Lady and toy-drive superwoman Britainy Beshear and our children, Will and Lila. And, of course, Virginia. Thanks for being there for the people of Kentucky once again.

I am humbled to stand before you tonight to deliver my third State of the Commonwealth Address. In many ways, this address feels both the toughest and the most exciting.

We come into this New Year with excitement and optimism, with an economy booming like never before. At the same time, we are all processing grief and sadness after a year of unprecedented natural disasters and a continuing pandemic.

We are just weeks from the deadliest tornado outbreak in state history, which took 77 lives, including one child just 6 days old. Entire towns were nearly wiped off the map, leaving thousands of our brothers and sisters homeless or struggling.

All of this as we continue to fight a COVID pandemic that has now taken more than 12,000 of our Kentucky family, friends and neighbors and more than 828,000 of our fellow Americans.

But even through these trials and the pain we carry from them, I am here to report the State of our Commonwealth is strong. And I am confident, even certain, that our time – Kentucky’s time – is here. Our commonwealth is strong. It is strong because we are strong.

In Kentucky, we are good people, tough people, resilient people. We care deeply for one another. And while they may knock us down, no tornado, no pandemic, no flood, no ice storm can break us. Because we do not break.

All of America – and indeed the entire world – has now seen who we are: neighbors who open our homes and hearts to one another. People who embrace selflessness, generosity and love. All while we were reminded that any arguments, any divisions, just aren’t that important.

And not even the difficulties of our present can stop our excitement of the future. And good people deserve a good future. Our time is here. Kentucky is no longer a fly-over state. We are the destination.

We are celebrating the greatest economic progress we've seen in our nearly 230-year history, with the largest ever private sector investment, the most new jobs and the second highest wages in state history – and we are just getting started.

We will talk more about this exciting time, our time. But first, let's address our trials and our tragedies. 2021 was marked by the loss of far too many of our friends, family members and neighbors. Everyone lost someone, maybe multiple some ones, over the last year.

On top of another year of painful losses to the pandemic, 2021 was bookended by natural disasters: devastating ice storms and historic flooding in January and February, and the deadly tornado outbreak in December.

After each of these disasters, I visited the communities that were suffering, to see the damage myself and to listen to the stories of our families. I traveled to a warming center in Ashland during the ice storm. I found a friend of mine sitting in the corner with his dad, whose dialysis machine was plugged into the wall. I watched as volunteers brought in meals, and a medical team from King's Daughters arrived and walked family to family to make sure everyone was okay.

One month later, that same warming center was underwater as record flooding hit parts of Eastern Kentucky. Days later, I went to Beattyville, which had been almost completely submerged. I listened to one of our county judges describe an amazing helicopter rescue by our National Guard. Let's take a moment to thank the National Guard for their heroic efforts this last year – I am proud to be your commander in chief.

Months after Beattyville, I was in Nicholas County. A historic flood had taken homes clear off their foundations, red Xs painted on their doors as a painful symbol that people could not return to their homes.

And then came December, with at least five tornados hitting on the same terrible night, one of which stayed on the ground bringing death and destruction for more than 200 miles. The stories of that night are tragic, but they are also heroic.

I met a farmer in Taylor County who pulled multiple neighbors from the basements of their collapsed homes, clearing away enough debris to pull them out. He told me one family called out: "Please don't leave us!" And he didn't. That man, Nevin Price, is with us tonight with his wife, Sherrie. Let's give him the round of applause that a hero deserves.

Jeremy Creason couldn't be with us tonight. Jeremy is chief of the Fire Department in Mayfield. He was among the first on the scene after a tornado leveled a candle factory with dozens of workers inside. I remember talking to Jeremy, the mayor and police chief just after midnight on that difficult night as they worked to save so many lives. To all our first responders, the people of Kentucky thank you.

Nothing I'd ever witnessed prepared me for the level of destruction I saw in Western Kentucky. One of the hardest hit places was my dad's hometown of Dawson Springs. This is a place I know, a place that I love. This was always a safe place for me, a place where my family sang hymns on my grandfather's porch. Miraculously, that home, that porch still stand, but just a block away everything is gone.

Seventeen people, from a town where bad things simply don't happen, were lost. My faith teaches me that while we struggle to understand the whys of human suffering, we can see the presence of God's in the response. Scripture (Galatians 6:2) tells us: "Bear one another's burdens, and so fulfill the law of Christ."

We saw that in the actions of our people and in the outpouring of love and support from around the world. People from all over, many with little or no personal connection to Kentucky, have pledged millions of dollars to help the recovery and have volunteered thousands of hours. Many others – including Lieutenant Governor Coleman, folks from the executive branch and LRC – rolled up their sleeves to give blood at drives like one sponsored here at the Capitol. And when the First Lady started a toy drive, gifts poured in and piled up by the hundreds of thousands to make sure these kids who had already lost so much could have a good Christmas.

Britainy, I am so proud of your work. I was changed by your toy drive. Passing out those toys, and in visiting with those families, I had at least two special moments.

One was when I joined Coach Cal and Samaritan's Feet to hand out shoes. A young boy lit up as I pulled out a new pair of blue sneakers. He immediately asked if he could put them on right there, right then. We got them on him, and he jumped up and began running around, showing pure joy in a pair of shoes... just days after devastation.

And then there was Kara McKnight, a special girl I met at our Christmas celebration at Pennyrile Park. It had been a tough month for her and her family. She lost her older brother, Logan, around Thanksgiving. And then she lost her house in the tornado. My daughter, Lila, and I volunteered to be Kara's personal shoppers, and I started handing her more and more board games and other toys.

When her hands were full, I started loading Lila up with more, just for Kara. And that's when it happened. She began to laugh. An amazing, special laugh I will always remember. A laugh that reminded me that even in the darkness, there is wonderful, pure, joyful light.

Kara, her brother, Jett, and her parents, Ashley and Jason, are with us tonight. And I know Logan is here with us, too. Thank you to Kara and her entire family for their strength and for their goodness.

The courage and compassion Americans and Kentuckians have shown for one another during our plight fills me with pride at being your Governor and also with certainty that we – as Team

Kentucky – have what it takes to meet this challenge. We are committed to being there for those who lost everything in these tornadoes.

I appreciate President Biden’s support for our people during this disaster. He granted my request that the federal government pay for the entire cost of the first 30 days of cleanup. That’s a huge help, and I have requested an extension. Because there’s so much more that needs to be done.

As part of that effort, I am working with House and Senate members on fast-track legislation to help our impacted families. This legislation directs \$150 million to help our communities rebuild. Another \$50 million would go to the region’s schools to help them recover and get them ready to provide the best possible education to the kids there. It provides additional tools to bring and keep jobs in these communities. And it shows that we – Democrats and Republicans, House and Senate, Executive and Legislative branches – will stand with these families.

So I want every family and community touched by these storms to know that I am with you, the General Assembly is with you, and the Commonwealth of Kentucky is with you, today, tomorrow and however long it takes. We will rebuild. Every structure, every life.

Now, we cannot talk about the state of our commonwealth without addressing the ongoing COVID pandemic. As I noted earlier, we’ve lost more than 12,000 of our fellow Kentuckians to this evil virus. The nationwide death toll has surpassed 828,000. Those are 828,000 children of God, missed and mourned by their communities and those who loved them. And right now, we are seeing a severe, unprecedented escalation of cases due to a new variant we must take seriously. In fact, today is the most new cases we have had in a single day during the pandemic.

Yet even with these concerns, I remain convinced that we can and will beat COVID, because in 2021 we gained the tools and knowledge we need for victory. And in a point of pride we should all share, Kentucky and our people continued to take a leading role in this fight.

In late December 2020, I visited U of L Health as the very first COVID vaccines arrived, delivered by one of our very own UPS employees. Later, I visited UPS Worldport; the workers there, proud Kentuckians and maybe a few misguided Hoosiers, continue to ensure these lifesaving Shots of Hope reach people here, throughout America and around the globe.

The testing and vaccine protocols developed here in the commonwealth with the help of partners like Kroger and Gravity Diagnostics have gone on to become national models. Think about, in little more than a year, we’ve built the most robust testing and vaccination networks in human history. It was called the greatest logistics challenge since World War II, and we got it done.

In just over a year, we’ve vaccinated over 62% of every man, woman and child in the commonwealth, something that has never, ever been done before. Right now, people can drive or even walk to one or multiple locations where they can receive, free of charge, COVID testing, or a vaccination, or a booster. Get your booster.

We still need many more of our people to choose to get vaccinated and boosted, but we can and should take pride in the fact that our vaccination rate has consistently been in the top three in our region and now nearly 75% of all Kentuckians 18 and older have received at least their first shot of hope.

My administration's COVID response is and will always be based on saving lives: not what is easy, not what is popular, but what is necessary and what is right. That's why we were one of the very first states to prioritize vaccinations for our educators. It's how Kentucky was one of the first states to return to in-person instruction in every single school district. The rest of the nation later adopted our approach.

And as our kids went back to in-person learning, they had the support of the First Lady's Coverings for Kids. That effort ensured that students across the commonwealth had a mask to wear to protect them as they learned. Individuals and businesses, including Ford Motor Company and Humana, donated more than 2-point-4 million masks.

Folks, COVID is our Spanish flu. It is our plague. But we are strong enough to defeat it no matter how long it takes.

Yes, in 2021 we faced a once-in-100-years pandemic that is the challenge of our lifetime. On top of that, we have dealt with flooding, ice storms and deadly tornadoes. Still, we never took our eye off the ball and worked every day to build a better future of our kids.

Along the way, we shattered every economic development record in the books! We attracted a record \$11.2 billion in private-sector investments. Even better, these investments will create more than 18,000 quality jobs for Kentucky families.

In September, we landed the largest single investment this state has ever seen. At nearly \$6 billion and 5,000 new jobs, Ford Motor Company and its partner, SK Innovation, are going to build the nation's largest electric vehicle battery plants right here in Kentucky.

Bill Ford Jr. is Ford's executive chair, and Henry Ford's great-grandson. He sat in my office and said, "Andy, this is the biggest step in the auto industry since the Model T. And this is the biggest investment Ford has ever made, and we are making it in Kentucky."

That's when it hit me: Ford Motor Company – a company that is as American as America – was betting its future. And who did Ford trust enough to bet its future on? The people of the Commonwealth of Kentucky.

And it is not just Ford.

Pratt Industries is making its largest ever investment – a half-a-billion-dollars – in Henderson. This is the largest project in Western Kentucky in 25 years.

Toyota continues to believe in us, investing over \$461 million in electric vehicles and adding 1,400 direct, full-time jobs.

GE Appliances is expanding in Louisville, showing us that U.S. manufacturing is back. In October, the company announced a \$450 million investment and 1,000 new jobs.

Amazon operationalized its new \$1.5 billion Air Hub, creating 2,000 jobs in Northern Kentucky.

Ahlstrom-Munksjo located a second facility in Madisonville with a \$70 million investment that will create more than 50 jobs.

And Fidelity Investments in Covington, which was already one of Northern Kentucky's largest employers, announced 600 professional jobs this summer.

These are world-class companies choosing us; some of the most sophisticated corporations on the planet betting their future on Kentucky. These are the jobs of the future and they are coming to every part of our state.

Kentucky is leading on electric vehicles. Ford and Toyota's investments were joined by Firestone Industrial Products, creating 250 jobs in Whitley County.

We, Kentucky, are leading in agritech, with AppHarvest announcing four expansions in Morehead, Somerset, Berea and Richmond. AppleAtcha, who is growing apples on abandoned coal mine property, is expected to create 2,000 full-time jobs in Inez. AppleAtchah's own Bernie Kosar – Super Bowl and national champion quarterback – is here with us tonight. Thank you Bernie for the work you all are doing to fuel our agritech industry and feed our people. Fresh Harvest continues to grow in Stanford and Enviroflight is thriving in Maysville.

Other high-tech companies have made great strides, including Rajant in Morehead, which expanded its mesh telecommunications system, and Novelis, which opened its first new facility since 1982 investing over \$300 million in Todd County.

Kentucky was already the worldwide leader in bourbon production, but in 2021 we saw the industry continue to expand, both in production and tourism. We welcomed revivals like the Dant Family and Log Still. We celebrated exciting new players like Horse Soldier Bourbon in Somerset. These folks are the real deal. American heroes that, again, chose us. They are investing hundreds of millions of dollars in Southern Kentucky to build something really special. We also applauded stalwarts like Four Roses and Heaven Hill for cutting ribbons on expanded visitor centers. And I must say a special personal thank you to Secretary of Commerce Gina Raimondo, whom I personally worked with to remove harmful bourbon tariffs and ensure a bright future for a signature industry.

As you can see, the incredible economic leaps we are taking aren't confined to just a few counties or a few cities. And my pledge is that everyone will share in the coming prosperity, especially the regions and the neighborhoods that are far too often left out.

Let me give you one of my favorite examples. A month and a half ago, I returned to Beattyville. This time, it was not to respond to a natural disaster, but to welcome LION First Responder back to the community. LION, which reopened its PPE manufacturing in the community; and it did so in the same building the company left in 2010. What I saw that day was not just hope, it was progress; it was a step toward prosperity. Here with us tonight representing LION are Diane Best and Patty Barker. Let's thank them for investing in our Kentucky communities.

So after a record year – one where we won, and we won, and we won some more – where do we go? The answer should be simple: forward.

With all that we have experienced this year, we should be over the fighting, over the bickering, over any games.

After this year, I am convinced that our role in government is not to move the state right or left, but to move it forward.

So this year, and in this session, we have a duty – a responsibility – to make the investments that can turn two years of great progress into 20 years of real prosperity.

In a little over a week, I will join you again to unveil a budget that does just that.

I believe a budget is more than lines and numbers. It's a values statement, and my upcoming budget will reflect our Kentucky values of family, faith, community and a deep compassion for our neighbors.

It will make historic investments in education, as world-class companies require a world-class workforce. It will create a fund for investing in development sites, so that we attract the next Ford or Toyota. It will invest in essential workers, like our Kentucky State Police, our nurses and our teachers, to ensure we can not only recruit, but retain these critical jobs.

It will ensure we remain a leader in agriculture technology in Eastern Kentucky and will build on our pharmaceutical footprint in Northern Kentucky.

It will continue to deliver on our promise of a world-class airport in Paducah. It will continue to invest in infrastructure, with more water and sewer grants. And we will continue to expand the Mountain Parkway to four lanes and construct the I-69 bridge. It will move us ever closer to the announcement – which I hope we can make next year – that we will construct a Brent Spence Companion bridge without tolls.

And it will include a raise for all of our state workers. We simply cannot say that we respect and support our teachers, social workers and other state workers while removing their pensions and not providing them a raise in over a decade. And I care enough for each and every one of them to get them closer to paying them what they are worth.

Folks our time is here, and our future is now. But for us to achieve our destiny we have to embrace it and work for it. President Abraham Lincoln a hero to this state and this country said it best: “You cannot escape the responsibility of tomorrow by evading it today.”

As representatives of the people of Kentucky, we are called at this crucial moment in our history to accept this great responsibility and to lead. I know we can agree to work together to rebuild and recover. I know we can take the bold actions needed to move us forward.

If we choose to act wisely, maybe if we choose to act kindly, then we can look back decades from now and see that it was this moment, right here, that made all the difference.

After standing in what used to be downtown Mayfield, after walking through what used to be Dawson Springs, after seeing the devastation of Bremen, I think we should all be changed people.

So let’s spend this legislative session focused on bettering the lives of our people. Let’s focus on restoring and repairing lives and buildings in Western Kentucky. Let’s focus on reducing the number of children or seniors who go to bed hungry each night. Let’s focus on bringing healing and recovery to those struggling with opioid and other addiction issues. Let’s focus on making sure our children are getting the very best education. Let’s work together to support our workforce to fill all the jobs coming our way. Let’s make sure that our incredible economic momentum reaches every corner of the commonwealth and every neighborhood in all of our cities. And let’s not devolve into anger, division, bitterness or hate ever again.

We’ve been called to be better people. And we should be.

Scripture further guides us: “Let us not become weary of doing good, for at the proper time we will reap a harvest if we do not give up.” We are too strong to give up. We must go forward.

Our time is here; our future is now. God bless and God bless the Commonwealth of Kentucky. Thank you.

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Governor's Budget Address

Governor Andy Beshear

January 13, 2022

President Stivers, Speaker Osborne, Members of the General Assembly, Lieutenant Governor Coleman, constitutional officers, justices of the Kentucky Supreme Court, secretaries of the Executive Cabinet – and to all the Kentuckians around the commonwealth who are watching safely from home, including Kentucky's First Lady Britainy Beshear and our children, Will and Lila. And, of course, Virginia, with us once again to make sure everybody is included.

One week ago, I spoke to you about the State of our Commonwealth. I talked about the strength and spirit of our people; that we do not break. Not to tornados, not to ice storms, not even to a pandemic. I also spoke about the record-breaking strength of our economy. Last, year we secured the biggest investments and created the most jobs in our history.

And while I laid out the challenges we still face, I also discussed the hope we have from the unprecedented opportunity that is within our reach. Tonight, I am here to share my recommended budget.

It is a values statement, a chance to seize opportunity, a chance to meet this historic moment, a chance not just to tread water, but to lead.

My budget is titled "Our Future Is Now." Because now is when we must make bold investments. Now is our chance to move our state forward: Not right, not left, but forward.

The budget I outline tonight reflects our Kentucky values of family, faith and community, as well as respect and compassion for our neighbors. It provides a blueprint for achieving our goals of building a better Kentucky for all our people and ensuring we are a national leader moving into the future.

We are coming off a year when we shattered every economic development record in the books. Last year, we attracted a record \$11.2 billion in private-sector investments. We created more than 18,000 quality jobs for Kentucky families. And those jobs were had the second-highest wage in our history.

Last year, through sound fiscal management, we had the largest budget surplus in our history. And the revenues in this budget are very, very good, with \$1.9 billion more in General Fund revenue than this year's budget.

We have \$1 billion in American Rescue Plan Act funds, and hundreds of millions of dollars from the federal Infrastructure Act just waiting to be deployed.

So here we are at this historic moment. No longer a flyover state, but the destination. No longer a follower, but the leader. Yes, we have arrived. But to stay here – to stay on top – we have to have courage to make the investments and we have to do the work.

My budget does the work. It provides record funding for pre-K-through post-secondary education. It invests in economic development and infrastructure. It funds health care – a basic human right. It works to shore up nursing and social work. It better protects our children and seniors. And it provides a real and long-overdue raise for educators and state workers.

And it starts with helping those that have been harmed by December's deadly tornadoes and doing what it takes to defeat the COVID pandemic.

December's tornadoes were the deadliest on record. They took the lives of 77 Kentuckians. One child just 6 days old. The level of devastation was unprecedented, unimaginable, with entire communities nearly erased, thousands of homes gone.

Today, I signed the first piece of legislation to help these communities. It provides \$30 million for the impacted school systems, so they can provide help and support for displaced and traumatized students. And it provides \$15 million to speed up medium-term housing for those who lost everything.

I've stood in Mayfield. I've walked the streets of what used to be the town of Dawson Springs, my Dad's hometown. My uncle's relatives drove me through their hometown of Bremen. There is so much pain. But there is also resolve. Our job, as a people, is to do more than rebuild buildings. We must rebuild lives.

And let me extend a thank you to everyone who has helped. From Rep. Richard Heath, who I called at first light on Saturday when he was on his tractor clearing roads, to the Kentucky Distillers Association, which raised more than \$3.4 million for tornado relief efforts, to our brave frontline heroes and every day Kentuckians; and even to thousands of folks who had never been to Kentucky who offered help. Thank you.

To our Western Kentucky families, I stand with you. The General Assembly stands with you, and the people of Kentucky stand with you!

To reach our bright future, we must continue to help these communities rebuild. And while we do that, we must keep up the fight to protect our people against COVID-19. The omicron variant is filling our hospitals, it has impacted the business of this body and so many private businesses. COVID-19 has taken the lives of more than 12,400 Kentuckians and over 840,000 Americans.

We need to continue to promote and support vaccinations and testing. We must help the sick, support our health care heroes and protect our hospitals. That's why I've deployed over 400 National Guard members to help our hospitals. Once again, the Guard has stepped up. Let's show them our appreciation.

My budget allocates nearly \$180 million of ARPA funds to COVID mitigation efforts.

It further addresses the critical shortages of nurses we face during COVID. It provides \$12 million in nursing scholarships, and \$25 million in nurse student loan forgiveness. Third, it provides hero pay to nurses, health care heroes, first responders, educators, grocery store workers, transit workers and so many others who have put their health and safety on the line.

My budget gets nurses into the profession, keeps them in the profession and shows them how much we care. And as your Governor, I want each and every nurse out there to know I care about you.

So this budget addresses the challenges of the present, but it also invests in our bright future. It does so in the most responsible and fiscally sound manner in decades. Its numbers come from outside economists.

It only spends one-time funding on one-time investments. It has more than \$1 billion less in recurring spending in 2023 than we will receive in recurring revenue. And it adds to the largest rainy day account in our state's history. My budget pays down our liabilities and fully funds our pension systems.

With this unique opportunity – there is no reason not to invest. For the next generation, for my kids and yours, we must seize this moment. The budget I am proposing sets the table for making game-changing and state-changing investments, which we must do.

Mine is and always will be an education-first administration, and this should be an education-first budget – because if we want to continue to attract world-class companies, we must provide a world-class public education system. It is how we begin to address historic inequities and build a world-class workforce. It's how we embrace the opportunities and jobs of the future. My budget does just that.

It adds record funding – \$2 billion over the last budget – to pre-K through high school education. That's right, this budget starts at the earliest age, providing universal preschool for all 4-year-olds and full-day kindergarten for every Kentucky child – for the first time ever!

No longer will tens of thousands of our children be left out of preschool or Head Start. No longer will thousands of children fail to be kindergarten-ready. No longer will any child be behind on their first day of school.

At the same time, pre-K helps address one of the biggest, most pressing obstacles for workforce participation. If we fund pre-K, we do more than just complain about parents getting back into the workforce. We do something about it.

And the cost is more than affordable. It is \$172 million a year to make universal pre-K happen. This is only 8 percent of the budget surplus; 8 percent for the future of our kids. I know they are worth it, they are more than worth it, and I hope you think so, too.

Getting our children into early learning is critical, but our budget does more – making the single largest investment in K-through-12 education in our history, too. These historic investments start with a 16.9% increase in SEEK funding. It includes 12.5% increases in the per-pupil funding.

The budget fully funds student transportation, an 81 percent increase in funding. This budget provides \$22.9 million each year to restore funding for professional development as well as textbooks and instructional resources. No longer will a teacher have to dip into his or her pocket to fund their classrooms ever again. It provides \$6.2 million each year to create Social Emotional Learning institutes.

It creates two new grant programs to provide wrap-around services to students impacted by violence, substance abuse, child abuse and parental incarceration. This budget does more than just talk about mental health, it provides resources to help students recover and to heal.

It also helps them build careers. Career and technical education centers are a critical component to the high school curriculum and for filling the jobs of the future. They help us meet the needs of students in academic achievement, career preparation and leadership development, and attract jobs to the community.

So, I have included \$97.4 million this year to support the renovation of another 11 local centers. The CTE centers included in this funding are in the following school districts: Boyd, Carter, Edmonson, Fleming, Grayson, Lewis, Livingston, McCreary, Marshall, Nelson and Union counties. And we are going to provide an additional pool of \$75 million for a new round of applications to renovate more career and technical education centers.

And we have not forgotten our schools chosen by the Department of Education that need some additional help: We are providing \$14.4 million each year to support all 48 schools identified. And I am restoring the longstanding library grant program with \$2.5 million annually for grants to local libraries.

Jason Glass, our great commissioner of Education, said earlier this week, “All of Kentucky Department for Education’s priorities...are supported by this budget proposal.” Dr. Glass is here with us tonight. Let’s give him a big round of applause.

Now, let’s talk more about our outstanding educators. As Lieutenant Governor Coleman always says, “The future of our economy is in our classrooms,” and we need to make sure those educating our children are paid closer to what they are worth.

That is why this budget calls for a minimum 5% salary increase for all school personnel. That's in addition to the regular salary schedule increases for certified staff. And there will be no health insurance premium increases for school employees. So this is a real 5%.

Lori Baker, an educator from Knox County Public Schools who has taught for 18 years, said the increase would allow her family to make ends meet without relying on second jobs for the first time. Laura Hartke, a math intervention teacher, had to drive an Uber because her teacher salary was not enough. We hope this raise helps your family make ends meet – and with just one job.

We need to implement this salary increase, and we must do more in this budget to keep, to retain our great teachers, so I am providing \$79 million over the next three years for a student loan forgiveness program for public school teachers. And we are also fully funding our teachers' pensions and medical benefits.

And we have not forgotten about funding for Family Resource and Youth Service Centers. I have included almost \$6 million more each year to support them. Remember, when a kid shows up to school shivering on a cold day, it's our FRYSCs that find them a coat.

Now let's talk about the next critical step in building a world-class education system: Higher education. My budget provides the highest funding increase – nearly 12%– in decades. It also includes \$60 million for the Bucks for Brains program.

Another top priority for postsecondary education is paying down the debt of deferred maintenance. We can't let our schools crumble. My budget includes \$500 million, the first significant funding for this in 20 years.

And finally, I am excited we are continuing to push a necessary new program – the Better Kentucky Promise Scholarship. This new program provides the last dollar for associate degree- and certificate-seeking students. It will cover the cost of tuition and mandatory fees for approximately 15,700 additional students over two years.

We are in a transformative time. Whether we are referring to COVID or our economic boom, its clear things are going to be different going forward. A transformative time demands transformative investments in education. It also requires investment in our successes.

We are being chosen as the destination by more and more world-class companies. Major corporations – including Ford, Toyota, Amazon, Pratt, GE Appliances and Fidelity, Kruger, Ahlstrom-Munksjo, and Crown – are betting their future on us.

Last year, our growth, this growth was more inclusive than ever before, with opportunities spread over so many Kentucky communities, from:

- Firestone Industrial Products adding hundreds of jobs in Williamsburg;
- LION First Responder, returning to Beattyville;
- T. Marzetti with a giant expansion in Horse Cave; and

- Novelis just this week announced they are expanding again in Todd County.

My budget aims to pair record funding for public education with key investments so we can turn two years of amazing progress into 20 years of prosperity.

Let's start with creating and attracting jobs. Last year, we landed the largest single economic development project in our history, from Ford and its partner SK Innovation. At nearly \$6 billion and creating 5,000 new jobs, the BlueOvalSK Battery Park will make us, Kentucky a global leader in electric battery production. That project would not have happened without years of investment.

From land purchases to infrastructure. My budget prepares us to secure the next Ford. And it aims to provide every Kentucky region with that opportunity.

That is why my budget calls for \$250 million to develop a Site Identification and Development program. This fund will help communities prepare build-ready sites for our next big economic development project.

Kentucky is also leading in agriculture technology, with AppHarvest announcing four expansions. AppleAtcha launched last year in Inez; Fresh Harvest continues to grow in Stanford; and Enviroflight is thriving in Maysville.

My budget ensures that Kentucky will be the agritech capital of the United States not just now, but into the future. That means not just having the facilities and the workers, but also the ideas and intellectual property. That's why my budget invests \$75 million to support a state-of-the-art agritech research and development center in the heart of Eastern Kentucky.

We also are working to attract the jobs of tomorrow, so my budget invests \$10 million to build a life sciences R&D facility in Northern Kentucky.

With Kentucky's economy booming, we must continue to improve crucial infrastructure. My road plan provides \$8.5 billion to invest across Kentucky, like four-lane-ing the Mountain Parkway, building the I-69 bridge and charting the path to building the Brent Spence companion bridge without tolls.

In fact, my budget goes above and beyond to support these projects with a \$250 million investment. Folks, we are using one-time funds so we can push ahead in our application to the federal government for Brent Spence funding. These type of dollars say we are not only serious, we are already putting up our share.

There are other key areas we are investing in that will move us forward: like providing \$100 million to build out our EV infrastructure, and providing record funding for water and sewer systems at half a billion dollars.

I believe access to clean water is a basic human right and should never depend on where you live. I've seen examples of how our clean drinking water programs have helped families. Take Mortons Gap in Hopkins County, a community of about 1,000 people, which also got hit by the tornadoes, and thanks to this program several households now have clean water for the very first time.

And the pandemic has shown us that access to reliable, high-speed internet is a necessity in our world. My budget adds funds to reach a half-a-billion-dollars to expand high-speed internet to every part of the commonwealth.

My budget also invests in our airports and keeps our promise to support the construction of a new terminal building at the Barkley Regional Airport in Paducah, with \$6 million in additional funding for their terminal.

Now, lets talk about our workforce. With high-quality education and now pre-K as a foundation, bridging the gap between learning and workforce participation becomes all the more crucial to our future. My administration helped launch the Everybody Counts program in Jefferson County. We have great partners – Ford Motor Company, UPS, GE Appliances and Kroger. They're helping us move toward a goal of having every single high school senior, before they graduate, hired into a job, enrolled in post-secondary education, or both.

I want to thank Jefferson County Superintendent Dr. Marty Pollio, who is here with us tonight. Thank you for helping us with this transformative program. My new budget includes funding to extend this important program. We are also launching a competitive workforce grant program, where public and private schools can secure funding for programs that directly connect employers and trainees.

Continuing our economic momentum requires us to keep and attract top talent. To continue growing our workforce we are funding a media campaign to help us attract talent from across the globe to come join us on Team Kentucky. We have a great story to tell. The world needs to hear it.

My budget also aims to stimulate jobs in regions and neighborhoods too often left out. It provides funding to the Louisville Urban League to reinstate its CDL program. It expands the Louisville waterfront to West Louisville, and it returns 100 percent of coal severance funds to coal counties. That is nearly \$40 million more than the last budget.

And we can't talk about economic development without talking about our outstanding tourism industry. Kentucky is a destination for world-class and delicious bourbon, the finest horse racing, great music, cuisine as well as our beautiful outdoors and so much more.

To keep the visitors coming, I am directing \$200 million in one-time money to pay for badly needed work at our state parks. They deserve it. Whether housing visitors or those who recently lost their homes, they have been there for our Kentucky families. And we are providing more dollars to boost our tourism industry through a targeted marketing campaign.

Now, as I said early on, a budget is a values statement. We lead with our shared Kentucky values of family, faith and our deep commitment to one another. And to move the commonwealth forward, we need strong people, strong families and strong communities.

So, I want to go back to the title of this budget: “Our Future Is Now.” When we say “our” it must mean everyone. This value is rooted in my faith. Scripture (Luke 19:10) tells us: “For the Son of Man came to seek and to save the lost.”

What more powerful message can there be than Jesus being sent to Earth, not for the wealthy or pious, but those who hurt, those who suffer, those who need a little more help? Living this faith starts with a basic human right – access to high-quality, affordable health care.

That’s why I made good on my promise to relaunch kynect, our state-based health insurance marketplace – to make sure all Kentuckians have access to affordable health care. In addition to kynect, this budget fully funds Medicaid and Medicaid expansion, which provides health care coverage to many of our people, including more than 660,000 Kentucky children – children of God who deserve a healthy start to what we hope are amazing lives.

My budget funds hundreds of additional slots in the Michelle P. waiver program and additional slots for the Supports for Community Living waiver program, as well.

My budget works to take care of the most vulnerable. It extends the daily reimbursement increase to nursing homes, representing \$150 million annually to the nursing homes. And our nursing home workers – they deserve hero pay too.

And through the pandemic our local health departments have been critical. From testing to administering life-saving vaccines and boosters, our health departments are on the front lines. Now, my budget is stepping up for them. I am recommending more than \$36 million of additional funding for our local health departments. How incredible are your local health departments? And they are filled with heroes – and they deserve hero pay too.

My budget also provides funds to support mental health. We fund the new 988 mental health lifeline and fund 24/7/365 support teams right here in the commonwealth.

We must also look out for the most vulnerable, like Kentucky’s children and seniors.

One of the most heartbreaking times of need, is when a child faces a cancer diagnosis. Childhood cancer is the number one cause of death by disease in children. That’s always been a devastating statistic to talk about, but this year, it became personal for Britainy and me when our friend, David Turner Jr., died of brain cancer after an incredibly courageous battle. He was just 9 years old. You may remember that we honored him by proclaiming May 21, 2021, as David Turner Jr. Ice Cream Day in the commonwealth. We celebrated his life and his spirit just as I think he would have wanted us to.

So in my budget, I am proud in his honor to increase funding to the Kentucky Pediatric Research Trust Fund to help move forward research and better outcomes for our children.

If we are to live out our faith, and especially serve the lost, the lonely and the left behind, we must also do more to address child abuse and domestic violence. This is why my budget includes a 34 percent increase in funding to help support Domestic Violence Centers, Rape Crisis Centers and Child Advocacy Centers. It also includes \$19.6 million each year to sustain and expand abuse prevention services.

Like our children, our seniors need our help. During this pandemic, we have learned how hunger remains a major problem for our seniors. I'll admit I was a little ashamed to learn that even before COVID, too many of our seniors were going to bed hungry. We had a wait list. Seniors were signed up, but we were not getting meals to them. That's just wrong, and this budget fixes it. I am proposing \$36.2 million over the next two-and-a-half years to provide an additional 49,000 meals per week, which fully meets the needs of Kentucky's senior citizens. None of them will go hungry.

And Kentucky's military veterans represent the best of Team Kentucky, and we have a sacred duty to take care of our people when their service ends. That's why I've included additional funds for the Homeless Veterans Program. It increases the number of veterans' field representatives and provides more outreach to more veterans.

Importantly, my budget boosts funding to provide more staff at our veterans cemeteries. It is our sacred duty to honor our veterans and their families as they mourn their loss. The extra staff is needed for the number of interments that, right now, our funding does not keep up with. This is the least we can do. We are also providing funding to create a permanent memorial honoring Kentucky Medal of Honor recipients at Valley Forge, Pennsylvania. The current monument is fiberglass – and it is time we honor them with a permanent monument that gives them the honor they deserve.

My budget also puts a priority on improving public safety.

The Kentucky State Police is experiencing an unprecedented shortage of troopers – the lowest in over 30 years. My budget supports an immediate \$15,000 pay increase for sworn troopers and officers, and an \$8,000 pay increase for telecommunicators. These raises will assist in both recruitment and retention efforts.

My budget also funds body cameras for state troopers for the first time. These cameras protect everyone: both the trooper and the public.

I also direct funding to support other first responders as well. Local and state law enforcement officers and local firefighters will receive a 15 percent increase in their training stipend in my budget recommendation.

My budget also supports our incredible state workers. That is why this budget includes the largest salary increase in decades. My budget proposal – which went to print before the House – provides a 5% raise effective May 1. The House Budget includes a 6% raise, at a later date, on an employee’s anniversary date. Our state workers deserve the best. Let’s provide the 6% raise for everyone and let’s do it May 1.

And my budget ensures this raise is real, providing funds to ensure no health care premium increases for state workers.

And as I announced last month, we’re taking steps to help our state’s social workers, who are struggling with caseloads; and my budget addresses those challenges head-on. In December, we provided a 10 percent pay raise and now we are adding 350 more social workers to reduce the average caseload by nearly 25 percent. To attract and retain more workers, my budget includes a student loan forgiveness program to provide a maximum \$3,000 a year for each year of employment as a social service worker with DCBS.

I want to tell you all an incredible story about DCBS field supervisor Julie Son, and her 16-year-old, Michael. After the tornadoes passed near their house, they searched their neighborhood for survivors. They heard a gentleman crying for help who had escaped from a collapsed home with 12 people still in the basement. They worked through the debris to rescue them all... including five kids. One was just 3 months old.

Julie not only provided shelter for survivors, she was back to work the next Monday serving the people of Kentucky. They aren’t able to be with us tonight, but can we give Julie and Michael a huge round of applause? They are true Team Kentucky heroes.

To further support our employees this budget fully funds our state employee pensions. But that’s not all. It provides an additional over-and-above payment of \$750 million dollars to lessen future liabilities.

And when we talk about doing right in state government we must reinstate the Commission on Women, we must restore funding to the Commission on Human Rights and we must reinstate the Office of Minority Empowerment. My budget does it.

Now, in this time, after our people have suffered so much through natural disasters and a pandemic we need to listen to what President Abraham Lincoln called the “better angels of our nature.” We must forge this new path with confidence, cooperation and bold action to help us heal and move our state forward. And our future is now.

And right now we don’t have to choose – we are able to be fiscally responsible while making record investments in our people and in our future. The investments that we make now will benefit many generations to come and forever change our commonwealth.

We need to continue to build a world-class education system. We need to continue to be a national leader attracting the jobs of the future. Our families must have access to affordable health care and our most vulnerable need our support and protection.

Let's commit to work together on behalf of our people to build this better Kentucky that we all want. Let's continue to lead with our shared Kentucky values and achieve great things for our people – together. Our time is here. Our future is now.

Thank you; God bless you and the Commonwealth of Kentucky.

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