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Executive Branch

	<u>Revised FY 2010</u>	<u>Requested FY 2011</u>	<u>Requested FY 2012</u>	<u>Recommended FY 2011</u>	<u>Recommended FY 2012</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,349,255,700	10,191,669,800	11,321,819,400	8,445,390,700	9,240,457,400
Special Appropriation	16,945,400				
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	43,175,895	7,139,300	6,000,000	7,000,000	5,500,000
Budget Reduction-General Fund	-1,082,301,800				
Mandated Expenditure Reductions	-242,710,700				
Mandated Allotments	34,969,142				
Other	7,087,200	-225,000	-225,000		
Current Receipts		5,067,500	5,067,500		
SFSF Receipts		223,038,700	223,038,700		
Total General Fund	8,126,420,837	10,428,484,600	11,558,176,900	8,452,390,700	9,245,957,400
Tobacco Fund					
Tobacco Settlement - Phase I	121,580,000	123,886,901	120,348,520	114,318,100	105,714,800
Continuing Approp.-Tobacco Settlement	32,747,100	14,068,400	10,341,500	22,840,100	11,871,900
Total Tobacco Fund	154,327,100	137,955,301	130,690,020	137,158,200	117,586,700
Restricted Funds					
Regular Appropriation		360,500	628,700		
Balance Forward	552,905,655	291,734,100	240,230,800	265,646,400	211,062,700
Current Receipts	5,024,246,508	5,056,519,800	5,238,431,500	5,049,964,200	5,221,052,200
Non-Revenue Receipts	1,272,612,100	744,534,100	759,131,000	870,226,600	788,471,300
Fund Transfers	-97,998,100	-1,462,800	-1,464,000	-43,087,400	-95,831,800
Total Restricted Funds	6,751,766,163	6,091,685,700	6,236,958,000	6,142,749,800	6,124,754,400
Federal Funds					
Regular Appropriation		6,449,100	4,742,600		
Balance Forward	71,863,656	25,180,800	16,122,600	25,204,900	17,780,600
Current Receipts	9,805,363,056	10,473,568,500	10,816,485,300	9,978,103,700	10,429,674,800
Non-Revenue Receipts	-6,745,300	-11,529,400	-7,862,500	-11,565,800	-7,900,000
ARRA Receipts	1,382,482,400	682,515,600	141,245,600	690,424,800	146,596,200
SFSF Receipts	383,238,000			268,103,700	
Total Federal Funds	11,636,201,812	11,176,184,600	10,970,733,600	10,950,271,300	10,586,151,600
Road Fund					
Regular Appropriation	1,400,953,400	1,288,170,600	1,375,609,400	1,271,304,800	1,348,881,000
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
Total Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,271,304,800	1,348,881,000
Bond Funds					
Current Receipts				203,000,000	209,000,000
Total Bond Funds				203,000,000	209,000,000
Highway Bonds					
Non-Revenue Receipts				112,000,000	300,000,000
Total Highway Bonds				112,000,000	300,000,000
TOTAL SOURCE OF FUNDS	27,863,665,912	29,122,480,801	30,272,167,920	27,268,874,800	27,932,331,100
EXPENDITURES BY CLASS					
Personnel Costs	5,440,871,300	5,855,015,000	6,107,706,800	5,535,371,400	5,596,351,500
Operating Expenses	2,614,081,209	2,802,094,831	2,883,792,131	2,740,289,631	2,882,932,731
Grants Loans Benefits	16,632,168,105	18,158,639,569	18,729,231,569	16,474,747,269	16,827,045,269
Debt Service	537,462,500	935,104,967	1,173,755,600	809,002,900	916,699,300
Capital Outlay	259,809,400	206,885,900	199,274,500	262,254,200	252,588,900

Construction	2,049,938,000	893,244,600	927,816,300	1,168,036,000	1,241,084,900
TOTAL EXPENDITURES	27,534,330,514	28,850,984,867	30,021,576,900	26,989,701,400	27,716,702,600
EXPENDITURES BY FUND SOURCE					
General Fund	8,116,036,137	10,422,734,600	11,557,456,900	8,426,775,600	9,219,640,700
Tobacco Fund	126,227,700	124,321,667	121,046,100	122,278,200	105,028,400
Restricted Funds	6,486,119,777	5,851,495,600	6,032,310,100	5,931,687,100	5,976,271,400
Federal Funds	11,610,996,900	11,160,062,000	10,960,221,000	10,932,490,700	10,569,516,100
Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,261,469,800	1,337,246,000
Bond Funds				203,000,000	209,000,000
Highway Bonds				112,000,000	300,000,000
TOTAL EXPENDITURES	27,534,330,514	28,846,784,467	30,046,643,500	26,989,701,400	27,716,702,600
EXPENDITURES BY UNIT					
General Government	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500
Economic Development	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
Department of Education	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
Education and Workforce Development	2,581,566,300	2,613,875,700	2,618,859,200	2,584,982,600	2,589,407,400
Energy and Environment	294,613,400	307,893,700	284,333,100	286,208,700	255,316,800
Finance and Administration	498,312,300	814,796,167	838,607,500	655,139,900	617,394,900
Health and Family Services	7,630,408,200	8,596,012,500	9,132,164,000	7,797,976,100	8,409,113,000
Justice and Public Safety	891,903,316	1,010,615,600	1,046,948,900	906,043,800	909,941,700
Labor	208,801,500	223,835,000	228,433,200	214,064,100	216,191,600
Personnel	53,793,500	59,010,800	63,161,700	106,517,000	135,077,800
Postsecondary Education	5,684,075,700	5,927,354,900	6,325,070,900	5,817,192,700	6,025,106,200
Public Protection	114,456,500	120,380,200	121,772,500	113,082,900	111,892,800
Tourism, Arts and Heritage	229,784,400	251,377,500	265,606,900	220,707,900	222,196,900
Transportation	3,126,142,100	2,037,183,400	2,124,408,200	2,242,755,300	2,374,056,000
TOTAL EXPENDITURES	27,534,330,514	28,846,784,467	30,046,643,500	26,989,701,400	27,716,702,600

General Government

General Government

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	589,056,600	936,280,300	1,047,161,100	580,864,100	620,764,800
Salary and Health Insurance Adjustments	2,988,800				
Special Appropriation	4,498,400				
Continuing Approp.-General Fund	254,300				
Budget Reduction-General Fund	-14,253,400				
Mandated Expenditure Reductions	-8,409,900				
Mandated Allotments	42,094,300				
Other	7,087,200				
Total General Fund	623,316,300	936,280,300	1,047,161,100	580,864,100	620,764,800
Tobacco Fund					
Tobacco Settlement - Phase I	27,403,600	27,403,600	27,403,600	30,529,000	17,691,600
Continuing Approp.-Tobacco Settlement	19,392,300	11,342,900	7,616,000	11,342,900	11,871,900
Total Tobacco Fund	46,795,900	38,746,500	35,019,600	41,871,900	29,563,500
Restricted Fund					
Regular Appropriation		45,800	49,300		
Balance Forward	48,632,247	41,079,600	30,077,900	41,874,900	28,655,500
Current Receipts	108,946,353	128,016,600	142,921,300	113,027,400	124,443,300
Non-Revenue Receipts	42,096,500	48,448,000	53,579,900	49,913,400	50,787,500
Fund Transfers	-2,144,200			-800,000	-800,000
Total Restricted Fund	197,530,900	217,590,000	226,628,400	204,015,700	203,086,300
Federal Fund					
Regular Appropriation		21,300	21,300		
Balance Forward	19,363,544	10,687,200	5,115,200	10,687,200	5,115,200
Current Receipts	449,780,756	236,865,300	179,658,000	236,834,200	178,754,100
Non-Revenue Receipts	848,000	663,600	666,800	623,400	623,400
ARRA Receipts	7,693,500	44,998,200	7,932,300	48,733,100	10,502,000
Total Federal Fund	477,685,800	293,235,600	193,393,600	296,877,900	194,994,700
Road Fund					
Regular Appropriation	500,000	505,700	513,500	500,000	500,000
Total Road Fund	500,000	505,700	513,500	500,000	500,000
TOTAL SOURCE OF FUNDS	1,345,828,900	1,486,358,100	1,502,716,200	1,124,129,600	1,048,909,300
EXPENDITURES BY CLASS					
Personnel Costs	260,186,300	288,800,500	304,119,700	258,229,500	260,046,400
Operating Expenses	83,836,000	94,618,900	88,266,500	80,494,000	78,319,000
Grants Loans Benefits	825,231,200	923,295,900	917,870,500	544,305,700	445,358,200
Debt Service	108,601,600	129,857,800	159,509,000	185,884,800	230,445,700
Capital Outlay	4,068,800	9,667,000	6,728,200	9,573,000	4,351,200
TOTAL EXPENDITURES	1,281,923,900	1,446,240,100	1,476,493,900	1,078,487,000	1,018,520,500
EXPENDITURES BY FUND SOURCE					
General Fund	623,316,300	936,280,300	1,047,191,100	580,864,100	620,764,800
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Fund	155,656,000	187,552,800	201,296,600	175,360,200	182,804,300
Federal Fund	466,998,600	288,120,400	192,850,300	291,762,700	194,451,400
Road Fund	500,000	505,700	513,500	500,000	500,000
TOTAL EXPENDITURES	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500

EXPENDITURES BY UNIT

Office of the Governor	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
Office of State Budget Director	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
State Planning Fund	187,800	193,600	193,600	184,000	184,000
Homeland Security	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
Veterans' Affairs	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
Military Affairs	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
Commission on Human Rights	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
Commission on Women	232,300	235,900	252,400	215,400	215,400
Department for Local Government	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
Local Government Economic Assistance Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
Local Government Economic Development Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
Area Development Fund	590,100	608,400	608,400	578,300	578,300
Executive Branch Ethics Commission	517,600	539,100	570,100	519,600	519,600
Secretary of State	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
Board of Elections	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
Attorney General	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
Unified Prosecutorial System	69,517,300	75,975,000	80,426,300	69,520,100	69,506,800
Treasury	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
Agriculture	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
Auditor of Public Accounts	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
Personnel Board	793,800	849,600	893,300	801,800	819,800
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
Occupational & Professional Boards & Commissions	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
Kentucky River Authority	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200
School Facilities Construction Commission	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
Teachers' Retirement System	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
Judgments	151,000				
Appropriations Not Otherwise Classified	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL EXPENDITURES	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500

**General Government
Office of the Governor**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,722,600	7,099,000	7,509,400	6,170,400	6,170,400
Salary and Health Insurance Adjustments	127,500				
Budget Reduction-General Fund	-865,000				
Mandated Expenditure Reductions	-381,600				
Total General Fund	5,603,500	7,099,000	7,509,400	6,170,400	6,170,400
Restricted Fund					
Balance Forward	682,200				
Total Restricted Fund	682,200				
Federal Fund					
Current Receipts	257,100				
Total Federal Fund	257,100				
TOTAL SOURCE OF FUNDS	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY CLASS					
Personnel Costs	5,124,300	5,763,700	6,174,100	5,057,700	5,057,700
Operating Expenses	1,248,100	1,335,300	1,335,300	1,112,700	1,112,700
Grants Loans Benefits	170,400				
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,603,500	7,099,000	7,509,400	6,170,400	6,170,400
Restricted Fund	682,200				
Federal Fund	257,100				
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY UNIT					
Governor	5,135,200	5,561,300	5,882,800	4,821,200	4,821,200
Governor's Office Expense Allowance	21,000	21,500	21,500	21,500	21,500
Lieutenant Governor	540,700	651,900	692,100	501,600	501,600
Lt. Governor's Expense Allowance	12,000	12,000	12,000	12,000	12,000
Secretary of the Cabinet	112,500	277,300	295,400	261,400	261,400
Kentucky Commission on Military Affairs	392,600	230,500	241,900	223,100	223,100
Office of Minority Empowerment	198,600	205,900	215,100	198,900	198,900
Faith Based Initiatives	130,200	138,600	148,600	130,700	130,700
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400

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

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the

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

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

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

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

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

**General Government
Office of State Budget Director**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,791,900	3,360,000	3,765,200	3,223,800	3,223,800
Salary and Health Insurance Adjustments	49,400				
Budget Reduction-General Fund	-368,800				
Mandated Expenditure Reductions	-170,600				
Total General Fund	3,301,900	3,360,000	3,765,200	3,223,800	3,223,800
Restricted Fund					
Balance Forward	859,300	774,000	674,000	774,000	674,000
Total Restricted Fund	859,300	774,000	674,000	774,000	674,000
TOTAL SOURCE OF FUNDS	4,161,200	4,134,000	4,439,200	3,997,800	3,897,800
EXPENDITURES BY CLASS					
Personnel Costs	2,788,600	2,829,100	3,234,300	2,737,300	2,737,300
Operating Expenses	598,600	630,900	630,900	586,500	586,500
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,301,900	3,360,000	3,765,200	3,223,800	3,223,800
Restricted Fund	85,300	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,703,100	2,738,100	3,098,800	2,643,300	2,643,300
Gov Office for Policy Research	189,100	200,800	212,800	189,100	189,100
Gov Office for Economic Analysis	495,000	521,100	553,600	491,400	491,400
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800

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

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

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

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

**General Government
State Planning Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	220,000	193,600	193,600	184,000	184,000
Budget Reduction-General Fund	-22,300				
Mandated Expenditure Reductions	-9,900				
Total General Fund	187,800	193,600	193,600	184,000	184,000
TOTAL SOURCE OF FUNDS	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY FUND SOURCE					
General Fund	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY UNIT					
State Planning Fund	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000

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

**General Government
Homeland Security**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	290,000	2,782,500	1,302,600	215,600	215,600
Salary and Health Insurance Adjustments	7,100				
Budget Reduction-General Fund	-66,000				
Mandated Expenditure Reductions	-11,100				
Total General Fund	220,000	2,782,500	1,302,600	215,600	215,600
Restricted Fund					
Balance Forward	884,200	1,009,400	1,143,900	909,400	1,031,900
Current Receipts	1,292,000	1,340,600	1,401,300	1,328,000	1,370,500
Non-Revenue Receipts	2,100	2,200	2,300	2,200	2,300
Total Restricted Fund	2,178,300	2,352,200	2,547,500	2,239,600	2,404,700
Federal Fund					
Current Receipts	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Total Federal Fund	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Road Fund					
Regular Appropriation	250,000	255,700	263,500	250,000	250,000
Total Road Fund	250,000	255,700	263,500	250,000	250,000
TOTAL SOURCE OF FUNDS	19,496,400	27,162,000	25,427,700	24,476,800	24,184,400
EXPENDITURES BY CLASS					
Personnel Costs	2,361,600	3,881,000	2,525,600	2,337,600	2,386,300
Operating Expenses	273,100	293,500	287,000	282,300	275,800
Grants Loans Benefits	15,952,300	24,429,100	24,512,900	20,825,000	20,357,700
TOTAL EXPENDITURES	18,587,000	28,603,600	27,325,500	23,444,900	23,019,800
EXPENDITURES BY FUND SOURCE					
General Fund	220,000	2,782,500	1,302,600	215,600	215,600
Restricted Fund	1,268,900	1,208,300	1,251,500	1,207,700	1,240,100
Federal Fund	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Road Fund	250,000	255,700	263,500	250,000	250,000
TOTAL EXPENDITURES	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
EXPENDITURES BY UNIT					
Office of Homeland Security	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
TOTAL EXPENDITURES	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800

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

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

**General Government
Veterans' Affairs**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,783,200	21,452,200	24,323,200	16,701,700	17,219,700
Salary and Health Insurance Adjustments	344,200				
Budget Reduction-General Fund	-1,510,200				
Mandated Expenditure Reductions	-793,100				
Total General Fund	16,824,100	21,452,200	24,323,200	16,701,700	17,219,700
Restricted Fund					
Balance Forward	99,800	100	100	1,062,500	651,900
Current Receipts	28,808,200	27,671,600	28,073,300	27,825,700	28,147,100
Non-Revenue Receipts	-885,800				
Total Restricted Fund	28,022,200	27,671,700	28,073,400	28,888,200	28,799,000
TOTAL SOURCE OF FUNDS	44,846,300	49,123,900	52,396,600	45,589,900	46,018,700
EXPENDITURES BY CLASS					
Personnel Costs	36,690,500	41,142,200	44,192,600	38,058,900	38,937,600
Operating Expenses	6,712,700	7,601,000	7,823,300	6,498,500	6,598,500
Grants Loans Benefits	372,500	372,500	372,500	372,500	372,500
Debt Service					70,000
Capital Outlay	8,100	8,100	8,100	8,100	8,100
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
EXPENDITURES BY FUND SOURCE					
General Fund	16,824,100	21,452,200	24,323,200	16,701,700	17,219,700
Restricted Fund	26,959,700	27,671,600	28,073,300	28,236,300	28,767,000
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
EXPENDITURES BY UNIT					
Commissioner's Office, Field Serv's & Cemeteries	4,163,000	4,996,200	5,356,000	4,164,200	4,523,500
Kentucky Veterans' Centers	39,620,800	44,127,600	47,040,500	40,773,800	41,463,200
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700

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

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

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

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Ft. Knox opened in June 2007. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping. A third veterans' cemetery, Veterans' Cemetery-North near Williamstown opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County is currently under construction and expected open in the fall of 2010. The Veterans Cemetery-Southeast in Leslie County was authorized by the 2006 General Assembly and is in the process of site selection.

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

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

Policy

Included in the General Fund appropriation is \$350,000 in fiscal year 2012 for Veterans' Cemetery - Northeast (Greenup County) operating costs.

Included in the General Fund appropriation is \$70,000 in fiscal year 2012 for new bonds in the capital budget.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Tobacco Fund					
Tobacco Settlement - Phase I	27,403,600	27,403,600	27,403,600	30,529,000	17,691,600
Continuing Approp.-Tobacco Settlement	19,392,300	11,342,900	7,616,000	11,342,900	11,871,900
Total Tobacco Fund	46,795,900	38,746,500	35,019,600	41,871,900	29,563,500
Restricted Fund					
Balance Forward	344,900	200,700	40,400	191,200	19,400
Current Receipts	452,000	433,900	433,900	433,900	433,900
Total Restricted Fund	796,900	634,600	474,300	625,100	453,300
Federal Fund					
ARRA Receipts	1,054,000	500,000	500,000	440,000	435,500
Total Federal Fund	1,054,000	500,000	500,000	440,000	435,500
TOTAL SOURCE OF FUNDS	48,646,800	39,881,100	35,993,900	42,937,000	30,452,300
EXPENDITURES BY CLASS					
Personnel Costs	1,450,700	1,552,300	1,663,000	1,466,200	1,506,000
Operating Expenses	333,600	334,100	334,600	334,100	334,600
Grants Loans Benefits	35,328,400	30,359,400	30,354,700	29,245,400	19,046,200
TOTAL EXPENDITURES	37,112,700	32,245,800	32,352,300	31,045,700	20,886,800
EXPENDITURES BY FUND SOURCE					
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Fund	605,700	615,200	472,300	605,700	451,300
Federal Fund	1,054,000	500,000	500,000	440,000	435,500
TOTAL EXPENDITURES	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
TOTAL EXPENDITURES	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board, the Kentucky Agricultural Finance Corporation, the Kentucky Tobacco Settlement Trust Corporation, the Governor's Commission on Family Farms, the Kentucky Agricultural Resource Development Authority, and are staffed by the employees in this Office.

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

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

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account, which receives 35 percent of the funds, and a state account that receives the remaining 65 percent. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, the Kentucky Agricultural Heritage

Center, improvements to 4-H camps and FFA Leadership Center, funding for a viticulture and oenology program at the University of Kentucky, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects on the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, water resources, technology and timber production and marketing. Funds are provided as matching grants.

In addition to their work with Phase I, the staff of GOAP assists the Governor's Commission on Family Farms and the Kentucky Agricultural Resource Development Authority (KARDA). The KARDA is created in KRS 11.170 as an organization of representatives from various commodity groups who inform and advise the Governor on issues related to the Kentucky's agricultural economy. The Commission on Family Farms was created by executive order in April 1998 to advise the Governor on issues related to farm families and rural communities.

The staff of GOAP also provides staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a *de jure* municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Governor appoints all of the board members.

Policy

The Executive Budget suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$16,419,375 in fiscal year 2011 and fiscal year 2012.

General Government
Kentucky Infrastructure Authority

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,758,100	1,634,400	7,262,400	2,453,200	4,128,200
Salary and Health Insurance Adjustments	17,000				
Budget Reduction-General Fund	-146,700				
Mandated Expenditure Reductions	-43,000				
Total General Fund	1,585,400	1,634,400	7,262,400	2,453,200	4,128,200
Restricted Fund					
Balance Forward	64,300	43,600	43,600	6,400	6,400
Current Receipts	1,258,700	22,283,800	34,975,400	7,163,100	18,608,600
Fund Transfers	-37,200				
Total Restricted Fund	1,285,800	22,327,400	35,019,000	7,169,500	18,615,000
Federal Fund					
Current Receipts	50,172,600	110,197,200	50,226,100	110,189,200	50,199,600
ARRA Receipts		40,080,000	6,680,000	40,080,000	6,680,000
Total Federal Fund	50,172,600	150,277,200	56,906,100	150,269,200	56,879,600
TOTAL SOURCE OF FUNDS	53,043,800	174,239,000	99,187,500	159,891,900	79,622,800
EXPENDITURES BY CLASS					
Personnel Costs	2,894,200	3,256,900	3,638,400	3,149,500	3,469,400
Operating Expenses	143,200	188,500	188,500	188,500	188,500
Grants Loans Benefits	50,000,000	150,080,000	56,680,000	150,080,000	56,680,000
Debt Service		20,670,000	38,637,000	6,467,500	19,278,500
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,585,400	1,634,400	7,262,400	2,453,200	4,128,200
Restricted Fund	1,279,400	22,283,800	34,975,400	7,163,100	18,608,600
Federal Fund	50,172,600	150,277,200	56,906,100	150,269,200	56,879,600
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400

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

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

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

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

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

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

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

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

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

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

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

Policy

The Executive Budget includes General Fund appropriations in the amount of \$370,000 in fiscal year 2011 and \$370,000 in fiscal year 2012 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$561,500 in fiscal year 2011 and \$1,607,000 in fiscal year 2012 for debt service to support \$20,000,000 in bonds to match an estimated \$90,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$338,000 in fiscal year 2011 and \$967,500 in fiscal year 2012 for debt service to support \$12,000,000 in bonds to match an estimated \$60,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the capital budget is authorization for the Kentucky Infrastructure Authority to expend loan repayment receipts on deposit at the trustee bank to support agency bonds for the Drinking Water Revolving Loan Program (Fund F) and the Federally Assisted Wastewater Program (Fund A).

**General Government
Military Affairs**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,833,800	16,061,100	16,658,800	9,825,900	9,182,800
Salary and Health Insurance Adjustments	172,900				
Budget Reduction-General Fund	-1,186,200				
Mandated Expenditure Reductions	-478,400				
Mandated Allotments	33,550,000				
Total General Fund	42,892,100	16,061,100	16,658,800	9,825,900	9,182,800
Restricted Fund					
Balance Forward	12,645,500	12,143,500	8,471,500	11,882,400	7,148,700
Current Receipts	36,946,300	36,210,500	37,115,800	37,166,600	37,416,600
Non-Revenue Receipts	376,700	-1,052,000	2,442,900	1,060,500	837,000
Total Restricted Fund	49,968,500	47,302,000	48,030,200	50,109,500	45,402,300
Federal Fund					
Regular Appropriation		21,300	21,300		
Current Receipts	323,997,000	42,861,700	43,691,500	42,685,200	42,685,200
ARRA Receipts	185,800				
Total Federal Fund	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
TOTAL SOURCE OF FUNDS	417,043,400	106,246,100	108,401,800	102,620,600	97,270,300
EXPENDITURES BY CLASS					
Personnel Costs	32,840,300	32,728,200	35,059,400	33,291,700	33,333,600
Operating Expenses	38,006,300	39,322,400	39,324,000	34,133,200	33,865,100
Grants Loans Benefits	330,333,900	20,224,000	20,224,000	20,580,400	20,479,000
Debt Service	1,419,000	1,500,000	1,500,000	1,984,600	1,983,500
Capital Outlay	2,561,500	4,000,000	4,000,000	5,482,000	2,035,000
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
EXPENDITURES BY FUND SOURCE					
General Fund	42,892,100	16,061,100	16,658,800	9,825,900	9,182,800
Restricted Fund	38,086,100	38,830,500	39,735,800	42,960,800	39,828,200
Federal Fund	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
EXPENDITURES BY UNIT					
Statutory State Operations	23,934,900	7,373,200	7,373,200	23,599,300	23,601,800
Emergency Management	336,118,500	703,800	703,800	26,851,300	26,855,700
National Guard Operations	200,000	5,977,800	5,977,800	3,423,500	200,000
Emergency & Public Safety Operations	5,550,000			650,000	
Bluegrass Station	9,200,000	9,200,000	9,200,000	10,790,200	10,881,100
Central Clothing Distribution	26,568,400	26,568,400	26,568,400	26,568,400	26,568,400
Federal & Grant Operations	3,589,200	47,951,400	50,284,200	3,589,200	3,589,200
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200

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

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

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

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment, mitigation, response, and recovery in the Commonwealth. The Division works with local emergency management programs to maintain a coordinated program and operates field offices across the state. The Emergency Operations Center in Frankfort is the hub for coordination during an emergency and is operated by the Division. The Center operates on a twenty-four hour basis and serves as a warning point, communications and command center.

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

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

The Department also operates Bluegrass Station in Fayette County, formerly AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. Bluegrass Station houses the Logistic Operations Division's Central Clothing Distribution Facility as well as several other tenants, primarily United States Department of Defense contractors.

The Youth Challenge Program is a 22-week residential development and training program for youth between 16 - 18 years of age who are high school dropouts, drug-free, unemployed and free of serious involvement in the criminal justice system. The program is operated by the Kentucky National Guard and supports approximately 200 participants annually.

Policy

In January 2009, the Commonwealth experienced a severe winter storm that severely hampered communication and transportation in many areas of the state and caused over 750,000 Kentuckians to lose power and over 250,000 Kentuckians to be without water for several days. The Governor made the largest call up of the Kentucky National Guard in history and the Division of Emergency Management was in full operation throughout the duration of the disaster to provide rescue and relief services across the state. Efforts to file for reimbursement from the Federal Emergency Management Agency for expenses incurred during the disaster are ongoing.

Included in the General Fund appropriation is \$650,000 in fiscal year 2011 to support the efforts of the Kentucky National Guard during the 2010 Alltech FEI World Equestrian Games which will be held in Lexington in October 2010. The Kentucky National Guard will provide security and logistics support 24 hours per day during the event which lasts three weeks.

**General Government
Commission on Human Rights**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,060,400	2,422,700	2,450,700	1,747,800	1,747,800
Salary and Health Insurance Adjustments	31,400				
Budget Reduction-General Fund	-247,000				
Mandated Expenditure Reductions	-76,100				
Total General Fund	1,768,700	2,422,700	2,450,700	1,747,800	1,747,800
Federal Fund					
Balance Forward	39,300	12,300	6,100	12,300	6,100
Current Receipts	256,700	250,000	250,000	250,000	250,000
Total Federal Fund	296,000	262,300	256,100	262,300	256,100
TOTAL SOURCE OF FUNDS	2,064,700	2,685,000	2,706,800	2,010,100	2,003,900
EXPENDITURES BY CLASS					
Personnel Costs	1,669,000	2,177,700	2,325,800	1,601,200	1,605,400
Operating Expenses	383,400	489,200	369,000	402,800	398,500
Capital Outlay		12,000	12,000		
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,768,700	2,422,700	2,450,700	1,747,800	1,747,800
Federal Fund	283,700	256,200	256,100	256,200	256,100
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
EXPENDITURES BY UNIT					
General Administration and Support	914,600	1,219,200	1,150,000	927,300	927,300
Enforcement Branch	523,100	688,000	739,000	514,900	514,800
Research and Information	389,000	408,100	432,600	350,500	350,500
Legal Affairs	225,700	363,600	385,200	211,300	211,300
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900

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

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

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

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

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

**General Government
Commission on Women**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	237,900	235,900	252,400	215,400	215,400
Salary and Health Insurance Adjustments	5,700				
Budget Reduction-General Fund	-15,100				
Mandated Expenditure Reductions	-10,800				
Total General Fund	217,700	235,900	252,400	215,400	215,400
Restricted Fund					
Balance Forward	14,600				
Total Restricted Fund	14,600				
TOTAL SOURCE OF FUNDS	232,300	235,900	252,400	215,400	215,400
EXPENDITURES BY CLASS					
Personnel Costs	214,700	274,700	294,800	201,500	201,500
Operating Expenses	17,600	26,000	26,200	13,900	13,900
TOTAL EXPENDITURES	232,300	300,700	321,000	215,400	215,400
EXPENDITURES BY FUND SOURCE					
General Fund	217,700	235,900	252,400	215,400	215,400
Restricted Fund	14,600				
TOTAL EXPENDITURES	232,300	235,900	252,400	215,400	215,400
EXPENDITURES BY UNIT					
Commission on Women	232,300	235,900	252,400	215,400	215,400
TOTAL EXPENDITURES	232,300	235,900	252,400	215,400	215,400

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

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

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

**General Government
Department for Local Government**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,443,800	9,234,200	9,583,600	8,688,900	8,835,900
Salary and Health Insurance Adjustments	110,900				
Budget Reduction-General Fund	-2,653,000				
Mandated Expenditure Reductions	-218,400				
Total General Fund	8,683,300	9,234,200	9,583,600	8,688,900	8,835,900
Restricted Fund					
Balance Forward	103,100				
Current Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Fund	303,100	200,000	200,000	200,000	200,000
Federal Fund					
Balance Forward	2,153,844				
Current Receipts	48,316,256	53,427,700	55,661,100	53,624,600	55,872,900
ARRA Receipts	5,094,100	2,183,100		6,183,100	2,700,000
Total Federal Fund	55,564,200	55,610,800	55,661,100	59,807,700	58,572,900
TOTAL SOURCE OF FUNDS	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY CLASS					
Personnel Costs	5,166,000	5,565,900	5,965,600	5,333,400	5,398,600
Operating Expenses	737,500	737,500	737,500	744,200	744,200
Grants Loans Benefits	58,647,100	58,741,600	58,741,600	62,619,000	61,319,000
Debt Service					147,000
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY FUND SOURCE					
General Fund	8,683,300	9,234,200	9,583,600	8,688,900	8,835,900
Restricted Fund	303,100	200,000	200,000	200,000	200,000
Federal Fund	55,564,200	55,610,800	55,661,100	59,807,700	58,572,900
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY UNIT					
Operations	5,414,900	5,811,600	6,161,000	5,342,300	5,489,300
Grants	59,135,700	59,233,400	59,283,700	63,354,300	62,119,500
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. The agency was reorganized and renamed by Executive Order 09-540. DLG serves as the liaison between the Governor and local units of government. It coordinates and resolves local government issues and concerns. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts.

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 435 cities, 1400 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

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

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

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

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

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

Policy

The Executive Budget includes an allocation from the General Fund of \$1 million in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

Included in the General Fund appropriation for fiscal year 2012 is \$147,000 for debt service to support bonds in the amount of \$3,000,000 for the Flood Control Matching Fund.

Included in the Restricted Fund appropriation in each fiscal year of the biennium is \$200,000 for support of the 12 Multi-County Regional Industrial Park Authorities funded from the Local Government Economic Development Fund's Multi-County account.

General Government
Local Government Economic Assistance Fund

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,989,350	51,697,000	58,378,100	54,422,100	67,281,600
Other	-3,539,250				
Total General Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL SOURCE OF FUNDS	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL EXPENDITURES	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY FUND SOURCE					
General Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL EXPENDITURES	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY UNIT					
County Coal Severance	25,228,400	26,371,000	26,951,500	25,687,200	31,756,900
Cities Coal Severance	2,870,400	2,930,100	2,994,600	2,922,500	3,613,100
County Mineral Severance	22,817,800	20,156,300	25,588,800	23,232,800	28,722,500
Cities Mineral Severance	2,533,500	2,239,600	2,843,200	2,579,600	3,189,100
TOTAL EXPENDITURES	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600

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

The LGEAF coal severance tax program currently returns funds to an estimated 66 counties and approximately 285 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 99 counties and approximately 348 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

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

- Public safety, including law enforcement, fire protection, ambulance service and other related services,
- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,

- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

General Government
Local Government Economic Development Fund

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,256,050	45,525,400	47,030,400	39,313,000	37,743,300
Other	10,626,450				
Total General Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL SOURCE OF FUNDS	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY FUND SOURCE					
General Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY UNIT					
Economic Development Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Kentucky law limits the use of the LGEDF to industrial park development projects, regional parks and job development incentive grants made to individual firms. Currently, 37 of the 45 original counties receive coal severance allocations.

The Department for Local Government (DLG) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications for both the Single County and Multi-County Accounts. DLG oversees those projects and others authorized by the General Assembly through the budget. Administration of the Multi-County account was transferred from the Cabinet for Economic Development to DLG in Executive Order 09-543.

Policy

The accompanying chart illustrates the policy described below.

Off-the-Top Funding Items: Notwithstanding KRS 342.122(1) (c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2011 and fiscal year 2012.

Notwithstanding KRS 42.4582 and KRS 42.4585, \$901,800 in fiscal year 2011 and \$872,500 in fiscal year 2012 is provided to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority, \$1,000,000 in each fiscal year is provided to the Trover Clinic Grant within the Department for Local Government, and \$4,300,000 in fiscal year 2011 and \$4,400,000 in fiscal year 2012 is provided to the Mine Safety and Licensing budget unit to help implement mine safety statutory requirements.

Out-of-the-Middle Funding Items: The Executive Budget provides funding to support the Read to Achieve Program in the Department of Education of \$3,000,000 each year, support services provided to coal producing counties by DLG and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year, allocation of \$300,000 each year for a Mining Engineering Scholarship Program at the University of Kentucky, funding for the Robinson Scholars Program in the amount of \$1,000,000 in each fiscal year to the University of Kentucky, \$2,500,000 in each fiscal year to the Department of Education for

purpose of enhancing education technology in local school districts within coal-producing counties, debt service support of \$4,617,900 each year for \$54,700,000 in schools facilities construction projects (2002-04), debt service support of \$4,091,400 each year for \$54,765,000 for KIA water and sewer projects (2002-04), debt service support of \$694,200 in fiscal year 2012 for part of the \$80,000,000 in KIA water and sewer projects (2004-06), debt service support of \$8,676,300 in fiscal year 2011 and \$8,562,300 in fiscal year 2012 for part of the \$100,000,000 in KIA water and sewer projects (2006-08), and debt service support of \$7,557,600 in fiscal year 2011 and \$7,538,000 in fiscal year 2012 for part of \$75,000,000 in KIA water and sewer projects (2008-10).

Multi-County Fund Items: The Executive Budget includes the transfer of \$6,480,900 in fiscal year 2011 and \$5,778,500 from the Multi-County Fund to the General Fund to pay the debt service on the \$80,000,000 Infrastructure for Economic Development Fund for Coal-Producing Counties Bond Pool (2004-2006), \$2,000,000 in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Operation Unite grants in coal-producing counties, \$1,800,000 in each fiscal year from the LGEDF Multi-County Fund to the Justice and Public Safety Cabinet's Office of Drug Control Policy to support the Drug Court program serving coal-producing counties, \$500,000 in each fiscal year from the LGEDF Multi-County Fund to the Tourism, Arts, and Heritage Cabinet to support the Tourism Marketing Program in coal producing counties, \$3,500,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Energy Development and Independence to support energy research and development projects targeted solely to Kentucky's LGEDF eligible counties, and \$200,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Local Government to be distributed to the 12 Multi-County Regional Industrial Park Authorities.

Notwithstanding KRS 42.4588(2), LGEDF allocations from the Single County Funds to each coal-producing county, above the amounts specified through the line item appropriations by the General Assembly, may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development.

Severance Tax Dedicated Programs 2010-2012 Biennium
Using December 2009 Consensus Forecast

	FY 2010 Revised	FY 2011 Estimated	FY 2012 Estimated
Coal Severance Tax Resources			
Coal Severance Tax*	252,748,700	231,190,100	228,377,500
Less: Worker's Comp Set Aside (to General Fund)	(19,000,000)	(19,000,000)	(19,000,000)
Less: Osteopathic Medicine Scholarship Program	(854,400)	(901,800)	(872,500)
Less: Trover Clinic Grant	(1,000,000)	(1,000,000)	(1,000,000)
Less: Debt Service - Part of \$75m Water & Sewer Bonds 2008-10 (KIA)	(1,105,000)	-	-
Less: Mine Safety	(3,000,000)	(4,300,000)	(4,400,000)
Total coal severance tax resources to be distributed	227,789,300	205,988,300	203,105,000
Other Mineral Severance Tax Resources			
Other Mineral Severance Taxes*			
Other Solid Minerals Severance	12,491,100	15,208,600	16,022,700
Natural Gas Severance	20,035,700	21,957,200	39,646,600
Oil Production	6,036,500	9,882,000	17,962,300
Total other severance tax resources to be distributed	38,563,300	47,047,800	73,631,600
Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue (15% of Revenue)	34,168,400	30,898,200	30,465,800
Other Mineral Severance Tax Revenue (50% of Revenue)	19,281,700	23,523,900	36,815,800
Total LGEAF to be distributed	53,450,100	54,422,100	67,281,600
Local Government Economic Development Fund (LGEDF)			
Coal Severance (35% of amounts remaining to be distributed)	79,726,300	72,095,900	71,086,800
Less: Debt Service - \$54.7m School Facilities Construction 2002-04	(4,617,900)	(4,617,900)	(4,617,900)
Less: Debt Service - \$54.765m Water & Sewer Bonds 2002-04 (KIA)	(4,091,400)	(4,091,400)	(4,091,400)
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)			(694,200)
Less: Debt Service - Part of \$100m Water & Sewer Bonds 2006-08 (KIA)	(1,074,800)	(8,676,300)	(8,562,300)
Less: Debt Service - Part of \$75m Water & Sewer Bonds 2008-10 (KIA)	(4,420,000)	(7,557,600)	(7,538,000)
Less: Read to Achieve (Education)	(3,000,000)	(3,000,000)	(3,000,000)
Less: Flood Control Matching Pool - Capital Appropriation	(800,000)		
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: LGEDF Project Administration (GOLD)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: School Technology in Coal Counties (Education)	(2,500,000)	(2,500,000)	(2,500,000)
Total LGEDF for County Distribution	56,882,500	39,313,000	37,743,300
Total LGEDF for Single County Distribution (66.7% of LGEDF Distribution)	37,921,600	26,208,600	25,162,200
Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33.3% of LGEDF County Distribution)	18,960,800	13,104,300	12,581,100
Balance Forward from prior fiscal year	16,795,500	2,574,000	1,197,400
Total Multi-County Resources	35,756,300	15,678,300	13,778,500
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	(7,028,200)	(6,480,900)	(5,778,500)
Less: Debt Service - Part of \$100m Water & Sewer Bonds 2006-08 (KIA)	(7,523,300)		
Less: Drug Courts (Office of Drug Control Policy)	(1,800,000)	(1,800,000)	(1,800,000)
Less: Operation Unite (Office of Drug Control Policy)	(2,000,000)	(2,000,000)	(2,000,000)
Less: Tourism Marketing (Commerce)	(500,000)	(500,000)	(500,000)
Less: Energy Research Grants (Energy Dev & Indep)	(3,500,000)	(3,500,000)	(3,500,000)
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)	(200,000)	(200,000)
Less: Multi-County Uses	(10,630,800)	-	-
Balance Forward to Be Carried Forward	2,574,000	1,197,400	-

*Revenue numbers account for quarter lag

**General Government
Area Development Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	691,200	608,400	608,400	578,300	578,300
Budget Reduction-General Fund	-70,000				
Mandated Expenditure Reductions	-31,100				
Total General Fund	590,100	608,400	608,400	578,300	578,300
TOTAL SOURCE OF FUNDS	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY FUND SOURCE					
General Fund	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY UNIT					
Area Development Fund	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300

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

**General Government
Executive Branch Ethics Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	448,500	478,100	509,100	458,600	458,600
Salary and Health Insurance Adjustments	8,100				
Total General Fund	456,600	478,100	509,100	458,600	458,600
Restricted Fund					
Balance Forward	34,500	23,000	11,500	23,000	11,500
Current Receipts	49,500	49,500	49,500	49,500	49,500
Total Restricted Fund	84,000	72,500	61,000	72,500	61,000
TOTAL SOURCE OF FUNDS	540,600	550,600	570,100	531,100	519,600
EXPENDITURES BY CLASS					
Personnel Costs	462,400	485,600	516,100	465,400	465,400
Operating Expenses	55,200	53,500	54,000	54,200	54,200
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600
EXPENDITURES BY FUND SOURCE					
General Fund	456,600	478,100	509,100	458,600	458,600
Restricted Fund	61,000	61,000	61,000	61,000	61,000
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	517,600	539,100	570,100	519,600	519,600
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600

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

**General Government
Secretary of State**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,050,000	1,995,000	2,126,000	1,798,400	1,798,400
Salary and Health Insurance Adjustments	42,900				
Budget Reduction-General Fund	-191,300				
Mandated Expenditure Reductions	-92,300				
Total General Fund	1,809,300	1,995,000	2,126,000	1,798,400	1,798,400
Restricted Fund					
Balance Forward	207,200	99,200	1,208,200	99,200	287,900
Current Receipts	2,200,000	2,070,000	2,012,000	2,070,000	2,012,000
Fund Transfers	-1,347,000			-800,000	-800,000
Total Restricted Fund	1,060,200	2,169,200	3,220,200	1,369,200	1,499,900
TOTAL SOURCE OF FUNDS	2,869,500	4,164,200	5,346,200	3,167,600	3,298,300
EXPENDITURES BY CLASS					
Personnel Costs	2,154,000	2,318,500	2,477,800	2,207,300	2,219,100
Operating Expenses	616,300	637,500	639,200	672,400	671,600
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,809,300	1,995,000	2,156,000	1,798,400	1,798,400
Restricted Fund	961,000	961,000	961,000	1,081,300	1,092,300
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
EXPENDITURES BY UNIT					
General Administration	1,578,000	1,660,800	1,760,100	1,578,300	1,578,300
General Operations	1,146,100	1,245,500	1,303,400	1,255,200	1,266,200
Restoration of Land Grant Books	46,200	49,700	53,500	46,200	46,200
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700

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

The Office of the Secretary of State consists of the following organizational units: the Division of Corporations, which contains the Department of Business Filings, the Department of Business Records, and the Uniform Commercial Code Branch; and the Division of Administration.

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

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

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

Policy

Restricted Fund appropriations made to the Secretary of State shall not lapse and shall be used for continuation of current activities in the Office of the Secretary of State.

The Executive Budget directs \$800,000 in fiscal year 2011 and \$800,000 in fiscal year 2012 be transferred to the General Fund.

**General Government
Board of Elections**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,847,400	9,304,300	5,521,300	3,990,400	4,040,400
Salary and Health Insurance Adjustments	17,600				
Budget Reduction-General Fund	-176,700				
Mandated Allotments	94,300				
Total General Fund	2,782,600	9,304,300	5,521,300	3,990,400	4,040,400
Restricted Fund					
Balance Forward	643,500	362,100	275,900	362,100	275,900
Current Receipts	119,700	70,000	40,000	89,700	59,700
Non-Revenue Receipts	73,900				
Total Restricted Fund	837,100	432,100	315,900	451,800	335,600
Federal Fund					
Balance Forward	17,170,400	10,674,900	5,109,100	10,674,900	5,109,100
Current Receipts	2,143,900	739,700	739,700	739,700	739,700
Total Federal Fund	19,314,300	11,414,600	5,848,800	11,414,600	5,848,800
TOTAL SOURCE OF FUNDS	22,934,000	21,151,000	11,686,000	15,856,800	10,224,800
EXPENDITURES BY CLASS					
Personnel Costs	1,036,800	1,104,800	1,171,600	1,047,200	1,047,200
Operating Expenses	1,104,000	4,815,800	809,900	557,900	552,000
Grants Loans Benefits	9,756,200	9,865,100	9,005,300	8,866,700	7,906,700
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,782,600	9,304,300	5,521,300	3,990,400	4,040,400
Restricted Fund	475,000	175,900	160,000	175,900	160,000
Federal Fund	8,639,400	6,305,500	5,305,500	6,305,500	5,305,500
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
EXPENDITURES BY UNIT					
General Administration and Support	1,426,500	1,614,100	1,675,000	1,298,600	1,292,700
State Share of County Election Expenses	20,400	2,145,600	2,214,600	1,430,000	1,480,000
State Share of Voter Registration Expenses	1,337,700	1,620,500	1,701,700	1,337,700	1,337,700
Election Fund	9,112,400	10,405,500	5,395,500	6,405,500	5,395,500
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900

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

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

General Administration and Support

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

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

State Share of County Election Expenses

The State Share of County Election Expenses program reimburses county fiscal courts the state's share of county election expenses pursuant to KRS 117.345(2).

The state currently has 3,565 precincts with over 2.9 million registered voters. The number of precincts increases as voter registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

State Share of Voter Registration Expenses

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

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

Election Fund

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

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

The State Board of Elections received an additional HAVA disbursement in the last biennium in the amount of \$3.0 million which was matched with state funds at a rate of five percent. These additional HAVA funds will be used to further improve the election process.

Policy

The Executive Budget includes General Fund in the amount of \$1,430,000 in fiscal year 2011 and \$1,480,000 in fiscal year 2012 for the State Share of County Election Expenses.

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

**General Government
Registry of Election Finance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,382,200	1,581,600	1,679,700	1,195,700	1,195,700
Salary and Health Insurance Adjustments	21,900				
Budget Reduction-General Fund	-126,900				
Mandated Expenditure Reductions	-60,600				
Total General Fund	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
Restricted Fund					
Balance Forward	100	100	100	100	100
Total Restricted Fund	100	100	100	100	100
TOTAL SOURCE OF FUNDS	1,216,700	1,581,700	1,679,800	1,195,800	1,195,800
EXPENDITURES BY CLASS					
Personnel Costs	1,055,800	1,376,800	1,474,900	1,024,600	1,024,600
Operating Expenses	160,800	204,800	204,800	171,100	171,100
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
EXPENDITURES BY UNIT					
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700

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

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

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

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

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

**General Government
Attorney General**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,284,000	13,835,200	14,852,400	11,026,600	11,026,600
Salary and Health Insurance Adjustments	219,200				
Budget Reduction-General Fund	-1,640,900				
Mandated Expenditure Reductions	-579,300				
Total General Fund	11,283,000	13,835,200	14,852,400	11,026,600	11,026,600
Restricted Fund					
Balance Forward	3,805,547	2,137,700	1,450,800	2,222,700	1,535,800
Current Receipts	2,082,553	1,612,000	1,612,000	1,612,000	1,612,000
Non-Revenue Receipts	6,661,500	7,479,400	7,607,800	6,939,900	6,964,600
Total Restricted Fund	12,549,600	11,229,100	10,670,600	10,774,600	10,112,400
Federal Fund					
Current Receipts	2,486,900	2,611,700	2,724,300	2,611,700	2,724,300
ARRA Receipts	1,359,600	2,030,000	686,500	2,030,000	686,500
Total Federal Fund	3,846,500	4,641,700	3,410,800	4,641,700	3,410,800
TOTAL SOURCE OF FUNDS	27,679,100	29,706,000	28,933,800	26,442,900	24,549,800
EXPENDITURES BY CLASS					
Personnel Costs	16,740,300	19,035,900	19,149,600	17,279,000	16,330,200
Operating Expenses	2,899,400	2,969,400	2,711,500	1,788,200	1,521,900
Grants Loans Benefits	5,816,700	6,249,900	6,299,900	5,839,900	5,839,900
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,283,000	13,835,200	14,852,400	11,026,600	11,026,600
Restricted Fund	10,326,900	9,778,300	9,897,800	9,238,800	9,254,600
Federal Fund	3,846,500	4,641,700	3,410,800	4,641,700	3,410,800
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
EXPENDITURES BY UNIT					
Administrative Services	4,260,700	5,283,400	4,169,200	4,570,000	3,228,200
Criminal Services	8,469,200	8,806,300	9,320,000	7,728,000	7,765,000
Advocacy Services	3,755,500	4,257,500	4,474,800	3,485,200	3,509,100
Civil Services	2,071,000	2,428,600	2,589,200	2,184,000	2,225,100
Uninsured Employers Fund	6,900,000	7,479,400	7,607,800	6,939,900	6,964,600
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000

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

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

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

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local rate-making and regulatory bodies in the areas of utilities and health care insurance. The Office of Victim's Advocacy administers the victim's advocate program and provides support services to victims of crime.

The Office of Civil and Environmental Law represents the state's boards and agencies; issues formal opinions; represents state officials, elected prosecutors, and the judiciary in legal proceedings; provides hearing officer services and mediation to state agencies; and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund. The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government
Commonwealth's Attorneys**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,147,800	39,417,000	41,774,300	36,170,900	36,170,900
Salary and Health Insurance Adjustments	725,000				
Special Appropriation	2,291,300				
Total General Fund	36,164,100	39,417,000	41,774,300	36,170,900	36,170,900
Restricted Fund					
Balance Forward	562,900	482,500	395,500	482,500	395,500
Current Receipts	1,353,900	1,440,800	1,538,600	1,366,500	1,407,700
Non-Revenue Receipts	-11,800				
Total Restricted Fund	1,905,000	1,923,300	1,934,100	1,849,000	1,803,200
Federal Fund					
Current Receipts	114,300	82,100	82,400	79,300	79,300
Non-Revenue Receipts		40,200	43,400		
ARRA Receipts		205,100	65,800		
Total Federal Fund	114,300	327,400	191,600	79,300	79,300
TOTAL SOURCE OF FUNDS	38,183,400	41,667,700	43,900,000	38,099,200	38,053,400
EXPENDITURES BY CLASS					
Personnel Costs	32,814,700	36,158,300	38,466,200	32,971,800	33,020,200
Operating Expenses	4,866,200	5,082,100	5,039,800	4,700,100	4,664,200
Grants Loans Benefits	20,000	31,800	31,000	31,800	6,000
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
EXPENDITURES BY FUND SOURCE					
General Fund	36,164,100	39,417,000	41,774,300	36,170,900	36,170,900
Restricted Fund	1,422,500	1,527,800	1,571,100	1,453,500	1,440,200
Federal Fund	114,300	327,400	191,600	79,300	79,300
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400

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

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

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

**General Government
County Attorneys**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,153,200	33,846,000	35,989,800	31,012,800	31,012,800
Salary and Health Insurance Adjustments	652,500				
Special Appropriation	2,207,100				
Total General Fund	31,012,800	33,846,000	35,989,800	31,012,800	31,012,800
Restricted Fund					
Balance Forward	383,200	283,800	198,100	283,800	198,100
Current Receipts	204,300	230,500	237,700	218,000	221,600
Total Restricted Fund	587,500	514,300	435,800	501,800	419,700
Federal Fund					
Current Receipts	499,900	540,600	579,700	499,900	499,900
Total Federal Fund	499,900	540,600	579,700	499,900	499,900
TOTAL SOURCE OF FUNDS	32,100,200	34,900,900	37,005,300	32,014,500	31,932,400
EXPENDITURES BY CLASS					
Personnel Costs	30,044,200	33,054,100	35,257,900	30,167,700	30,185,000
Operating Expenses	1,772,200	1,648,700	1,631,400	1,648,700	1,631,400
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
EXPENDITURES BY FUND SOURCE					
General Fund	31,012,800	33,846,000	35,989,800	31,012,800	31,012,800
Restricted Fund	303,700	316,200	319,800	303,700	303,700
Federal Fund	499,900	540,600	579,700	499,900	499,900
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
EXPENDITURES BY UNIT					
County Attorneys	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400

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

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

General Government

Treasury

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,927,600	2,466,000	2,611,200	1,671,300	1,671,300
Salary and Health Insurance Adjustments	36,200				
Budget Reduction-General Fund	-184,300				
Mandated Expenditure Reductions	-86,700				
Total General Fund	1,692,800	2,466,000	2,611,200	1,671,300	1,671,300
Restricted Fund					
Regular Appropriation		45,800	49,300		
Balance Forward	187,000	61,800		61,800	
Non-Revenue Receipts	801,100	889,600	981,200	973,600	1,053,300
Total Restricted Fund	988,100	997,200	1,030,500	1,035,400	1,053,300
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	2,930,900	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY CLASS					
Personnel Costs	2,508,300	2,962,200	3,140,700	2,585,200	2,603,100
Operating Expenses	360,800	751,000	751,000	371,500	371,500
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,692,800	2,466,000	2,611,200	1,671,300	1,671,300
Restricted Fund	926,300	997,200	1,030,500	1,035,400	1,053,300
Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY UNIT					
General Administration and Support	1,274,800	1,938,800	2,028,900	1,252,000	1,252,000
Disbursements and Accounting	668,000	777,200	832,300	669,300	669,300
Abandoned Property Administration	926,300	997,200	1,030,500	1,035,400	1,053,300
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600

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

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

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 10,000,000 checks and stubs each year, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal

funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings and U. S. Savings Bond deductions from state agency payrolls. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

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

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$1,035,400 in fiscal year 2011 and \$1,053,300 in fiscal year 2012. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the Unclaimed Property program.

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

The Executive Budget includes \$277,000 in capital construction investment income appropriations in the capital budget in each fiscal year of the biennium for the replacement of two laser check printers and two fold sealers through a lease purchase.

General Government

Agriculture

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,249,200	24,954,700	24,144,600	18,140,200	17,490,200
Salary and Health Insurance	266,300				
Adjustments					
Continuing Approp.-General Fund	253,300				
Budget Reduction-General Fund	-2,871,000				
Mandated Expenditure Reductions	-911,600				
Total General Fund	17,986,200	24,954,700	24,144,600	18,140,200	17,490,200
Restricted Fund					
Balance Forward	3,882,200	6,523,000	3,185,000	6,523,000	2,862,300
Current Receipts	5,960,300	5,806,000	5,720,900	5,483,100	5,386,700
Non-Revenue Receipts	2,305,600	629,600	648,000	629,400	647,500
Total Restricted Fund	12,148,100	12,958,600	9,553,900	12,635,500	8,896,500
Federal Fund					
Current Receipts	4,688,000	4,383,000	4,389,100	4,383,000	4,389,100
Non-Revenue Receipts	848,000	623,400	623,400	623,400	623,400
Total Federal Fund	5,536,000	5,006,400	5,012,500	5,006,400	5,012,500
TOTAL SOURCE OF FUNDS	35,670,300	42,919,700	38,711,000	35,782,100	31,399,200
EXPENDITURES BY CLASS					
Personnel Costs	16,096,800	19,792,800	21,133,200	16,288,500	16,402,300
Operating Expenses	6,644,900	11,168,800	8,928,200	9,888,700	8,258,800
Grants Loans Benefits	5,630,600	6,302,900	5,526,200	5,444,400	4,667,700
Capital Outlay	775,000	2,470,200	1,675,000	1,298,200	1,275,000
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
EXPENDITURES BY FUND SOURCE					
General Fund	17,986,200	24,954,700	24,144,600	18,140,200	17,490,200
Restricted Fund	5,625,100	9,773,600	8,105,500	9,773,200	8,101,100
Federal Fund	5,536,000	5,006,400	5,012,500	5,006,400	5,012,500
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
EXPENDITURES BY UNIT					
Strategic Planning and Administration	3,428,700	4,211,800	4,027,300	3,381,300	3,381,300
Motor Fuel Inspection and Testing	821,700	1,339,300	1,039,000	826,100	829,000
Consumer and Environmental Programs	11,900,300	17,445,500	17,555,600	14,715,600	14,875,000
State Veterinarian	3,668,500	5,009,700	4,441,700	4,116,700	3,473,000
Animal Control	151,200	110,200	110,200	110,200	110,200
Universities	800,000	800,000	800,000	784,000	784,000
Market Promotion and Protection	86,000	90,800	97,200	90,400	92,800
Mexico Office	100,000	100,000	100,000	100,000	100,000
Farmland Preservation	525,000	948,200	925,000	548,200	525,000
Agriculture Marketing and Product Promotion	7,053,600	9,275,900	7,759,200	7,847,300	6,033,500
Small Winery Support Fund	612,300	403,300	407,400	400,000	400,000
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800

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

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

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated. In addition, the Office will operate the state's new motor fuel and pesticide testing laboratory, authorized by the General Assembly in 2006.

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

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. Responsibilities of this office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries. The Small Farm Winery Support Fund was created in 2006 and the Department administers \$400,000 each year of the biennium to develop marketing and promotion strategies to assist this emerging industry.

Policy

The Executive Budget includes General Fund in the amount of \$650,000 in fiscal year 2011 for State Veterinarian expenditures for the Alltech FEI World Equestrian Games.

**General Government
Auditor of Public Accounts**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,660,300	5,935,700	6,828,900	4,696,300	4,696,300
Salary and Health Insurance Adjustments	122,100				
Budget Reduction-General Fund	-791,500				
Mandated Expenditure Reductions	-241,600				
Total General Fund	4,749,300	5,935,700	6,828,900	4,696,300	4,696,300
Restricted Fund					
Current Receipts	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
Total Restricted Fund	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
TOTAL SOURCE OF FUNDS	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY CLASS					
Personnel Costs	9,298,500	10,151,600	10,881,400	9,294,200	9,294,800
Operating Expenses	1,049,600	1,000,900	1,000,300	531,600	366,000
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY FUND SOURCE					
General Fund	4,749,300	5,935,700	6,828,900	4,696,300	4,696,300
Restricted Fund	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,151,500	1,229,600	1,310,500	1,151,500	1,151,500
Financial Audit	7,300,000	7,929,600	8,450,700	6,777,700	6,612,700
Technology and Specialized Audits	1,896,600	1,993,300	2,120,500	1,896,600	1,896,600
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800

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

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations. Also, the Auditor of Public Accounts has primary responsibility for auditing (per US Office of Management and Budget requirement) the \$3.2 billion of American Recovery and Reinvestment Act funds Kentucky receives, in addition to auditing existing federal programs.

The Auditor of Public Accounts has four program areas: Administration, Division of Examination and Information Technology, Office of Financial Audit, and the Division of Performance Audit.

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

The Division of Examination and Information Technology is responsible for internal technology systems, data processing systems, special examinations, security consultation and training, as well as performance audits of public entities to

increase the effectiveness and reduce the cost of the delivery of services.

The Office of Financial Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and for county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, and circuit clerks per KRS 43.070. The Single Audit Act of 1984 as enacted by the United States Congress is also one of the responsibilities for the Auditor of Public Accounts.

**General Government
Personnel Board**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	8,800	10,400		10,400	10,400
Current Receipts	795,400	839,200	893,300	801,800	809,400
Total Restricted Fund	804,200	849,600	893,300	812,200	819,800
TOTAL SOURCE OF FUNDS	804,200	849,600	893,300	812,200	819,800
EXPENDITURES BY CLASS					
Personnel Costs	688,300	748,300	790,600	701,800	717,100
Operating Expenses	105,500	101,300	102,700	100,000	102,700
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800
EXPENDITURES BY FUND SOURCE					
Restricted Fund	793,800	849,600	893,300	801,800	819,800
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800
EXPENDITURES BY UNIT					
Personnel Board	793,800	849,600	893,300	801,800	819,800
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800

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

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

Policy

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

Pursuant to KRS 18A.0551, the Restricted Fund appropriation in fiscal year 2010 includes funds to support the election of Personnel Board members.

**General Government
Kentucky Retirement Systems**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	2,684,500				
Non-Revenue Receipts	24,041,000	29,070,500	29,867,400	28,879,100	29,252,500
Total Restricted Fund	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL SOURCE OF FUNDS	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY CLASS					
Personnel Costs	21,368,700	24,149,700	24,926,600	23,958,300	24,311,700
Operating Expenses	4,906,800	4,505,800	4,525,800	4,505,800	4,525,800
Capital Outlay	450,000	415,000	415,000	415,000	415,000
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY FUND SOURCE					
Restricted Fund	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500

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

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

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

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

**General Government
Occupational & Professional Boards & Commissions**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		172,800	99,100		
Total General Fund		172,800	99,100		
Restricted Fund					
Balance Forward	15,841,700	13,861,400	12,023,700	13,917,100	12,411,200
Current Receipts	19,074,200	19,402,900	19,096,400	19,470,000	19,063,500
Fund Transfers	-760,000				
Total Restricted Fund	34,155,900	33,264,300	31,120,100	33,387,100	31,474,700
TOTAL SOURCE OF FUNDS	34,155,900	33,437,100	31,219,200	33,387,100	31,474,700
EXPENDITURES BY CLASS					
Personnel Costs	14,706,700	15,820,200	16,640,200	15,403,800	15,695,700
Operating Expenses	4,885,400	4,711,500	4,694,600	4,690,400	4,685,400
Grants Loans Benefits	552,500	802,500	802,500	802,500	802,500
Capital Outlay	94,200	79,200	77,700	79,200	77,700
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
EXPENDITURES BY FUND SOURCE					
General Fund		172,800	99,100		
Restricted Fund	20,238,800	21,240,600	22,115,900	20,975,900	21,261,300
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
EXPENDITURES BY UNIT					
Accountancy	619,200	631,300	651,100	630,500	637,500
Certification of Alcohol and Drug Counselors	67,200	67,200	67,200	67,200	67,200
Architects	398,400	417,400	441,800	409,000	416,300
Certification for Professional Art Therapists	11,400	11,400	11,400	11,400	11,400
Auctioneers	400,400	410,100	420,900	403,800	405,700
Barbering	302,500	316,200	333,900	310,000	314,900
Chiropractic Examiners	247,800	290,600	306,100	274,600	279,000
Dentistry	691,800	765,200	780,300	705,400	714,000
Licensure & Cert. for Dietitians & Nutritionists	69,600	69,600	69,600	69,600	69,600
Embalmers and Funeral Directors	366,200	375,300	393,900	366,200	373,100
Licensure for Prof. Engineers and Land Surveyors	1,411,400	1,458,600	1,518,000	1,445,300	1,466,800
Certification of Fee-Based Pastoral Counselors	3,500	3,500	3,500	3,500	3,500
Registration for Professional Geologists	135,000	115,000	115,000	115,000	115,000
Hairdressers and Cosmetologists	1,143,000	1,186,800	1,239,200	1,174,000	1,194,500
Specialists in Hearing Instruments	52,700	52,700	52,700	52,700	52,700
Interpreters for the Deaf and Hard of Hearing	31,000	31,000	31,000	31,000	31,000
Examiners & Registration of Landscape Architects	69,500	74,000	76,900	67,700	68,900
Licensure of Marriage and Family Therapists	83,200	83,200	83,200	83,200	83,200
Licensure for Massage Therapy	91,500	120,700	120,700	120,700	120,700

Medical Licensure	2,581,100	2,687,700	2,774,000	2,658,600	2,684,300
Nursing	5,023,100	5,733,800	6,008,900	5,517,700	5,615,500
Licensure for Nursing Home Administrators	47,000	47,000	47,000	47,000	47,000
Licensure for Occupational Therapy	86,000	107,600	107,600	107,600	107,600
Ophthalmic Dispensers	48,700	57,400	57,400	57,400	57,400
Optometric Examiners	176,100	178,000	184,900	179,300	181,800
Pharmacy	1,328,200	1,384,200	1,456,300	1,367,800	1,392,200
Physical Therapy	332,700	400,800	417,300	398,900	407,900
Podiatry	23,200	25,000	25,700	24,700	24,700
Private Investigators	80,000	80,000	80,000	80,000	80,000
Licensed Professional Counselors	126,800	126,800	126,800	126,800	126,800
Proprietary Education	206,800	206,800	206,800	206,800	206,800
Examiners of Psychology	191,100	191,100	191,100	191,100	191,100
Real Estate Appraisers	622,700	694,800	713,600	684,900	694,300
Real Estate Commission	2,420,800	2,196,200	2,268,700	2,174,300	2,200,000
Respiratory Care	183,600	190,000	195,100	190,900	193,800
Social Work	215,600	231,400	242,400	226,300	230,100
Speech-Language Pathology and Audiology	112,200	157,200	157,200	157,200	157,200
Veterinary Examiners	237,800	237,800	237,800	237,800	237,800
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300

The 38 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

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

Eighteen of the 38 Boards and Commissions employ the services of the Division of Occupations and Professions in the Public Protection Cabinet to carry out their administrative functions.

**General Government
Kentucky River Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	304,800	409,500	423,500	261,700	261,700
Salary and Health Insurance Adjustments	5,000				
Budget Reduction-General Fund	-29,100				
Mandated Expenditure Reductions	-13,700				
Total General Fund	267,000	409,500	423,500	261,700	261,700
Restricted Fund					
Balance Forward	2,574,400	3,063,300	955,600	3,063,300	1,134,500
Current Receipts	2,550,500	3,138,500	4,468,400	2,620,000	2,680,000
Total Restricted Fund	5,124,900	6,201,800	5,424,000	5,683,300	3,814,500
TOTAL SOURCE OF FUNDS	5,391,900	6,611,300	5,847,500	5,945,000	4,076,200
EXPENDITURES BY CLASS					
Personnel Costs	612,400	664,700	707,300	631,300	641,900
Operating Expenses	144,600	149,900	150,100	142,100	142,100
Grants Loans Benefits	285,000	300,000	300,000	300,000	300,000
Debt Service	1,256,600	2,016,100	3,313,000	1,604,100	2,617,200
Capital Outlay	30,000	2,525,000	375,000	2,133,000	375,000
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200
EXPENDITURES BY FUND SOURCE					
General Fund	267,000	409,500	423,500	261,700	261,700
Restricted Fund	2,061,600	5,246,200	4,421,900	4,548,800	3,814,500
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200
EXPENDITURES BY UNIT					
General Operations	775,000	1,953,100	1,231,900	2,252,300	1,197,300
Locks and Dams Construction/Maintenance	1,256,600	3,293,100	3,190,000	2,296,500	2,617,200
Locks and Dams Operations	297,000	409,500	423,500	261,700	261,700
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1880. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

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

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

**General Government
School Facilities Construction Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	111,003,200	107,991,700	118,399,400	101,433,100	102,802,000
Salary and Health Insurance Adjustments	5,900				
Budget Reduction-General Fund	-600,000				
Mandated Expenditure Reductions	-4,200,000				
Total General Fund	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL SOURCE OF FUNDS	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY CLASS					
Personnel Costs	259,100	2,296,000	2,316,400	259,100	259,100
Operating Expenses	24,000	24,000	24,000	39,100	39,100
Debt Service	105,926,000	105,671,700	116,059,000	101,134,900	102,503,800
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY FUND SOURCE					
General Fund	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY UNIT					
School Facilities Construction Commission	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000

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

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

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

Since the inception of the School Facilities Construction Commission in 1987, bonds totaling \$4.6 billion (combined state and local participation) have been sold for school construction.

Policy

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

The recommended budget includes \$4,050,000 in fiscal year 2010-2011 and \$12,656,200 in fiscal year 2011-2012 for debt service for \$150,000,000 in bonds to finance the offers of assistance authorized by the 2008 Regular Session of the General Assembly.

Finally, the Executive Budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2010-12 biennium in anticipation of debt service availability during the 2012-14 biennium.

**General Government
Teachers' Retirement System**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Total General Fund	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Restricted Fund					
Balance Forward	2,118,800				
Non-Revenue Receipts	8,732,200	11,428,700	12,030,300	11,428,700	12,030,300
Total Restricted Fund	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
TOTAL SOURCE OF FUNDS	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY CLASS					
Personnel Costs	8,874,800	9,324,300	9,810,600	9,324,300	9,810,600
Operating Expenses	1,826,200	1,946,900	2,054,300	1,946,900	2,054,300
Grants Loans Benefits	201,252,600	517,510,200	598,806,900	144,798,200	141,791,300
Debt Service				74,693,700	103,845,700
Capital Outlay	150,000	157,500	165,400	157,500	165,400
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY FUND SOURCE					
General Fund	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Restricted Fund	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY UNIT					
Teachers' Retirement System	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300

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

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

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

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and employer contribution rate at 9.855

percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

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

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

Policy

The Executive Budget includes General Funds in the amount of \$74,693,700 in fiscal year 2011 and \$102,281,200 in fiscal year 2012 for debt service on bonds issued 1) to fulfill existing state obligations to the State Accumulation Fund (the Pension fund) due to borrowings from the fund on behalf of the Medical Insurance Fund during the period of fiscal year 2005 through fiscal year 2010, and 2) meet the projected needs of the Medical Insurance Fund during the 2010-12 biennium. This refinancing of an existing hard liability will save \$96 million through fiscal year 2022. This alternative finances a cumulative \$476,160,000 liability and a projected medical cost liability of \$170,000,000 in each year of the 2010-2012 biennium at a lower interest rate than the current 7.5 percent interest rate.

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

The recommended budget includes \$6,516,600 in fiscal year 2011 and \$13,674,800 in fiscal year 2012 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2010-2012 biennium who are eligible to add accrued sick leave to their final year of service.

Also included in the recommended budget is \$2,574,100 in General Funds in fiscal year 2011 and \$2,574,100 in fiscal year 2012 for amortization payments to cover the 2008-10 biennial cost of the medical insurance subsidy for dependent spouses of retirees under the age of 65. The recommended budget also includes \$1,564,500 for an initial amortization payment to cover the dependent spouse subsidy during the 2010-12 biennium. The subsidy was established in House Bill 1 enacted by the October 2004 Extraordinary Session of the General Assembly.

**General Government
Judgments**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Continuing Approp.-General Fund	1,000				
Mandated Allotments	150,000				
Total General Fund	151,000				
TOTAL SOURCE OF FUNDS	151,000				
EXPENDITURES BY CLASS					
Personnel Costs	79,600				
Operating Expenses	71,400				
TOTAL EXPENDITURES	151,000				
EXPENDITURES BY FUND SOURCE					
General Fund	151,000				
TOTAL EXPENDITURES	151,000				
EXPENDITURES BY UNIT					
Judgments	151,000				
TOTAL EXPENDITURES	151,000				

The timing of payments of judgments is dependent on many factors beyond the control of the Commonwealth. As provided in the Appropriations Act, any judgments or contingent liabilities for the 2010-2012 biennium will be paid from the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund.

General Government
Appropriations Not Otherwise Classified

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,267,500	14,076,100	14,076,100	5,776,100	5,776,100
Budget Reduction-General Fund	-491,400				
Mandated Allotments	8,300,000				
Total General Fund	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL SOURCE OF FUNDS	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY CLASS					
Personnel Costs	10,185,000	10,185,000	10,185,000	1,385,000	1,385,000
Operating Expenses	3,888,600	3,888,600	3,888,600	4,388,600	4,388,600
Grants Loans Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY FUND SOURCE					
General Fund	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY UNIT					
Attorney General Expense	225,000	225,000	225,000	225,000	225,000
Board of Claims Award	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Guardian Ad Litem	9,900,000	9,900,000	9,900,000	1,100,000	1,100,000
Prior Year Claims	400,000	400,000	400,000	758,600	758,600
Unredeemed Checks Refunded	1,500,000	1,500,000	1,500,000	1,700,000	1,700,000
Involuntary Commitments-ICF/MR	60,000	60,000	60,000	60,000	60,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Survivor Benefits	508,600	508,600	508,600	480,000	480,000
Med Malpractice Liability Ins Reimb	185,000	185,000	185,000	185,000	185,000
Blanket Employee Bonds	100,000	100,000	100,000	70,000	70,000
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100

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

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Economic Development

Economic Development

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,092,100	48,631,600	49,160,900	25,863,400	31,340,900
Salary and Health Insurance Adjustments	127,000				
Continuing Approp.-General Fund	20,723,700	6,000,000	5,000,000	6,000,000	5,000,000
Budget Reduction-General Fund	-1,156,600				
Mandated Expenditure Reductions	-1,120,200				
Total General Fund	44,666,000	54,631,600	54,160,900	31,863,400	36,340,900
Restricted Fund					
Balance Forward	1,583,800	744,500		744,500	
Current Receipts	310,000	325,000	350,000	325,000	350,000
Non-Revenue Receipts	2,245,100	1,009,300	1,830,200	996,800	1,762,700
Total Restricted Fund	4,138,900	2,078,800	2,180,200	2,066,300	2,112,700
Federal Fund					
Balance Forward	29,600				
Current Receipts	4,555,400	155,400	155,400	155,400	155,400
Total Federal Fund	4,585,000	155,400	155,400	155,400	155,400
TOTAL SOURCE OF FUNDS	53,389,900	56,865,800	56,496,500	34,085,100	38,609,000
EXPENDITURES BY CLASS					
Personnel Costs	9,908,600	10,470,500	11,078,900	9,940,600	9,974,300
Operating Expenses	2,281,700	2,231,400	2,253,700	2,286,700	2,299,400
Grants Loans Benefits	34,455,100	17,337,900	21,337,900	13,009,300	17,009,300
Debt Service		21,826,000	21,826,000	3,848,500	9,326,000
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
EXPENDITURES BY FUND SOURCE					
General Fund	38,666,000	49,631,600	54,160,900	26,863,400	36,340,900
Restricted Fund	3,394,400	2,078,800	2,180,200	2,066,300	2,112,700
Federal Fund	4,585,000	155,400	155,400	155,400	155,400
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
EXPENDITURES BY UNIT					
Secretary	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
Business Development	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
Financial Incentives	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000

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 private sector members representing all facets of the economic development community who are appointed by the Governor. 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 three appropriation units: Office of the Secretary, Business Development, and Financial Incentives. The budget for the Department for Commercialization and Innovation is in the Office of the Secretary.

**Economic Development
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,796,900	14,137,200	14,359,400	14,286,600	14,850,600
Salary and Health Insurance Adjustments	64,500				
Budget Reduction-General Fund	-612,100				
Mandated Expenditure Reductions	-901,400				
Reorganization Adjustment	-408,200				
Total General Fund	13,939,700	14,137,200	14,359,400	14,286,600	14,850,600
Restricted Fund					
Balance Forward	992,700	186,800		186,800	
Current Receipts	10,000				
Non-Revenue Receipts	200,000		200,000		200,000
Total Restricted Fund	1,202,700	186,800	200,000	186,800	200,000
Federal Fund					
Current Receipts	4,400,000				
Total Federal Fund	4,400,000				
TOTAL SOURCE OF FUNDS	19,542,400	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY CLASS					
Personnel Costs	3,514,900	3,657,800	3,874,400	3,466,400	3,466,900
Operating Expenses	1,316,900	1,320,600	1,339,400	1,379,400	1,392,100
Grants Loans Benefits	14,523,800	9,345,600	9,345,600	9,345,600	9,345,600
Debt Service				282,000	846,000
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY FUND SOURCE					
General Fund	13,939,700	14,137,200	14,359,400	14,286,600	14,850,600
Restricted Fund	1,015,900	186,800	200,000	186,800	200,000
Federal Fund	4,400,000				
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY UNIT					
Executive Policy & Management	7,109,800	2,519,500	2,625,700	2,438,000	2,451,200
Commercialization & Innovation	10,627,200	10,091,800	10,126,200	10,347,300	10,911,300
Administration and Support	1,618,600	1,712,700	1,807,500	1,688,100	1,688,100
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600

The Secretary's Office manages the programs and activities of the Cabinet under the direction of the Kentucky Economic Development Partnership Board. Staff and administrative functions within the Office include communication and marketing services and special projects.

The Office of Legal Services handles all legal issues for the Cabinet, including drafting and review of incentive agreements, contracts and other legal documents; oversight of outside counsel; and review and drafting of legislation.

The Office of Administrative Services provides accounting, budgeting, procurement, personnel and information technology services for all of the agencies within the Cabinet.

The Department for Commercialization and Innovation (DCI) is within the Office of the Secretary. This department is

established in KRS 154.12-278 with the mission to implement the Kentucky Innovation Act passed by the 2000 General Assembly, which mandates creation of the infrastructure necessary to support knowledge-based and technology-driven firms in the Commonwealth of Kentucky. The infrastructure required by New Economy businesses includes pure research from universities and other institutions, laboratory and technology resources, a workforce with current scientific and technical skills, and high-speed communications capability. The Department uses grants, loans, training and information to develop and make available those raw materials of the New Economy, and provides assistance to existing and start-up firms in bringing their knowledge-based products to commercial viability. The Commissioner of DCI works closely with the state universities, the Council on Postsecondary Education and the Governor's Office for Agricultural Policy, among others, to build a thriving entrepreneurial climate in Kentucky.

The Commissioner of DCI and the Kentucky Economic Development Finance Authority administer the high tech construction and high tech investment pools, as prescribed in KRS 154.12-278.

Policy

The Executive Budget provides General Fund of \$282,000 in fiscal year 2011 and \$846,000 in fiscal year 2012 for debt service on \$10 million in new bonds for the High Tech Construction/Investment Pool.

**Economic Development
Business Development**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,094,700	5,103,400	5,369,800	4,801,900	4,801,900
Salary and Health Insurance Adjustments	51,900				
Budget Reduction-General Fund	-534,100				
Mandated Expenditure Reductions	-218,800				
Reorganization Adjustment	408,200				
Total General Fund	4,801,900	5,103,400	5,369,800	4,801,900	4,801,900
Restricted Fund					
Balance Forward	333,400				
Non-Revenue Receipts	263,900	300,000	300,000	300,000	300,000
Total Restricted Fund	597,300	300,000	300,000	300,000	300,000
Federal Fund					
Balance Forward	29,600				
Current Receipts	155,400	155,400	155,400	155,400	155,400
Total Federal Fund	185,000	155,400	155,400	155,400	155,400
TOTAL SOURCE OF FUNDS	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY CLASS					
Personnel Costs	4,427,300	4,742,700	5,005,600	4,444,700	4,444,700
Operating Expenses	859,600	816,100	819,600	812,600	812,600
Grants Loans Benefits	297,300				
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY FUND SOURCE					
General Fund	4,801,900	5,103,400	5,369,800	4,801,900	4,801,900
Restricted Fund	597,300	300,000	300,000	300,000	300,000
Federal Fund	185,000	155,400	155,400	155,400	155,400
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY UNIT					
Executive Policy & Management	2,560,200	2,373,100	2,454,000	2,220,300	2,220,300
Regional Offices	643,200	682,000	726,600	646,700	646,700
Procurement Assistance	341,800	360,000	381,400	343,100	343,100
Research	777,000	823,100	880,200	781,300	781,300
Small and Minority Business	489,100	524,000	560,100	491,500	491,500
International Trade	772,900	796,600	822,900	774,400	774,400
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300

The Department for Business Development is responsible for coordinating the recruitment of new companies that will enhance the overall viability of the state's economy, as well as encouraging job retention and growth of existing Kentucky businesses. The Commissioner and project managers work throughout the United States to provide information concerning available sites, financing, workforce availability and training and regulatory requirements to firms who might be interested in locating in the Commonwealth. The Department also has a full-time representative in Tokyo, Japan.

The Division of International Trade provides opportunities for increased export sales of Kentucky-produced goods

and services, including livestock and other agriculture products, computer accessories, machinery, manufactured metals, chemicals, transportation equipment, hardwood lumber and distilled spirits. The Division operates trade offices in Guadalajara, Mexico and Beijing, China. The Mexico office is a joint venture with the Kentucky Department of Agriculture.

The Division for Regional Economic Development conducts a statewide existing business visitation program and assists communities in preparing for their role in economic development. The Division has representatives in Madisonville, Frankfort and Prestonsburg.

The Division of Small Business Services coordinates technical, financial, and procurement services to promote small business development in Kentucky. The Procurement Assistance Branch, which is partially supported by a Federal grant, helps Kentucky businesses sell their goods and services to Federal, state and local government agencies. The Small and Minority Business Branch provides a centralized information source on business regulations, licenses, permits and support programs for small businesses. The Division also provides staff support to the Commission on Small Business Advocacy, a 30-member advisory board that serves as a liaison between government and the small business community.

The Office of Research provides economic, demographic and geographic information about Kentucky and its various regions and communities. The Site Evaluation Branch maintains an on-line searchable database of shovel-ready sites and vacant buildings for firms looking for a Kentucky home.

**Economic Development
Financial Incentives**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,200,500	29,391,000	29,431,700	6,774,900	11,688,400
Salary and Health Insurance Adjustments	10,600				
Continuing Approp.-General Fund	20,723,700	6,000,000	5,000,000	6,000,000	5,000,000
Budget Reduction-General Fund	-10,400				
Total General Fund	25,924,400	35,391,000	34,431,700	12,774,900	16,688,400
Restricted Fund					
Balance Forward	257,700	557,700		557,700	
Current Receipts	300,000	325,000	350,000	325,000	350,000
Non-Revenue Receipts	1,781,200	709,300	1,330,200	696,800	1,262,700
Total Restricted Fund	2,338,900	1,592,000	1,680,200	1,579,500	1,612,700
TOTAL SOURCE OF FUNDS	28,263,300	36,983,000	36,111,900	14,354,400	18,301,100
EXPENDITURES BY CLASS					
Personnel Costs	1,966,400	2,070,000	2,198,900	2,029,500	2,062,700
Operating Expenses	105,200	94,700	94,700	94,700	94,700
Grants Loans Benefits	19,634,000	7,992,300	11,992,300	3,663,700	7,663,700
Debt Service		21,826,000	21,826,000	3,566,500	8,480,000
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
EXPENDITURES BY FUND SOURCE					
General Fund	19,924,400	30,391,000	34,431,700	7,774,900	16,688,400
Restricted Fund	1,781,200	1,592,000	1,680,200	1,579,500	1,612,700
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
EXPENDITURES BY UNIT					
Financial Incentives	3,519,200	25,410,300	25,498,500	5,146,000	10,092,700
Bluegrass State Skills	18,186,400	6,572,700	10,613,400	4,208,400	8,208,400
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100

The Department of Financial Incentives coordinates financial assistance and tax incentive programs available to businesses and industry in Kentucky. These incentives address a variety of economic situations such as chronic high levels of unemployment; lack of job skills in the available workforce; and lack of adequate physical, communications, and transportation infrastructure. Programs are available to firms statewide, with some enhanced benefits in counties that face more economic challenges.

Incentives are approved by the Kentucky Economic Development Finance Authority (KEDFA) upon recommendation of the Department's staff. KEDFA members include six private citizens appointed by the Kentucky Economic Development Partnership Board and the Secretary of the Finance and Administration Cabinet who is an *ex officio* member. Incentives are authorized under the following programs:

- The Kentucky Business Investment Program (KRS 154.32)
- The Kentucky Reinvestment Act (KRS 154.34)
- The Kentucky Enterprise Initiative Act (KRS 154.31)
- The Kentucky Industrial Revitalization Act (KRS 154.26)
- The Kentucky Environmental Stewardship Act (KRS 154.48)
- The Kentucky Jobs Retention Act (KRS 154.25)
- Incentives for Energy Independence (KRS 154.27)
- Emergency Small Business Jobs Stimulus Act (KRS 154.60)

- Small Business Loan Program (KRS 154.12-330)
- The Economic Development Bond Program (KRS 154.12-100)
- The Direct Loan Program (KRS 154.20-030)
- The Kentucky Investment Fund Act (KRS 154.20-256)
- Tax Increment Financing (KRS 65.6971-6972 and KRS 154.30)

In the 2009 Extraordinary Session, the General Assembly enacted HB 3, a long-overdue comprehensive restructuring of all of Kentucky's economic development incentives. In addition to the traditional income tax credits for firms that make capital investments and create new jobs, there are also tax credits available for firms that renovate their existing Kentucky facilities to remain competitive and preserve employment here. There is a new sales and use tax refund for companies that make extensive use of computer and telecommunications equipment, and the Kentucky Enterprise Initiative Act refund is now available for investments in electronic processing systems that cost at least \$50,000. Also available for tax years beginning in 2012 is a tax credit for small businesses that create just one new job and invest at least \$5,000 in new equipment.

The economic development bond program as authorized in KRS 154.12-100 uses bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes the development of public projects such as industrial parks, river ports, and tourism facilities.

Bluegrass State Skills Corporation (BSSC) is an independent corporation created in KRS 154.12-204 through 154.12-208 and attached for administrative purposes to the Cabinet for Economic Development. The Corporation stimulates economic development by funding the cost of training employees and upgrading their skills. Individual firms and business consortia that want to upgrade the training of their workers can apply to BSSC for reimbursement of up to 50% of their eligible training costs. Firms may also be approved for a skills training tax credit authorized in KRS 154.12-2084 to 154.12-2089. In addition to underwriting the cost of training, BSSC works with the Department for Workforce Investment and the Kentucky Community and Technical College System to develop curricula and provide teachers to meet the specific needs of a firm and its employees.

Policy

The Governor's recommended budget includes General Fund of \$3,566,500 in fiscal year 2011 and \$8,480,000 in fiscal year 2012 for debt service on new bonds. These include \$38,495,000 for water and sewer projects in communities near Ft. Knox that are experiencing rapid growth due to the U.S. Army's Human Resource Command relocating from Virginia and Missouri. Also included are \$17,500,000 in each fiscal year for KEDFA loans and \$7,500,000 in each fiscal year for the economic development bond program.

Notwithstanding KRS 45.229, General Fund appropriations for the Bluegrass State Skills Corporation's grants shall not lapse to the credit of the General Fund, but shall continue forward from each fiscal year to the next to the extent that any balance is unexpended.

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Department of Education

Department of Education

	<u>Revised FY 2010</u>	<u>Requested FY 2011</u>	<u>Requested FY 2012</u>	<u>Recommended FY 2011</u>	<u>Recommended FY 2012</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,907,626,300	4,126,600,400	4,388,829,900	3,715,125,600	3,937,842,200
Salary and Health Insurance Adjustments	279,700				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-284,869,100				
Mandated Expenditure Reductions	-1,343,600				
SFSF Receipts		223,038,700	223,038,700		
Total General Fund	3,629,474,121	4,349,639,100	4,611,868,600	3,715,125,600	3,937,842,200
Tobacco Fund					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund					
Balance Forward	1,686,139	29,400	29,400	27,800	27,800
Current Receipts	3,374,538	5,731,300	5,731,300	5,601,400	5,632,400
Total Restricted Fund	5,060,677	5,760,700	5,760,700	5,629,200	5,660,200
Federal Fund					
Current Receipts	749,777,800	751,698,100	751,924,500	751,695,100	751,853,400
ARRA Receipts	282,169,000	280,400,000	96,500,000	280,400,000	96,500,000
SFSF Receipts	223,038,700			182,486,200	
Total Federal Fund	1,254,985,500	1,032,098,100	848,424,500	1,214,581,300	848,353,400
TOTAL SOURCE OF FUNDS	4,891,931,798	5,389,022,900	5,467,578,800	4,937,486,100	4,793,905,800
EXPENDITURES BY CLASS					
Personnel Costs	72,805,200	87,060,200	92,480,500	77,606,100	79,324,600
Operating Expenses	28,984,409	42,123,431	42,165,031	22,929,131	23,092,231
Grants Loans Benefits	4,790,114,389	5,259,809,869	5,332,903,869	4,836,923,069	4,691,461,169
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,629,474,121	4,349,639,100	4,611,868,600	3,715,125,600	3,937,842,200
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund	5,032,877	5,731,300	5,731,300	5,601,400	5,632,400
Federal Fund	1,254,985,500	1,032,098,100	848,424,500	1,214,581,300	848,353,400
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
EXPENDITURES BY UNIT					
Executive Policy and Management	642,400	746,900	781,500	629,600	629,600
Operations and Support Services	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
Learning and Results Services	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
Support Education Excellence in Kentucky (SEEK)	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000

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

**Department of Education
Executive Policy and Management**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	729,000	746,900	781,500	629,600	629,600
Salary and Health Insurance Adjustments	3,300				
Budget Reduction-General Fund	-77,800				
Mandated Expenditure Reductions	-12,100				
Total General Fund	642,400	746,900	781,500	629,600	629,600
TOTAL SOURCE OF FUNDS	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY CLASS					
Personnel Costs	573,900	630,700	665,300	591,200	591,200
Operating Expenses	68,500	116,200	116,200	38,400	38,400
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY FUND SOURCE					
General Fund	642,400	746,900	781,500	629,600	629,600
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY UNIT					
Commissioner's Office	597,500	648,700	683,300	584,700	584,700
Kentucky Board of Education	44,900	98,200	98,200	44,900	44,900
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600

The Department of Education's Executive Policy and Management function is performed by the Commissioner of Education and the Kentucky Board of Education.

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

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

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

**Department of Education
Operations and Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,496,500	51,397,700	51,962,900	42,585,500	42,585,500
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-2,571,500				
Mandated Expenditure Reductions	-546,600				
Total General Fund	43,454,600	51,397,700	51,962,900	42,585,500	42,585,500
Restricted Fund					
Balance Forward	751,709			27,800	27,800
Current Receipts	1,486,191	2,210,100	2,210,100	2,243,600	2,269,300
Total Restricted Fund	2,237,900	2,210,100	2,210,100	2,271,400	2,297,100
Federal Fund					
Current Receipts	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
ARRA Receipts	7,500,000	7,500,000	2,000,000	7,500,000	2,000,000
Total Federal Fund	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
TOTAL SOURCE OF FUNDS	61,720,300	69,635,600	64,700,800	60,884,700	55,410,400
EXPENDITURES BY CLASS					
Personnel Costs	6,334,300	9,231,500	9,755,000	6,332,100	6,184,500
Operating Expenses	18,890,500	22,196,400	22,238,100	15,292,100	15,465,400
Grants Loans Benefits	36,467,700	38,207,700	32,707,700	39,232,700	33,732,700
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
EXPENDITURES BY FUND SOURCE					
General Fund	43,454,600	51,397,700	51,962,900	42,585,500	42,585,500
Restricted Fund	2,210,100	2,210,100	2,210,100	2,243,600	2,269,300
Federal Fund	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
EXPENDITURES BY UNIT					
Administrative and Legal Services	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
Education Technology	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600

The Operations and Support Services program area consists of the Office of Internal Administration; the Office of Education Technology; and the Office of Legal, Legislative and Communication Services.

**Department of Education
Operations and Support Services
Administrative and Legal Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,521,000	9,094,900	9,490,100	5,752,100	5,752,100
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-573,900				
Mandated Expenditure Reductions	-335,900				
Total General Fund	5,687,400	9,094,900	9,490,100	5,752,100	5,752,100
Restricted Fund					
Balance Forward	750,937			27,800	27,800
Current Receipts	1,411,963	2,135,100	2,135,100	2,168,600	2,194,300
Total Restricted Fund	2,162,900	2,135,100	2,135,100	2,196,400	2,222,100
Federal Fund					
Current Receipts	27,800	27,800	27,800	27,800	27,800
Total Federal Fund	27,800	27,800	27,800	27,800	27,800
TOTAL SOURCE OF FUNDS	7,878,100	11,257,800	11,653,000	7,976,300	8,002,000
EXPENDITURES BY CLASS					
Personnel Costs	4,065,400	6,215,700	6,569,200	4,196,500	4,222,600
Operating Expenses	3,652,200	4,909,400	4,951,100	3,619,300	3,618,900
Grants Loans Benefits	132,700	132,700	132,700	132,700	132,700
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,687,400	9,094,900	9,490,100	5,752,100	5,752,100
Restricted Fund	2,135,100	2,135,100	2,135,100	2,168,600	2,194,300
Federal Fund	27,800	27,800	27,800	27,800	27,800
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
EXPENDITURES BY UNIT					
Deputy Commissioner	220,000	342,000	354,800	223,100	223,100
Internal Administration and Support	6,442,400	9,331,800	9,632,900	6,494,000	6,519,700
Legal, Legislative and Communication Services	1,187,900	1,584,000	1,665,300	1,231,400	1,231,400
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200

Policy and administrative direction for the Operations and Support Services Program area is provided by a Deputy Commissioner who reports directly to the Commissioner of Education.

The Bureau of Operations and Support Services contains two main units providing technical and specialized support to all offices and divisions within the Kentucky Department of Education. These are the Office of Internal Administration and Support and the Office of Legal, Legislative and Communication Services.

The Office of Internal Administration consists of the following divisions: Budgets, Financial and Materials Management, Administrative Services, and Human Resources.

The Division of Budgets supervises all aspects of budget creation, both annual and biennial, budget analysis and forecasting, expenditure authorizations, personnel approvals, allotment, and appropriation adjustments and increases.

The Division serves as agency liaison with the Office of State Budget Director and Legislative Research Commission budget staff.

The Division of Financial and Materials Management supervises all expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as liaison with the Auditor of Public Accounts and the Finance and Administration Cabinet.

The Division of Administrative Services is responsible for insurance; leasing; management of leased property, inventory, telecommunications equipment, copiers, mail, office and furniture moves; receiving and distribution of equipment and materials; printing; and processing of documents to archives. The Division is also responsible for capital project planning, budgeting, and administration.

The Division of Human Resources provides personnel and payroll services to Department staff. These services include initiation of master agreements with local education agencies as well as administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans With Disabilities Act, and all other related employment laws and regulations.

The Office of Legal, Legislative, and Communication Services provides in-house counsel and advice for the Commissioner of Education, all offices of the Department of Education, and the Kentucky Board of Education. The office provides legal representation for the Department of Education and Kentucky Board of Education before administrative agencies and courts of law. It provides informal legal advice to local school districts and members of the general public. The office serves as the Kentucky Department of Education's liaison with the General Assembly.

The Division of Communications is responsible for news media relations for the Commissioner and the Department of Education. The division creates print and electronic materials to supplement the professional development of educators and inform other interested parties in Kentucky's system of public elementary and secondary education. The Division also operates the Department's web site, provides photographic services for the Department, and produces electronic publications.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,975,500	42,302,800	42,472,800	36,833,400	36,833,400
Budget Reduction-General Fund	-1,997,600				
Mandated Expenditure Reductions	-210,700				
Total General Fund	37,767,200	42,302,800	42,472,800	36,833,400	36,833,400
Restricted Fund					
Balance Forward	772				
Current Receipts	74,228	75,000	75,000	75,000	75,000
Total Restricted Fund	75,000	75,000	75,000	75,000	75,000
Federal Fund					
Current Receipts	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
ARRA Receipts	7,500,000	7,500,000	2,000,000	7,500,000	2,000,000
Total Federal Fund	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
TOTAL SOURCE OF FUNDS	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
EXPENDITURES BY CLASS					
Personnel Costs	2,268,900	3,015,800	3,185,800	2,135,600	1,961,900
Operating Expenses	15,238,300	17,287,000	17,287,000	11,672,800	11,846,500
Grants Loans Benefits	36,335,000	38,075,000	32,575,000	39,100,000	33,600,000
TOTAL EXPENDITURES	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
EXPENDITURES BY FUND SOURCE					
General Fund	37,767,200	42,302,800	42,472,800	36,833,400	36,833,400
Restricted Fund	75,000	75,000	75,000	75,000	75,000
Federal Fund	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
TOTAL EXPENDITURES	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400

The Office of Education Technology provides policy and budget planning, liaison services, administration and quality assurance for the Kentucky Education Technology System (KETS). The Office is responsible for KETS shared services for 700,000 direct customers, 1,300 schools, 174 local school districts and the Kentucky Department of Education. The Office consists of two divisions: KETS Engineering and Management, and KETS Operations and Services.

**Department of Education
Learning and Results Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	886,864,700	1,032,846,800	1,096,332,500	910,762,500	950,992,900
Salary and Health Insurance Adjustments	200,200				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-29,279,200				
Mandated Expenditure Reductions	-784,900				
Total General Fund	864,781,621	1,032,846,800	1,096,332,500	910,762,500	950,992,900
Tobacco Fund					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund					
Balance Forward	934,430	29,400	29,400		
Current Receipts	1,888,347	3,521,200	3,521,200	3,357,800	3,363,100
Total Restricted Fund	2,822,777	3,550,600	3,550,600	3,357,800	3,363,100
Federal Fund					
Current Receipts	741,250,000	743,170,300	743,396,700	743,167,300	743,325,600
ARRA Receipts	274,669,000	272,900,000	94,500,000	272,900,000	94,500,000
Total Federal Fund	1,015,919,000	1,016,070,300	837,896,700	1,016,067,300	837,825,600
TOTAL SOURCE OF FUNDS	1,885,934,898	2,053,992,700	1,939,304,800	1,932,337,600	1,794,231,600
EXPENDITURES BY CLASS					
Personnel Costs	65,897,000	77,198,000	82,060,200	70,682,800	72,548,900
Operating Expenses	10,025,409	19,810,831	19,810,731	7,598,631	7,588,431
Grants Loans Benefits	1,810,012,489	1,956,954,469	1,837,404,469	1,854,056,169	1,714,094,269
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
EXPENDITURES BY FUND SOURCE					
General Fund	864,781,621	1,032,846,800	1,096,332,500	910,762,500	950,992,900
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund	2,822,777	3,521,200	3,521,200	3,357,800	3,363,100
Federal Fund	1,015,919,000	1,016,070,300	837,896,700	1,016,067,300	837,825,600
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
EXPENDITURES BY UNIT					
Administration and Program Support	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
Special Instructional Services	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
Leadership and School Improvement	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
Assessment and Accountability	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
Teaching and Learning	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
Early Childhood Development	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
District Support Services	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
Local District Health Insurance	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600

The Learning and Results Services program area consists of the following offices: Special Instructional Services; Leadership and School Improvement; Assessment and Accountability; Teaching and Learning; and District Support Services.

**Department of Education
Learning and Results Services
Administration and Program Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,855,500	5,006,900	5,247,000	4,024,600	4,124,200
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-588,100				
Mandated Expenditure Reductions	-153,700				
Total General Fund	2,159,200	5,006,900	5,247,000	4,024,600	4,124,200
Restricted Fund					
Balance Forward	55,074				
Current Receipts	362,926	418,000	418,000	418,000	418,000
Total Restricted Fund	418,000	418,000	418,000	418,000	418,000
Federal Fund					
Current Receipts	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
Total Federal Fund	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
TOTAL SOURCE OF FUNDS	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY CLASS					
Personnel Costs	2,082,000	4,850,500	5,090,600	3,957,600	4,057,200
Operating Expenses	77,200	156,400	156,400	67,000	67,000
Grants Loans Benefits	1,442,500	1,442,500	1,442,500	1,442,500	1,442,500
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,159,200	5,006,900	5,247,000	4,024,600	4,124,200
Restricted Fund	418,000	418,000	418,000	418,000	418,000
Federal Fund	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY UNIT					
Deputy Commissioner	754,200	2,678,400	2,797,000	2,619,600	2,719,200
Special Instructional Services-Assoc Comm	1,294,600	1,495,700	1,513,100	1,294,600	1,294,600
Leadership & School Improvement- Assoc Comm	418,000	545,600	570,500	418,000	418,000
A&A - Associate Commissioner	406,600	545,300	574,100	406,600	406,600
Teaching and Learning-Assoc Comm	540,100	650,100	681,500	540,100	540,100
DSS - Associate Commissioner	188,200	534,300	553,300	188,200	188,200
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700

The Deputy Commissioner provides policy and administrative direction for the Learning and Results Services major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

Additionally, this program area includes Associate Commissioners for the following offices within Learning and Results Services: Special Instructional Services, Leadership and School Improvement, Assessment and Accountability, Teaching and Learning, and District Support Services. These Associate Commissioners report directly to the Deputy Commissioner.

Policy

KRS 158.645-KRS 158.6459, as amended by SB1 from the 2009 Regular Legislative Session, mandates a new summative test based on national common core standards in Reading and Math and new Kentucky standards in all other areas.

The Executive Budget includes \$1,865,400 in fiscal year 2011 and \$1,965,000 in fiscal year 2012 for professional development to support the development and implementation of new core standards.

**Department of Education
Learning and Results Services
Special Instructional Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,453,200	33,110,800	34,484,100	30,253,700	30,249,800
Salary and Health Insurance Adjustments	9,100				
Budget Reduction-General Fund	-627,500				
Total General Fund	30,834,800	33,110,800	34,484,100	30,253,700	30,249,800
Restricted Fund					
Balance Forward	433,287				
Current Receipts	679,203	1,813,600	1,813,600	1,620,800	1,626,100
Total Restricted Fund	1,112,490	1,813,600	1,813,600	1,620,800	1,626,100
Federal Fund					
Current Receipts	450,457,500	450,608,800	450,835,200	450,582,300	450,728,800
ARRA Receipts	265,000,000	265,000,000	90,000,000	265,000,000	90,000,000
Total Federal Fund	715,457,500	715,608,800	540,835,200	715,582,300	540,728,800
TOTAL SOURCE OF FUNDS	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY CLASS					
Personnel Costs	20,561,800	22,343,100	23,692,900	20,765,100	20,878,100
Operating Expenses	2,907,290	3,777,700	3,777,600	2,976,300	2,973,900
Grants Loans Benefits	723,935,700	724,412,400	549,662,400	723,715,400	548,752,700
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY FUND SOURCE					
General Fund	30,834,800	33,110,800	34,484,100	30,253,700	30,249,800
Restricted Fund	1,112,490	1,813,600	1,813,600	1,620,800	1,626,100
Federal Fund	715,457,500	715,608,800	540,835,200	715,582,300	540,728,800
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY UNIT					
Exceptional Children Services	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
Career and Technical Education	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
Federal Program and Instructional Equity	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
Kentucky School for the Blind	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
Kentucky School for the Deaf	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700

The Office of Special Instructional Services as established by KRS 156.010 contains five divisions: Exceptional Children Services, Career and Technical Education, Federal Programs and Instructional Equity, the Kentucky School for the Blind, and the Kentucky School for the Deaf.

**Department of Education
Learning and Results Services
Special Instructional Services
Exceptional Children Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	154,500	194,700	199,100	99,100	99,100
Budget Reduction-General Fund	-55,400				
Total General Fund	99,100	194,700	199,100	99,100	99,100
Federal Fund					
Current Receipts	158,226,200	158,306,900	158,428,700	158,255,400	158,277,500
ARRA Receipts	118,000,000	118,000,000	30,000,000	118,000,000	30,000,000
Total Federal Fund	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
TOTAL SOURCE OF FUNDS	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
EXPENDITURES BY CLASS					
Personnel Costs	1,953,800	2,140,500	2,266,700	1,993,400	2,015,500
Grants Loans Benefits	274,371,500	274,361,100	186,361,100	274,361,100	186,361,100
TOTAL EXPENDITURES	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
EXPENDITURES BY FUND SOURCE					
General Fund	99,100	194,700	199,100	99,100	99,100
Federal Fund	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
TOTAL EXPENDITURES	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600

Under provisions of KRS 156.010 and KRS 157.220, the Division of Exceptional Children Services oversees education programs for children and youth with disabilities and administers Kentucky's programs associated with the federal Individuals with Disabilities Education Act.

The Division provides technical assistance to local school districts in the development and implementation of special education programs. The division engages in implementation and oversight activities in the following program areas:

Special Education Mentors - Mentors work in schools and districts where special education programs are not in compliance with state or federal requirements. Mentors assist in creating and implementing improvement plans and work to increase the effectiveness of staff and relevant entities.

Preschool Special Education - Federal funds are provided under the Individuals With Disabilities Education Act (IDEA) to help states meet the extra cost of providing a free and appropriate public education to children ages three through five with an educational disability. The bulk of these funds flow directly to local school districts for their preschool special education programs. A portion of the funds goes to five early childhood training centers to assist districts in implementing their special education preschool programs. A final portion of the funds is retained by the Kentucky Department of Education for administrative activities of Kentucky's preschool special education programs.

Special Education Program Improvement - State Improvement Grants are awarded under the Individuals With Disabilities Education Act. Kentucky's improvement grant sets specific numerical goals to be attained over a five year period relative to school completion rates, qualified special education personnel, use of technology in teaching children with disabilities, effective early intervention services, and successful transition to preschool programs.

Individuals With Disabilities Education - Federal IDEA funds are provided to help meet the extra cost of providing students with disabilities a free and appropriate public education beyond preschool. The bulk of these funds, as with preschool, flow directly to local school districts. A portion goes to fund eleven special education cooperatives to assist districts, and a small amount is retained by the Kentucky Department of Education for administrative purposes.

Policy

As part of the American Recovery and Reinvestment Act (ARRA) of 2009, Kentucky has been awarded \$157,570,000 in additional federal Individuals with Disabilities Education (IDEA) Part B funds. These funds constitute a large one-time increment in funding that offers states and Local Education Agencies (LEA) a unique opportunity to improve teaching and learning and results for children with disabilities.

Local Education Agencies will obligate the majority of these funds during school years 2008-09 and 2009-10 and the remainder during school year 2010-11. All IDEA ARRA funds must be obligated by September 30, 2011.

Kentucky has also been awarded \$10,596,800 in additional federal IDEA funds for preschool grants. As with the IDEA Part B funding, these are limited-term funds. A potential use of these funds may be to expand the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of public and private preschool programs to serve these children. As with the Part B funds, the preschool grant ARRA funds must be obligated by September 30, 2011.

**Department of Education
Learning and Results Services
Special Instructional Services
Career and Technical Education**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,573,900	14,190,400	14,547,400	13,271,600	13,270,000
Salary and Health Insurance Adjustments	9,100				
Budget Reduction-General Fund	-72,100				
Total General Fund	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
Restricted Fund					
Balance Forward	343,893				
Current Receipts	456,507	1,300,400	1,300,400	1,307,600	1,312,900
Total Restricted Fund	800,400	1,300,400	1,300,400	1,307,600	1,312,900
Federal Fund					
Current Receipts	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
Total Federal Fund	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
TOTAL SOURCE OF FUNDS	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
EXPENDITURES BY CLASS					
Personnel Costs	2,087,500	2,221,500	2,328,500	2,103,800	2,109,100
Operating Expenses	212,900	763,400	763,400	703,800	703,800
Grants Loans Benefits	20,519,300	21,014,300	21,264,300	20,280,000	20,278,400
TOTAL EXPENDITURES	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
EXPENDITURES BY FUND SOURCE					
General Fund	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
Restricted Fund	800,400	1,300,400	1,300,400	1,307,600	1,312,900
Federal Fund	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
TOTAL EXPENDITURES	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300

The Division of Secondary Vocational Education provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

The Carl D. Perkins Vocational and Applied Technology Education Act provides federal vocational educational funds to local school districts offering approved secondary vocational education programs. The Division of Secondary Vocational Education administers these funds according to guidelines prescribed in Public Law 98-254.

Funding is provided to districts operating a local vocational school or vocational department within a school to help cover the administrative and operational costs of providing the vocational programs.

The Future Farmers of American (FFA) Camp facility at Hardinsburg provides leadership development to vocational organizations in the summer months. Participants generally spend three to five days at FFA Camp and receive intensive leadership training.

**Department of Education
Learning and Results Services
Special Instructional Services
Federal Program and Instructional Equity**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		69,000	74,200		
Total General Fund		69,000	74,200		
Restricted Fund					
Balance Forward	7,141				
Current Receipts	10,859	18,000	18,000	18,000	18,000
Total Restricted Fund	18,000	18,000	18,000	18,000	18,000
Federal Fund					
Current Receipts	283,722,900	283,793,500	283,898,100	283,818,500	283,942,900
ARRA Receipts	147,000,000	147,000,000	60,000,000	147,000,000	60,000,000
Total Federal Fund	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
TOTAL SOURCE OF FUNDS	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY CLASS					
Personnel Costs	1,678,000	1,825,500	1,935,300	1,744,200	1,829,700
Operating Expenses	18,000	18,000	18,000	18,000	18,000
Grants Loans Benefits	429,044,900	429,037,000	342,037,000	429,074,300	342,113,200
TOTAL EXPENDITURES	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY FUND SOURCE					
General Fund		69,000	74,200		
Restricted Fund	18,000	18,000	18,000	18,000	18,000
Federal Fund	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
TOTAL EXPENDITURES	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY UNIT					
Title I	368,451,000	368,563,000	281,641,100	368,509,300	281,594,800
Title V	7,000,800	7,000,800	7,000,800	7,000,800	7,000,800
Other Federal Programs	55,289,100	55,316,700	55,348,400	55,326,400	55,365,300
TOTAL EXPENDITURES	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900

The Division of Federal Program Resources administers many of the Department of Education's federal grant programs.

The Title I program provides remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, handicapped and currently or formerly institutionalized, or confined in a correctional facility.

Title II of the Education Consolidation and Improvement Act of 1981 identifies six purposes for which funds must be targeted: programs for at-risk students; programs to acquire and use instructional materials; innovative programs for school-wide improvements, including effective schools programs; professional development programs; programs to enhance personal excellence of students and student achievement; and other innovative projects to enhance the educational climate of the school. These funds are provided to local educational agencies and participating private non-profit schools by a formula established in the federal law.

Other grant programs administered by this division include: Drug-Free Schools and Communities program and the Foreign Language Assistance program.

Policy

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Kentucky has been awarded \$155,347,900 in additional Title I funding. In addition to the existing goals of Title I, the additional funding is intended to save and create education jobs as well as to enable school districts to implement evidence-based strategies to help build sustainable capacity for improving teaching and learning in Title I schools. With certain exceptions, local school districts must obligate at least 85% of Title I ARRA funds by September 30, 2010.

Kentucky has also been awarded \$47,316,700 in additional School Improvement Grants under ARRA. These funds are to be targeted toward the state's chronically low-performing schools to implement robust and comprehensive reforms to transform school culture and increase student outcomes.

**Department of Education
Learning and Results Services
Special Instructional Services
Kentucky School for the Blind**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,479,100	7,573,100	7,976,800	6,840,600	6,839,700
Budget Reduction-General Fund	-500,000				
Total General Fund	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
Restricted Fund					
Balance Forward	37,110				
Current Receipts	11,780	50,000	50,000	50,000	50,000
Total Restricted Fund	48,890	50,000	50,000	50,000	50,000
TOTAL SOURCE OF FUNDS	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
EXPENDITURES BY CLASS					
Personnel Costs	5,992,300	6,518,900	6,922,600	6,024,900	6,024,900
Operating Expenses	1,035,690	1,104,200	1,104,200	865,700	864,800
TOTAL EXPENDITURES	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
Restricted Fund	48,890	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700

The four subprograms of the Kentucky School for the Blind are Instruction, Residential, Operational Support and Outreach. These subprograms work together to provide instructional and residential programs for students of the School. All four subprograms involve both direct services to students and related services that are necessary to accomplish the direct services.

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

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

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

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

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

**Department of Education
Learning and Results Services
Special Instructional Services
Kentucky School for the Deaf**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Total General Fund	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Restricted Fund					
Balance Forward	45,143				
Current Receipts	200,057	445,200	445,200	245,200	245,200
Total Restricted Fund	245,200	445,200	445,200	245,200	245,200
TOTAL SOURCE OF FUNDS	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
EXPENDITURES BY CLASS					
Personnel Costs	8,850,200	9,636,700	10,239,800	8,898,800	8,898,900
Operating Expenses	1,640,700	1,892,100	1,892,000	1,388,800	1,387,300
TOTAL EXPENDITURES	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Restricted Fund	245,200	445,200	445,200	245,200	245,200
TOTAL EXPENDITURES	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200

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

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

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

**Department of Education
Learning and Results Services
Leadership and School Improvement**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	77,280,000	88,981,200	89,143,300	73,641,000	73,631,400
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-2,091,100				
Mandated Expenditure Reductions	-147,100				
Total General Fund	75,087,300	88,981,200	89,143,300	73,641,000	73,631,400
Restricted Fund					
Balance Forward	29,400	29,400	29,400		
Current Receipts	205,000	205,000	205,000	234,400	234,400
Total Restricted Fund	234,400	234,400	234,400	234,400	234,400
Federal Fund					
Current Receipts	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
Total Federal Fund	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL SOURCE OF FUNDS	91,297,000	105,190,900	105,353,000	89,850,700	89,841,100
EXPENDITURES BY CLASS					
Personnel Costs	6,856,400	7,377,600	7,539,700	6,762,200	6,761,500
Operating Expenses	899,700	1,188,000	1,188,000	887,200	887,200
Grants Loans Benefits	83,540,900	96,595,900	96,595,900	82,201,300	82,192,400
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
EXPENDITURES BY FUND SOURCE					
General Fund	75,087,300	88,981,200	89,143,300	73,641,000	73,631,400
Restricted Fund	234,400	205,000	205,000	234,400	234,400
Federal Fund	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
EXPENDITURES BY UNIT					
Leadership and Instructional Support	6,914,100	15,991,000	16,038,500	6,790,200	6,789,400
Family Resource and Youth Services Centers	55,502,500	57,230,500	57,234,100	54,402,600	54,395,300
Community Education	2,100,000	2,100,000	2,100,000	2,058,300	2,058,100
National Community Service/21st Century	15,304,400	15,304,400	15,304,400	15,304,400	15,304,400
Community Support for Students & Families	391,900	429,300	450,900	391,900	391,900
Partnership for Student Success	344,000	430,000	430,000	337,200	337,100
Community Service for Expelled Students	271,400	271,400	271,400	271,400	271,400
Scholastic Assistance	490,700	612,300	647,400	490,700	490,700
Commonwealth School Improvement	1,552,400	4,046,200	4,050,000	1,522,500	1,522,300
Highly Skilled Educators	5,375,400	5,660,200	5,683,400	5,268,700	5,268,000
Educator Quality and Diversity	3,050,200	3,086,200	3,113,500	3,012,800	3,012,500
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100

The Office of Leadership and School Improvement consists of the following divisions: Leadership and Instructional Support, Scholastic Assistance, and Educator Quality and Diversity.

The Division of Leadership and Instructional Support provides and monitors required training opportunities for superintendents working in their first year of service, provides technical assistance for approval of the certified personnel evaluation plans for each local school district, provides required opportunities for school administrators and others to be trained in the process of effective evaluation of certified personnel, collects and approves all proposals of training opportunities to provide required leadership training for school administrators, develops and implements training programs for principals, provides initial and continuing training for school-based councils, and collects and analyzes data relative to each of the above initiatives.

The Division of Scholastic Assistance administers the Kentucky Highly Skilled Educators program and assists those schools identified by the state assessment and the Kentucky Board of Education as low-performing schools. Part of such assistance is provided via the Commonwealth School Improvement Fund; funds are provided schools to assist in developing and implementing strategies to raise a school's performance level.

The Division of Educator Quality and Diversity works to identify and recruit persons to teach in Kentucky's public schools and also to address the gap between minority students and the number of minority educators. The Division assists local school districts in organizing Future Educator (FEA) of America clubs to provide middle and high school students an opportunity to develop mentoring relationships with educators and to offer assistance to those interested in education as their college major.

Several stand-alone program initiatives are also contained within the Office of Leadership and School Improvement.

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

Community Education grants are provided local school districts by the Kentucky Department of Education for programs and staff. Community Education programs work with public schools to promote individual and community development and lifelong learning. Community Education programs also serve as the delivery system for federal Learn and Serve grants.

The 21st Century Community Learning Center program delivers before and after school learning activities that build on what students have learned during the school day. Education and support is also provided families of participating students. Learn and Serve grants work to actively involve students in the application of academic knowledge and use of critical thinking skills to address needs in their communities. These initiatives are fully federally-funded and work in concert with the Community Education program.

The Partnership for Student Success Program provides training and support for educators in improving instruction and student health and also to increase family and community involvement in P-12 education. Selected local school districts receive grants in support of these goals.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,126,600	19,791,500	21,508,400	16,790,800	18,420,300
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-70,100				
Total General Fund	11,083,800	19,791,500	21,508,400	16,790,800	18,420,300
Federal Fund					
Current Receipts	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
Total Federal Fund	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
TOTAL SOURCE OF FUNDS	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY CLASS					
Personnel Costs	24,595,700	31,003,600	32,720,500	29,407,600	31,037,100
Operating Expenses	9,900	2,309,700	2,309,700	905,000	905,000
Grants Loans Benefits	257,500	257,500	257,500	257,500	257,500
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY FUND SOURCE					
General Fund	11,083,800	19,791,500	21,508,400	16,790,800	18,420,300
Federal Fund	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY UNIT					
Assessment Implementation	790,400	838,900	884,100	790,400	790,400
Commonwealth Accountability Testing System(CATS)	6,568,700	11,568,700	13,199,500	11,568,700	13,199,500
Assessment Support	569,200	623,400	664,300	569,200	569,200
Longitudinal Assessment	850,000	850,000	850,000	850,000	850,000
Assessment Documentation	300,000	300,000	300,000	300,000	300,000
Alternate Portfilio	257,500	257,500	257,500	257,500	257,500
Report Cards	348,000	393,000	393,000	182,800	181,700
State Assessment	8,553,900	8,553,900	8,553,900	8,553,900	8,553,900
Statewide Longitudinal Data System	5,225,400	7,425,400	7,425,400	6,125,400	6,125,400
ACT & WorkKeys Testing	1,400,000	2,760,000	2,760,000	1,372,200	1,372,000
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600

The Office of Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies up to date information on regulations, policies and procedures, a calendar of important assessment dates, manuals and forms, and information for districts and schools on the application of testing data and research to improving instruction. The Office of Assessment and Accountability also oversees the implementation of SB1 testing and data requirements. The Office consists of the Division of Assessment Implementation and the Division of Assessment Support.

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

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

Policy

KRS 158.645-KRS 158.6459, as amended by SB1 from the 2009 Regular Legislative Session, mandates a new summative test based on national common core standards in Reading and Math and new Kentucky standards in all other areas.

The Executive Budget includes \$5,000,000 in fiscal year 2011 and \$6,630,800 in fiscal year 2012 to support the development and implementation of a new statewide assessment system.

**Department of Education
Learning and Results Services
Teaching and Learning**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	99,281,200	124,294,700	125,296,200	72,497,900	72,467,100
Salary and Health Insurance Adjustments	27,300				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-25,301,700				
Mandated Expenditure Reductions	-114,600				
Total General Fund	81,673,021	124,294,700	125,296,200	72,497,900	72,467,100
Restricted Fund					
Balance Forward	82,071				
Current Receipts	491,929	574,000	574,000	574,000	574,000
Total Restricted Fund	574,000	574,000	574,000	574,000	574,000
Federal Fund					
Current Receipts	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
Total Federal Fund	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
TOTAL SOURCE OF FUNDS	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY CLASS					
Personnel Costs	5,565,400	4,295,000	5,296,500	3,502,000	3,483,400
Operating Expenses	5,001,082	5,214,181	5,214,181	1,646,581	1,642,881
Grants Loans Benefits	98,744,739	142,423,719	142,423,719	94,987,519	94,979,019
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY FUND SOURCE					
General Fund	81,673,021	124,294,700	125,296,200	72,497,900	72,467,100
Restricted Fund	574,000	574,000	574,000	574,000	574,000
Federal Fund	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY UNIT					
Math Achievement	8,474,161	6,900,000	6,900,000	5,782,900	5,782,100
Save the Children	500,000	500,000	500,000	490,100	490,000
Leadership and Mentoring Fund	381,500	381,500	381,500	373,900	373,900
Teacher Academies	1,600,000	1,600,000	1,600,000	1,568,300	1,568,000
Reading First	21,604,200	21,604,200	21,604,200	21,604,200	21,604,200
Middle School Achievement Center	387,500	387,500	387,500	379,800	379,800
Elementary Arts & Humanities	484,400	484,400	484,400	474,800	474,700
Curriculum Development	1,801,400	2,095,000	2,215,100	1,813,500	1,792,400
Gifted and Talented	7,153,700	7,170,200	7,170,200	7,012,400	7,011,400
Commonwealth Institute for Teachers	63,100	85,100	85,100	63,100	63,100
Limited English Proficiency	5,460,000	5,460,000	5,460,000	5,460,000	5,460,000
Writing Program	610,300	610,300	610,300	598,200	598,100
Secondary and Virtual Learning	2,214,000	2,679,800	3,540,300	2,198,100	2,198,000
Dropout Prevention	728,200	856,600	862,100	713,900	713,800
Professional Growth Fund	994,700	994,700	994,700	975,000	974,800
Extended Learning Services	13,497,800	32,275,000	32,290,400	13,235,300	13,233,600
Read to Achieve	24,764,760	22,558,100	22,558,100	19,170,000	19,167,400
Every 1 Reads	500,000	500,000	500,000	490,100	490,000

Collaborative Center for Literacy Development	1,400,000	1,400,000	1,400,000	1,372,200	1,372,000
Special Programs	350,000	350,000	350,000	343,000	343,000
Education of State Agency Children	10,962,100	10,962,100	10,962,100	10,744,600	10,743,100
Textbooks	670,100	21,700,100	21,700,100	656,800	656,700
Safe Schools	4,709,300	10,378,300	10,378,300	4,615,900	4,615,200
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300

The Office of Teaching and Learning consists of the Division of Curriculum Development, the Division of Secondary and Virtual Learning, and the Division of Early Childhood Development. This office is also responsible for development of curriculum material for local educators.

The **Mathematics Achievement Fund** was created by the 2005 Regular Session of the General Assembly (KRS 158.840 - 158.844) to provide developmentally appropriate diagnostic assessment and intervention services to P-12 students to help them reach proficiency in math. This fund provides two-year renewable grants to local school districts for training teachers in diagnostic assessment and intervention skills. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

The **Save the Children Fund** provides support for the Kentucky Rural Literacy Initiative. The Kentucky Rural Literacy Initiative is a public/private partnership initiated by the Save the Children organization. Save the Children selects schools and partners across the nation to implement structured after-school and summer literacy programs. In Kentucky, with state funding beginning in the 2005-06 school year, program sites have been established at elementary schools in Clay, Knott, Letcher, McCreary, Owsley, and Whitley counties. Save the Children works directly with Family Resource and Youth Service Centers and the Kentucky Department of Education.

The **Professional Development Leadership and Mentor Fund** provides competitive grants, under the provisions of KRS 157.390, to pay teachers and administrators to develop and implement an action plan for improving the reading and math performance of students. Grants are awarded by a committee of reading and math experts and provide reading and math mentors and coaches in qualifying districts and schools.

The **Teacher Academies Fund** provides intensive, content-based professional development to teachers, particularly teachers who are teaching core discipline courses for which they do not have a college major or minor. Academies are operated in collaboration with postsecondary and community educational partners.

The **Reading First Fund** is a federal initiative contained within the No Child Left Behind Act. The program's goal is to have every child reading at grade level by the time of entry to the fourth grade. The Department of Education is overseeing implementation of Kentucky's Reading First grant. Ten Reading First coaches and eleven regional Literacy Specialists have assisted the Department through a partnership with Kentucky's public universities and the Collaborative Center for Literacy Development. Local schools and school districts have been provided technical assistance on the requirements of Reading First and information about research-based reading intervention programs, assessments to diagnose reading progress, and professional development.

The **Center for Middle School Academic Achievement Fund** provides support to improve the content knowledge and instructional practices of middle grade teachers through the statewide coordination of professional development, technical assistance, and dissemination of knowledge and effective practices.

The **Elementary Arts and Humanities Fund** was instituted in 2003 Regular Session of the General Assembly to promote the integration of the arts and foreign languages as a means of strengthening the overall learning environment in the elementary school program.

The **Division of Curriculum Development** provides technical assistance and professional development to schools and districts to improve student achievement by utilization of research-based instructional practices. This division oversees the development of major documents used by teachers and schools in organizing their curricula and assists educators in moving toward the learning goals established by the Kentucky Education Reform Act of 1990. The division includes staff with responsibility for the Reading First program, Gifted and Talented program, Limited English Proficiency (LEP) program, and other curriculum development areas.

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

The **Commonwealth Institute for Teachers** provides support for professional development opportunities to enhance the quality of curriculum development and instruction in Kentucky.

The **Limited English Proficiency Fund** supports educational services to students with limited English proficiency while promoting their English language development.

The **Writing Program Fund** provides support for writing instruction programs that prepare students to communicate for a variety of purposes and with audiences in a variety of real-world forms.

The **Division of Secondary and Virtual Learning** provides technical assistance and professional development to secondary schools and works with local school districts to help ensure middle and high school students will be well prepared to transition into their postsecondary experiences. The division includes staff responsible for the Individual Learning Plan (ILP), Extended School Services (ESS), Dropout Prevention, Save Schools, and Kentucky Virtual Schools programs.

The **Dropout Prevention fund** provides competitive grants to local school districts to the reduction of the numbers and rates of Kentucky students who do not complete secondary school. The current focus is on research-based programs that offer the most support to students at risk of dropping out of school. The current grant application process emphasizes programs that focus on a given number of students based on criteria identifying the most important needs of each student and providing individualized attention to the student's personal and emotional situation as well as his or her academic status.

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

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

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

Every 1 Reads is a collaborative reading initiative between Greater Louisville Inc., Jefferson County Public Schools (JCPS) and Louisville Metro Government to improve student literacy in Jefferson County Public Schools.

The **Collaborative Center for Literacy Development Early Childhood through Adulthood (CCLD)** is a partnership among each of the eight state universities and the National Center for Family Literacy to promote literacy. The CCLD, as established by KRS 164.0207, provides a clearinghouse for information about programs addressing literacy, evaluates the impact of reading diagnostic and intervention programs, and provides professional development and coaching for educators.

Special Programs includes the **Appalachian Tutoring** and the **Georgia Chaffee Teenage Parent** programs. The Appalachian Tutoring program is a specialized tutoring program for students with learning disabilities who are from counties in the Appalachian region. The Georgia Chaffee Teenage Parent Program (TAPP) is designed to prevent school dropout due to teen pregnancy and parenting. The program is offered to middle and high school pregnant and parenting students residing in the Louisville/Jefferson County area.

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

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

The **Safe Schools Fund** provides support to school districts to create safe, secure learning environments where all children can successfully achieve. The fund also supports the Kentucky Center for School Safety. This center serves as the central point for data analysis, research, and dissemination of information about successful school safety programs, research results, and new programs.

**Department of Education
Learning and Results Services
Early Childhood Development**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	75,908,300	102,020,300	102,081,200	74,181,400	74,171,600
Salary and Health Insurance Adjustments	18,200				
Budget Reduction-General Fund	-200,800				
Mandated Expenditure Reductions	-53,500				
Total General Fund	75,672,200	102,020,300	102,081,200	74,181,400	74,171,600
Tobacco Fund					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Federal Fund					
Current Receipts	14,894,100	14,894,100	14,894,100	14,897,400	14,894,100
ARRA Receipts	7,900,000	7,900,000	4,500,000	7,900,000	4,500,000
Total Federal Fund	22,794,100	22,794,100	19,394,100	22,797,400	19,394,100
TOTAL SOURCE OF FUNDS	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY CLASS					
Personnel Costs	921,900	1,250,000	1,310,900	928,400	931,000
Operating Expenses	71,650	75,150	75,150	69,250	69,250
Grants Loans Benefits	99,884,250	125,014,250	121,614,250	98,131,150	94,615,450
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY FUND SOURCE					
General Fund	75,672,200	102,020,300	102,081,200	74,181,400	74,171,600
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Federal Fund	22,794,100	22,794,100	19,394,100	22,797,400	19,394,100
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY UNIT					
Early Childhood Development	2,925,100	2,283,300	2,317,300	2,666,900	2,563,600
State Funded Preschool	94,352,500	120,455,900	117,082,800	92,861,700	89,451,900
Evenstart	3,600,200	3,600,200	3,600,200	3,600,200	3,600,200
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700

The Division of Early Childhood Development coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of the Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and otherwise work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Division provides technical assistance, monitoring, and evaluation of outcomes of the local partnerships and link funding to their effectiveness.

Working with other stakeholders, the Division of Early Childhood Development has assisted in implementing a number of programs within agencies across state government aimed at the needs of young children. Some of the results include more than 1,000 early childhood professionals attending college as well as more than 10,000 families participating in the HANDS voluntary home visiting program leading to the delivery of fewer low birth weight babies.

**Department of Education
Learning and Results Services
District Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,246,200	17,841,400	18,172,300	10,078,800	10,100,200
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-399,900				
Mandated Expenditure Reductions	-316,000				
Total General Fund	10,557,600	17,841,400	18,172,300	10,078,800	10,100,200
Restricted Fund					
Balance Forward	334,598				
Current Receipts	149,289	510,600	510,600	510,600	510,600
Total Restricted Fund	483,887	510,600	510,600	510,600	510,600
Federal Fund					
Current Receipts	218,055,100	219,824,100	219,824,100	219,844,300	219,859,400
ARRA Receipts	1,769,000				
Total Federal Fund	219,824,100	219,824,100	219,824,100	219,844,300	219,859,400
TOTAL SOURCE OF FUNDS	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY CLASS					
Personnel Costs	5,313,800	6,078,200	6,409,100	5,359,900	5,400,600
Operating Expenses	1,058,587	7,089,700	7,089,700	1,047,300	1,043,200
Grants Loans Benefits	224,493,200	225,008,200	225,008,200	224,026,500	224,026,400
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,557,600	17,841,400	18,172,300	10,078,800	10,100,200
Restricted Fund	483,887	510,600	510,600	510,600	510,600
Federal Fund	219,824,100	219,824,100	219,824,100	219,844,300	219,859,400
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY UNIT					
Local District Life Insurance	1,978,800	2,493,800	2,493,800	1,524,300	1,524,300
Blind and Deaf Student Travel	616,500	616,500	616,500	604,300	604,200
Facilities Management	692,300	718,600	758,100	692,300	692,300
Nutrition and Health Services	224,100,800	224,280,900	224,383,100	224,121,000	224,136,100
Data Management	1,267,400	1,594,600	1,667,500	1,262,200	1,271,300
District Operations	2,209,787	8,471,700	8,588,000	2,229,600	2,242,000
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200

The Office of District Support Services provides administrative and technical assistance on behalf of local school districts throughout the state and consists of the following divisions: Facilities Management, Nutrition and Health Services, Operations, and Data Management.

The Division of Facilities Management reviews, oversees, and approves all new buildings and additions and alterations to existing public school buildings. This division also provides guidance in preparing each local district's facility plan and assists in updating and amending district plans. The Division of Facilities Management compiles information as to local school district construction needs each biennium for use by the School Facilities Construction Commission.

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

The Division of Operations provides technical assistance to local school districts on matters of budgeting, accounting, reporting and composing salary schedules, distributes state SEEK funds to local districts, and provides financial management and accounting assistance. Funding for trips home by students residing at the Kentucky School for the Blind and the Kentucky School for the Deaf is budgeted within this division.

The Division of Data Management develops and maintains organization and consistency of data collected and disseminated by the Kentucky Department of Education. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The goal is a useful and unified collection of P-16 data that can be accessed by schools, school districts, researchers and others for analysis and informed-decision making. Staff of the Division develop standards for data quality and provides technical assistance and training to staff in various education program areas to ensure data that is timely, complete, and accurate.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
Total General Fund	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL SOURCE OF FUNDS	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
EXPENDITURES BY FUND SOURCE					
General Fund	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300

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

Policy

The Executive Budget includes \$629,294,300 in fiscal year 2011 and \$667,828,300 in fiscal year 2012 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

Department of Education
Support Education Excellence in Kentucky (SEEK)

	<u>Revised FY 2010</u>	<u>Requested FY 2011</u>	<u>Requested FY 2012</u>	<u>Recommended FY 2011</u>	<u>Recommended FY 2012</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,973,536,100	3,041,609,000	3,239,753,000	2,761,148,000	2,943,634,200
Budget Reduction-General Fund	-252,940,600				
SFSF Receipts		223,038,700	223,038,700		
Total General Fund	<u>2,720,595,500</u>	<u>3,264,647,700</u>	<u>3,462,791,700</u>	<u>2,761,148,000</u>	<u>2,943,634,200</u>
Federal Fund					
SFSF Receipts	223,038,700			182,486,200	
Total Federal Fund	<u>223,038,700</u>			<u>182,486,200</u>	
TOTAL SOURCE OF FUNDS	<u>2,943,634,200</u>	<u>3,264,647,700</u>	<u>3,462,791,700</u>	<u>2,943,634,200</u>	<u>2,943,634,200</u>
EXPENDITURES BY CLASS					
Grants Loans Benefits	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
TOTAL EXPENDITURES	<u>2,943,634,200</u>	<u>3,264,647,700</u>	<u>3,462,791,700</u>	<u>2,943,634,200</u>	<u>2,943,634,200</u>
EXPENDITURES BY FUND SOURCE					
General Fund	2,720,595,500	3,264,647,700	3,462,791,700	2,761,148,000	2,943,634,200
Federal Fund	223,038,700			182,486,200	
TOTAL EXPENDITURES	<u>2,943,634,200</u>	<u>3,264,647,700</u>	<u>3,462,791,700</u>	<u>2,943,634,200</u>	<u>2,943,634,200</u>
EXPENDITURES BY UNIT					
Base Funding	2,071,821,900	2,237,675,000	2,401,210,200	2,067,134,000	2,076,227,000
Pupil Transportation	214,752,800	338,191,200	352,395,300	214,752,800	214,752,800
Equalized Facilities	100,659,200	104,772,100	100,369,500	105,485,600	100,998,800
Tier I Equalization	174,661,400	181,853,100	185,076,400	173,835,500	169,722,900
National Board Certification Salary Supplement	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	23,289,000	24,886,400	26,170,400	23,289,000	23,289,000
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	353,283,000	372,103,000	392,403,000	353,970,400	353,476,800
TOTAL EXPENDITURES	<u>2,943,634,200</u>	<u>3,264,647,700</u>	<u>3,462,791,700</u>	<u>2,943,634,200</u>	<u>2,943,634,200</u>

Policy

The Executive Budget includes funding to increase the base SEEK per pupil guarantee amount to \$3,891 in fiscal year 2011 and to \$3,927 in fiscal year 2012. This represents a 0.6% increase in fiscal year 2011 and an additional 0.9% increase in fiscal year 2012.

The recommended budget provides funding to accommodate average daily attendance of 590,662 and total local school district assessed property valuation of \$282.5 billion in fiscal year 2011. In fiscal year 2012, the recommended budget provides funding to accommodate projected average daily attendance of 593,137 and projects total local school district assessed property valuation of \$293.8 billion. Projected numbers represent a consensus reached by the Department of Education and the Office of State Budget Director.

The Executive Budget maintains funding for the pupil transportation program at fiscal year 2010's level of \$214,752,800 in both fiscal year 2011 and fiscal year 2012.

The recommended budget includes \$173,835,500 in fiscal year 2011 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$730,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2010-2012 biennium). The recommended budget provides \$169,722,900 in fiscal year 2012 for Tier I.

Also included in the Executive Budget is "hold harmless" funding - \$294,600 in fiscal year 2011 and \$322,300 in fiscal year 2012 - to provide every school district with at least the same level of state SEEK funding per pupil during the 2010-2012 biennium as was provided in fiscal year 1992.

The Executive Budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$76,523,500 in fiscal year 2011 and \$73,711,100 in fiscal year 2012 to provide equalization funding for local district revenues from the 5 cent per one hundred dollars of assessed valuation levy required for participation in FSPK. As with Tier I, local revenues will be equalized at a level of \$730,000 of assessed property valuation per student in both fiscal year 2011 and fiscal year 2012.

The Executive Budget includes \$14,339,100 in fiscal year 2011 and \$13,312,800 in fiscal year 2012 to equalize revenues raised by local school districts that have levied - no later than April 24, 2008 - an additional 5 cents per one hundred dollars of assessed valuation for building needs associated with enrollment growth. To qualify, a district must have also levied - prior to April 24, 2008 - an additional five cents per hundred dollars of assessed valuation designated for facilities and must meet "growth district" criteria (at least a three percent increase amounting to a minimum of 150 additional pupils during the previous five year period).

The Executive Budget includes \$8,177,000 in funding in fiscal year 2011 and \$7,782,500 in funding in fiscal year 2012 for state equalization of a "retroactive recallable" 5 cent levy. This levy is not dependent on student growth but must be dedicated to a school district's facilities needs. Finally, the Executive Budget includes \$6,446,000 in fiscal year 2011 and \$6,192,400 in fiscal year 2012 for state equalization in cases where districts have levied at least a ten cent equivalent tax rate (the initial 5 cent rate required by FSPK plus 5 additional cents) or have debt service committed to facilities which, combined with the initial FSPK required 5 cent rate, is equivalent to the ten cent rate. Districts eligible for "growth district" equalization are not eligible for this equalization. Both the "retroactive recallable" and "ten cent equivalent" levies must have been enacted prior to April 24, 2008 to qualify for equalization.

The recommended budget includes \$23,289,000 in both fiscal year 2011 and fiscal year 2012 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Funding for vocational education transportation is maintained at the fiscal year 2010 level of \$2,416,900 in both fiscal year 2011 and fiscal year 2012.

The Executive Budget includes funds - \$353,970,400 in fiscal year 2011 and \$353,476,800 in fiscal year 2012 - for the Teachers' Retirement employer match on behalf of local school districts.

The recommended budget provides \$2,750,000 in fiscal year 2011 and \$2,750,000 in fiscal year 2012 for salary supplements of \$2,000 annually for teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

The Executive Budget includes federal funds of \$182,486,200 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

**DEPARTMENT OF EDUCATION
Support Education Excellence in Kentucky**

The 1990 General Assembly, responding to the Kentucky Supreme Court's 1989 mandate to equalize funding for public school pupils regardless of economic circumstances or place of birth, created a new mechanism for distributing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation and Power Equalization programs.

Under the SEEK funding formula, the state sets a fixed base guarantee amount per student in average daily attendance. The guarantee amount to the right, as well as all other numbers in this example, are actual fiscal year 2009 amounts. *Some totals may be affected by rounding.*

BASE PER PUPIL GUARANTEE

\$3,866	X	589,847 Pupils In Average Daily Attendance	=	\$2,280.3 Million
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The amount of revenue per pupil guaranteed by SEEK is then adjusted upward for each local school district to reflect a set of factors that affect the cost of providing services to pupils.

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AT-RISK ADJUSTMENT

\$3,866 X 15% = \$580	X	301,983 Pupils	=	\$175.1 Million
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EXCEPTIONAL CHILDREN ADJUSTMENT

SEVERE (\$3,866 X 2.35 Weight = \$9,085 Adjustment)	MODERATE (\$3,866 X 1.17 Weight = \$4,523 Adjustment)	MILD (\$3,866 X 0.24 Weight = \$928 Adjustment)	
X	X	X	
16,368 Pupils	55,708 Pupils	24,877 Pupils	
+	+	=	
<table border="1"> <tr> <td align="center">\$423.8 Million</td> </tr> </table>			\$423.8 Million
\$423.8 Million			

The per pupil guarantee is also increased for exceptional children by a series of weights designed to reflect the additional costs of providing services to such pupils. The costs associated with educating exceptional children are based on a count of pupils with different disabilities, a state-determined exceptional pupil-teacher ratio for each disability or service, and a resulting per pupil cost.

An adjustment is made for the cost of educating pupils taught at home or in a hospital during the period of their illness or convalescence. Such pupils generate additional funds amounting to the base per pupil guarantee minus one hundred dollars (normally dedicated to capital outlay).

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HOME AND HOSPITAL ADJUSTMENT

$\$3,866 - \$100 =$ $\$3,766$	x	2,346 Pupils	=	\$8.8 Million
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The 2008 Regular Session of the General Assembly, via HB 406 (Executive Branch Appropriations Act), continued a new weight based on limited English proficiency (LEP). Based on the higher costs associated with educating LEP students, the new weight has been established at 9.6% of the base per pupil guarantee.

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LIMITED ENGLISH PROFICIENCY ADJUSTMENT

$\$3,866 \times 9.6\% =$ $\$371$	x	12,628 Pupils	=	\$4.7 Million
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The base per pupil guarantee is supplemented by the costs determined under the pupil transportation calculation procedures. Pupil transportation calculated costs are based on the number of pupils transported, the geographic characteristics of a given school district and the distribution of pupils along the most efficient routes.

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PUPIL TRANSPORTATION

Number of Students Transported Relative To Geographic Distribution of Students	=	\$214.8 Million
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The base per pupil guarantee as adjusted for at-risk, exceptional, home & hospital, limited English proficient pupils (as of fiscal year 2009), as well as for transportation costs becomes the total calculated per pupil base SEEK cost.

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Base Per Pupil Guarantee + At-Risk Adjustment + Exceptional Children Adjustment + Home/Hospital Adjustment + LEP Adjustment + Transportation	=	TOTAL CALCULATED BASE SEEK COST	=	\$3,107.5 Million
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Equalization of per pupil revenues among local school districts under the SEEK program begins with a requirement that every local school district levy a minimum equivalent tax rate of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility or income) or any combination of such taxes. The yield from this tax effort serves as a deduction against the revenues guaranteed by the state under SEEK. Every district is guaranteed that its minimum tax levy will produce the same dollars per student regardless of the district's property tax base. This results in the state providing a greater proportion of per pupil revenues in those districts with lower property wealth per pupil.

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REQUIRED LOCAL EFFORT

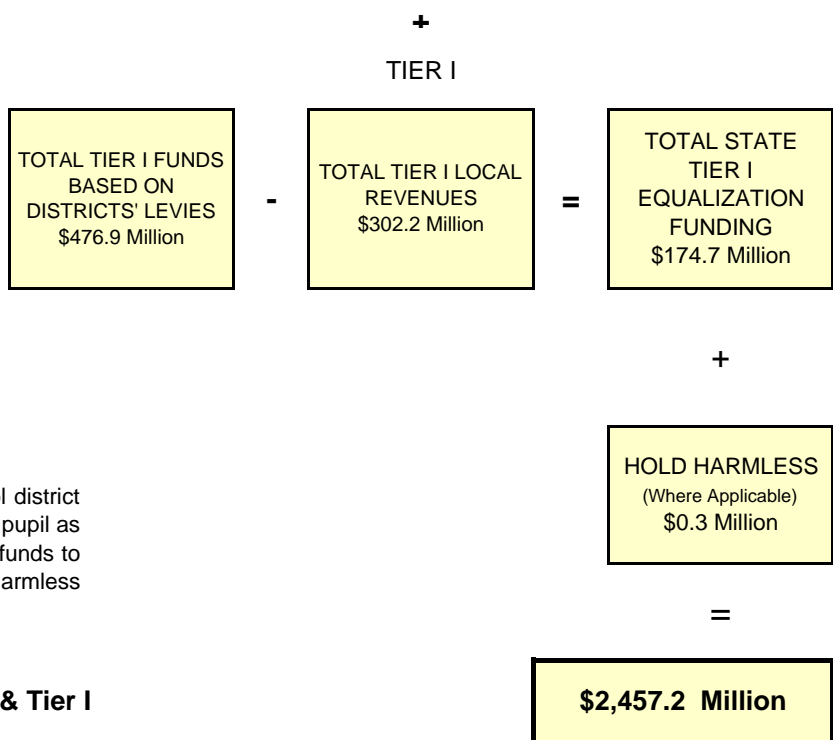
\$275.1 Billion Local School Districts' Assessed Property	x	Required Minimum Tax Levy 30 Cents Per \$100 Assessed Property	=	\$825.2 Million Required Local Effort
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\$2,282.3 Million State Portion of Base SEEK Cost
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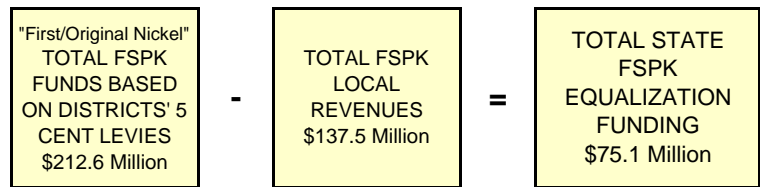
All local school districts have the option to impose taxes sufficient to generate revenues up to 15 percent over those generated under base SEEK. Districts with assessed property per pupil less than 150 percent of the statewide average (set at \$713,000 for the 2008-2010 biennium) receive funds from the state sufficient to garner revenues from these additional taxes equal to those generated if their per pupil property wealth was indeed 150 percent of the statewide average. In other words, the state guarantees an additional local levy will produce the same revenue in property-poor districts as would be produced in richer districts. The local tax levied under this provision is not subject to voter recall.

After completion of the preceding calculations, any school district failing to receive at least as much state SEEK funding per pupil as it received in fiscal year 1992 is provided additional state funds to sustain that funding level, referred to as SEEK's hold-harmless provision.



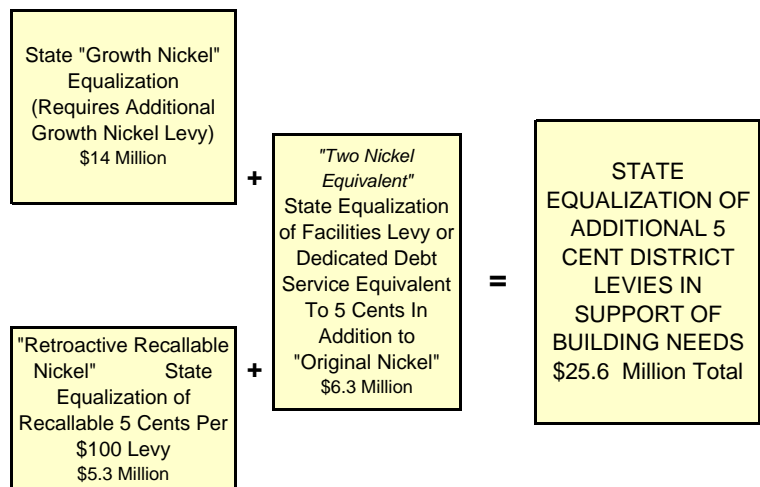
Total State Per Pupil Funding - Base SEEK & Tier I

The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky or FSPK) for the purpose of providing a supplemental funding source for each local school district for construction and renovation projects and related debt service outlays. To participate, a district must levy a minimum equivalent tax rate of 5 cents per one hundred dollars of assessed valuation. Revenues generated by this tax must be dedicated to financing capital projects or debt service on construction bonds. Such revenue, like that under the Tier I component, is equalized at 150 percent of the statewide average per pupil property assessment.



EQUALIZED FACILITIES SUPPORT

There are additional avenues for school districts to raise revenues for building and renovation purposes. Districts experiencing substantial student growth may levy an additional 5 cents per one hundred dollars of assessed valuation tax not subject to voter recall. If a district levied another 5 cent tax - subject to voter recall - during or prior to fiscal year 2004, the original 5 cent "growth" levy qualifies for state equalization. Any district, regardless of growth, levying - prior to April 24, 2008 and subject to voter recall - an additional 5 cents per one hundred dollars of assessed valuation tax for facilities purposes qualifies that levy for state equalization. Finally, school districts levying an equivalent tax rate of at least 10 cents no later than April 24, 2008 or committing debt service equivalent to 5 cents per one hundred dollars of assessed valuation in addition to the 5 cent levy required for participation in the Facilities Support Program of Kentucky are eligible for state equalization of the 5 cent equivalent.



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Education and Workforce Development

Education and Workforce Development

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	82,240,200	102,570,300	102,958,900	75,522,100	75,522,100
Salary and Health Insurance Adjustments	507,100				
Budget Reduction-General Fund	-4,252,600				
Mandated Expenditure Reductions	-1,676,200				
Other		-225,000	-225,000		
Total General Fund	76,818,500	102,345,300	102,733,900	75,522,100	75,522,100
Restricted Fund					
Balance Forward	9,092,800	5,844,600	3,684,100	5,864,600	4,347,600
Current Receipts	12,680,100	12,299,700	12,362,200	12,299,700	12,362,200
Non-Revenue Receipts	26,449,000	27,570,100	28,643,000	26,682,600	27,689,700
Total Restricted Fund	48,221,900	45,714,400	44,689,300	44,846,900	44,399,500
Federal Fund					
Balance Forward	17,365,000				538,900
Current Receipts	2,404,390,700	2,447,777,300	2,470,730,900	2,447,777,300	2,470,730,900
ARRA Receipts	40,634,800	21,722,800	2,127,000	21,722,800	2,127,000
Total Federal Fund	2,462,390,500	2,469,500,100	2,472,857,900	2,469,500,100	2,473,396,800
TOTAL SOURCE OF FUNDS	2,587,430,900	2,617,559,800	2,620,281,100	2,589,869,100	2,593,318,400
EXPENDITURES BY CLASS					
Personnel Costs	148,690,500	158,770,200	166,983,900	150,962,200	157,218,000
Operating Expenses	35,660,500	39,294,400	38,992,600	34,695,800	33,048,600
Grants Loans Benefits	2,394,297,700	2,407,661,700	2,409,713,800	2,397,333,800	2,397,645,800
Debt Service		3,715,000			
Capital Outlay	2,917,600	4,434,400	3,168,900	1,990,800	1,495,000
TOTAL EXPENDITURES	2,581,566,300	2,613,875,700	2,618,859,200	2,584,982,600	2,589,407,400
EXPENDITURES BY FUND SOURCE					
General Fund	76,818,500	102,345,300	102,733,900	75,522,100	75,522,100
Restricted Fund	42,357,300	42,030,300	43,267,400	40,499,300	41,607,600
Federal Fund	2,462,390,500	2,469,500,100	2,472,857,900	2,468,961,200	2,472,277,700
TOTAL EXPENDITURES	2,581,566,300	2,613,875,700	2,618,859,200	2,584,982,600	2,589,407,400
EXPENDITURES BY UNIT					
General Administration and Program Support	10,515,600	12,919,000	11,943,800	9,577,000	9,577,000
Deaf and Hard of Hearing	1,617,900	1,893,700	1,957,000	1,606,400	1,619,900
Kentucky Educational Television	16,168,400	17,365,000	17,218,200	14,002,600	14,002,600
Environmental Education Council	441,300	423,600	388,700	409,900	360,000
Libraries and Archives	16,972,700	24,034,000	24,933,600	16,803,400	16,803,400
Office for the Blind	13,514,200	14,705,100	15,128,700	14,280,100	14,617,100
Employment and Training	2,386,675,900	2,392,907,700	2,395,588,500	2,392,907,700	2,395,588,500
Career and Technical Education	62,044,300	69,061,600	70,850,100	62,689,900	63,778,300
Vocational Rehabilitation	63,781,400	68,339,500	68,258,400	63,730,100	64,081,000
Education Professional Standards Board	9,834,600	12,226,500	12,592,200	8,975,500	8,979,600
TOTAL EXPENDITURES	2,581,566,300	2,613,875,700	2,618,859,200	2,584,982,600	2,589,407,400

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 during the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Executive order 2009-539, filed with Secretary of State on June 12, 2009 moved the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,192,400	6,940,400	5,899,400	4,485,900	4,485,900
Salary and Health Insurance Adjustments	83,000				
Budget Reduction-General Fund	-387,900				
Mandated Expenditure Reductions	-146,200				
Total General Fund	4,741,300	6,940,400	5,899,400	4,485,900	4,485,900
Restricted Fund					
Balance Forward	40,900	23,900	12,000	23,900	12,000
Current Receipts	17,700	7,700	7,700	7,700	7,700
Non-Revenue Receipts	5,592,000	5,811,400	5,877,100	4,923,900	4,923,800
Total Restricted Fund	5,650,600	5,843,000	5,896,800	4,955,500	4,943,500
Federal Fund					
Current Receipts	147,600	147,600	147,600	147,600	147,600
Total Federal Fund	147,600	147,600	147,600	147,600	147,600
TOTAL SOURCE OF FUNDS	10,539,500	12,931,000	11,943,800	9,589,000	9,577,000
EXPENDITURES BY CLASS					
Personnel Costs	6,736,500	7,479,400	8,125,100	6,144,800	6,247,100
Operating Expenses	1,614,500	1,638,700	1,648,800	1,430,300	1,328,000
Grants Loans Benefits	1,876,600	1,881,900	1,881,900	1,713,900	1,713,900
Debt Service		1,631,000			
Capital Outlay	288,000	288,000	288,000	288,000	288,000
TOTAL EXPENDITURES	10,515,600	12,919,000	11,943,800	9,577,000	9,577,000
EXPENDITURES BY FUND SOURCE					
General Fund	4,741,300	6,940,400	5,899,400	4,485,900	4,485,900
Restricted Fund	5,626,700	5,831,000	5,896,800	4,943,500	4,943,500
Federal Fund	147,600	147,600	147,600	147,600	147,600
TOTAL EXPENDITURES	10,515,600	12,919,000	11,943,800	9,577,000	9,577,000
EXPENDITURES BY UNIT					
Secretary	8,660,000	11,055,900	10,069,300	7,721,400	7,721,400
Governor's Scholars	1,855,600	1,863,100	1,874,500	1,855,600	1,855,600
TOTAL EXPENDITURES	10,515,600	12,919,000	11,943,800	9,577,000	9,577,000

Senate Bill 105 created the Education Cabinet during the 2006 Regular Session and Senate Bill 78 renamed it the Education and Workforce Development Cabinet during the 2009 Regular Session of the General Assembly.

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

The program includes the following units:

The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development,

implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.

The Office of Educational Programs assists in maintaining the Cabinet's presence with educational agencies and managing state-wide educational programs (i.e. a new early childhood educational initiative), among other responsibilities.

The Office of Legal and Legislative Services oversees the Cabinet's legislative agenda and issues, including constituent services and board and commissions responsibilities.

The Office of Budget and Administration is the Cabinet's chief financial and administrative office and is responsible for developing and executing the biennial budget for the Cabinet and serves as the primary point of contact for the Governor's Office of Policy and Management and the Legislative Research Commission on all budgetary issues. The Office consists of the Division of Administrative Services which is responsible for all central office purchasing, auditing and processing financial documents, maintenance of the eMARS accounting system, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines; the Division of Human Resources which is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees; and the Division of Technology Services which oversees the Cabinet's technology resources and serves as the central location for all Cabinet data processing programs statewide.

The Office of Communication provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Education Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.

The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses.

By coordinating strategic partnership planning, legislative review and presentation, information technology services and overall financial management within the General Administration and Program Support, the cabinet agencies can focus on maintaining and enhancing the quality and delivery of services, while enriching ongoing programs.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	929,000	1,051,000	1,098,900	788,500	788,500
Salary and Health Insurance Adjustments	12,700				
Budget Reduction-General Fund	-89,000				
Mandated Expenditure Reductions	-41,800				
Total General Fund	810,900	1,051,000	1,098,900	788,500	788,500
Restricted Fund					
Balance Forward		29,000	22,300	29,000	47,100
Current Receipts	836,000	836,000	836,000	836,000	836,000
Total Restricted Fund	836,000	865,000	858,300	865,000	883,100
TOTAL SOURCE OF FUNDS	1,646,900	1,916,000	1,957,200	1,653,500	1,671,600
EXPENDITURES BY CLASS					
Personnel Costs	918,900	1,004,100	1,067,500	730,100	748,200
Operating Expenses	699,000	889,600	889,500	876,300	871,700
TOTAL EXPENDITURES	1,617,900	1,893,700	1,957,000	1,606,400	1,619,900
EXPENDITURES BY FUND SOURCE					
General Fund	810,900	1,051,000	1,098,900	788,500	788,500
Restricted Fund	807,000	842,700	858,100	817,900	831,400
TOTAL EXPENDITURES	1,617,900	1,893,700	1,957,000	1,606,400	1,619,900
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	1,617,900	1,893,700	1,957,000	1,606,400	1,619,900
TOTAL EXPENDITURES	1,617,900	1,893,700	1,957,000	1,606,400	1,619,900

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

**Education and Workforce Development
Kentucky Educational Television**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,242,800	15,514,000	15,367,200	12,151,600	12,151,600
Salary and Health Insurance Adjustments	184,200				
Budget Reduction-General Fund	-416,800				
Mandated Expenditure Reductions	-595,900				
Total General Fund	12,414,300	15,514,000	15,367,200	12,151,600	12,151,600
Restricted Fund					
Balance Forward	1,510,100				
Current Receipts	1,544,000	1,151,000	1,151,000	1,151,000	1,151,000
Total Restricted Fund	3,054,100	1,151,000	1,151,000	1,151,000	1,151,000
Federal Fund					
Current Receipts	444,600	212,800	442,600	212,800	442,600
ARRA Receipts	255,400	487,200	257,400	487,200	257,400
Total Federal Fund	700,000	700,000	700,000	700,000	700,000
TOTAL SOURCE OF FUNDS	16,168,400	17,365,000	17,218,200	14,002,600	14,002,600
EXPENDITURES BY CLASS					
Personnel Costs	9,372,700	10,132,700	10,811,200	8,556,300	8,556,300
Operating Expenses	5,668,800	5,519,200	5,496,700	4,680,200	4,665,000
Grants Loans Benefits	367,300	367,300	367,300	262,200	262,200
Debt Service		818,000			
Capital Outlay	759,600	527,800	543,000	503,900	519,100
TOTAL EXPENDITURES	16,168,400	17,365,000	17,218,200	14,002,600	14,002,600
EXPENDITURES BY FUND SOURCE					
General Fund	12,414,300	15,514,000	15,367,200	12,151,600	12,151,600
Restricted Fund	3,054,100	1,151,000	1,151,000	1,151,000	1,151,000
Federal Fund	700,000	700,000	700,000	700,000	700,000
TOTAL EXPENDITURES	16,168,400	17,365,000	17,218,200	14,002,600	14,002,600
EXPENDITURES BY UNIT					
General Administration and Support	2,193,300	3,076,900	2,353,700	2,174,600	2,174,600
Broadcasting and Education	10,980,200	11,182,800	11,411,400	8,850,600	8,620,800
Engineering	2,994,900	3,105,300	3,453,100	2,977,400	3,207,200
TOTAL EXPENDITURES	16,168,400	17,365,000	17,218,200	14,002,600	14,002,600

KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace. As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. Technologies employed by KET include digital broadcast, microwave transmission, two-way audio and video conferencing through the Kentucky Telelinking Network, the Internet and Internet 2, the Kentucky Post-secondary Educational Network (KPEN), digital data-casting through its new digital broadcast network and traditional technologies such as CD, DVD, and video tape. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

The General Administration and Support unit oversees the implementation of KET's mission as directed by the Kentucky

Authority for Educational Television and recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws and works to ascertain the desires of the citizens of the Commonwealth. The unit conducts research and planning activities to verify the needs of current and potential audiences then works to assure effective, efficient, and appropriate service to those audiences. Major areas of agency effort include programs and services in public affairs, K-12 student learning and teacher training, adult basic education, higher education, outreach programs on important state issues, and cultural and performing arts programs. The unit works to insure complementing, productive, non-duplicative efforts with groups such as the Kentucky Department of Education, the Commonwealth Office of Technology, Department for Workforce Investment, colleges and universities (including the Kentucky Community and Technical College System), the Council on Postsecondary Education, and all public schools and school districts throughout the state. The General Administration and Support unit also conducts activities which lead to constructive recommendations on current practice and future directions of telecommunications for the Commonwealth.

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

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

A statewide, regional support staff of instructional and technical specialists provides training, information and help to users with technical issues. This service is provided freely to educational institutions and to citizens in their homes and in the workplace. The operations staff maintains and operates network master control, studio and remote facilities.

KET's Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. This network is the largest public television network in the United States, second in the world to NHK (Japan Broadcasting Corporation). The Engineering Service unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

This unit is currently exploring and developing new digital data services through its new transmitter network and in partnership with the Cabinet for Health and Family Services, the Transportation Cabinet, Emergency Management, law enforcement, and other agencies to enhance the state's preparedness for disasters on the local, state and national levels and to provide data transmission services where data services are otherwise not available or marginal.

Engineering continues to develop new uses of technologies that can extend the capacity of KET's staff and financial resources. It works to interface KET's technical capabilities with other appropriate technical systems in Kentucky and elsewhere, further extending the variety, reach, accessibility and versatility of KET services to the Commonwealth.

Education and Workforce Development

Environmental Education Council

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	357,600	274,800	196,600	294,800	230,300
Current Receipts	19,500	5,000	5,000	5,000	5,000
Non-Revenue Receipts	268,500	250,000	230,000	250,000	230,000
Total Restricted Fund	645,600	529,800	431,600	549,800	465,300
Federal Fund					
ARRA Receipts	90,500	90,400	33,900	90,400	33,900
Total Federal Fund	90,500	90,400	33,900	90,400	33,900
TOTAL SOURCE OF FUNDS	736,100	620,200	465,500	640,200	499,200
EXPENDITURES BY CLASS					
Personnel Costs	237,800	242,100	227,200	236,900	212,400
Operating Expenses	58,500	56,500	56,500	48,000	42,600
Grants Loans Benefits	145,000	125,000	105,000	125,000	105,000
TOTAL EXPENDITURES	441,300	423,600	388,700	409,900	360,000
EXPENDITURES BY FUND SOURCE					
Restricted Fund	350,800	333,200	354,800	319,500	326,100
Federal Fund	90,500	90,400	33,900	90,400	33,900
TOTAL EXPENDITURES	441,300	423,600	388,700	409,900	360,000
EXPENDITURES BY UNIT					
Ky Environmental Education Council	441,300	423,600	388,700	409,900	360,000
TOTAL EXPENDITURES	441,300	423,600	388,700	409,900	360,000

The Kentucky Environmental Education Council is dedicated to improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. The Council sponsors programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

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

**Education and Workforce Development
Libraries and Archives**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,942,300	18,821,500	19,721,100	11,590,900	11,590,900
Salary and Health Insurance Adjustments	104,800				
Budget Reduction-General Fund	-1,065,300				
Mandated Expenditure Reductions	-488,500				
Total General Fund	11,493,300	18,821,500	19,721,100	11,590,900	11,590,900
Restricted Fund					
Balance Forward	740,800	333,100	186,200	333,100	186,200
Current Receipts	2,182,400	2,176,300	2,177,600	2,176,300	2,177,600
Total Restricted Fund	2,923,200	2,509,400	2,363,800	2,509,400	2,363,800
Federal Fund					
Balance Forward	213,300				
Current Receipts	2,676,000	2,889,300	2,889,300	2,889,300	2,889,300
Total Federal Fund	2,889,300	2,889,300	2,889,300	2,889,300	2,889,300
TOTAL SOURCE OF FUNDS	17,305,800	24,220,200	24,974,200	16,989,600	16,844,000
EXPENDITURES BY CLASS					
Personnel Costs	6,009,500	6,996,100	7,494,000	5,866,300	5,934,200
Operating Expenses	3,092,300	3,189,300	3,226,700	3,056,700	2,988,800
Grants Loans Benefits	7,753,400	11,495,400	13,495,400	7,762,900	7,762,900
Debt Service		1,266,000			
Capital Outlay	117,500	1,087,200	717,500	117,500	117,500
TOTAL EXPENDITURES	16,972,700	24,034,000	24,933,600	16,803,400	16,803,400
EXPENDITURES BY FUND SOURCE					
General Fund	11,493,300	18,821,500	19,721,100	11,590,900	11,590,900
Restricted Fund	2,590,100	2,323,200	2,323,200	2,323,200	2,323,200
Federal Fund	2,889,300	2,889,300	2,889,300	2,889,300	2,889,300
TOTAL EXPENDITURES	16,972,700	24,034,000	24,933,600	16,803,400	16,803,400
EXPENDITURES BY UNIT					
Libraries and Archives	9,602,800	12,505,700	11,405,300	9,507,600	9,507,600
Direct Local Aid	7,369,900	11,528,300	13,528,300	7,295,800	7,295,800
TOTAL EXPENDITURES	16,972,700	24,034,000	24,933,600	16,803,400	16,803,400

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

The Department is directed by three goals:

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

The Department serves both governmental agencies and the people of Kentucky directly through local public libraries.

The Department also serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Education and Workforce Development
Libraries and Archives
Libraries and Archives

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,766,900	8,912,900	7,812,500	5,914,800	5,914,800
Salary and Health Insurance Adjustments	104,800				
Budget Reduction-General Fund	-560,400				
Mandated Expenditure Reductions	-307,400				
Total General Fund	6,003,900	8,912,900	7,812,500	5,914,800	5,914,800
Restricted Fund					
Balance Forward	363,100	249,700	144,500	249,700	144,500
Current Receipts	1,320,200	1,322,300	1,323,600	1,322,300	1,323,600
Total Restricted Fund	1,683,300	1,572,000	1,468,100	1,572,000	1,468,100
Federal Fund					
Balance Forward	-194,300				
Current Receipts	2,359,600	2,165,300	2,165,300	2,165,300	2,165,300
Total Federal Fund	2,165,300	2,165,300	2,165,300	2,165,300	2,165,300
TOTAL SOURCE OF FUNDS	9,852,500	12,650,200	11,445,900	9,652,100	9,548,200
EXPENDITURES BY CLASS					
Personnel Costs	6,009,500	6,996,100	7,494,000	5,866,300	5,934,200
Operating Expenses	3,092,000	3,189,300	3,226,700	3,056,700	2,988,800
Grants Loans Benefits	383,800	467,100	467,100	467,100	467,100
Debt Service		1,266,000			
Capital Outlay	117,500	587,200	217,500	117,500	117,500
TOTAL EXPENDITURES	9,602,800	12,505,700	11,405,300	9,507,600	9,507,600
EXPENDITURES BY FUND SOURCE					
General Fund	6,003,900	8,912,900	7,812,500	5,914,800	5,914,800
Restricted Fund	1,433,600	1,427,500	1,427,500	1,427,500	1,427,500
Federal Fund	2,165,300	2,165,300	2,165,300	2,165,300	2,165,300
TOTAL EXPENDITURES	9,602,800	12,505,700	11,405,300	9,507,600	9,507,600
EXPENDITURES BY UNIT					
Administrative Services	2,901,000	4,527,000	3,293,000	2,832,700	2,824,800
Field Services	2,124,700	2,462,400	2,587,800	2,114,900	2,119,900
State Library Services	1,609,800	1,832,000	1,922,700	1,592,700	1,602,900
Public Records	2,967,300	3,684,300	3,601,800	2,967,300	2,960,000
TOTAL EXPENDITURES	9,602,800	12,505,700	11,405,300	9,507,600	9,507,600

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- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and
- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the public directly through local public libraries.

The Department serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Administrative Services

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

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

Field Services

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

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

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

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

State Library Services

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

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

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

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

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

Public Records

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

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

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

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

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

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

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

**Education and Workforce Development
Libraries and Archives
Direct Local Aid**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,175,400	9,908,600	11,908,600	5,676,100	5,676,100
Budget Reduction-General Fund	-504,900				
Mandated Expenditure Reductions	-181,100				
Total General Fund	5,489,400	9,908,600	11,908,600	5,676,100	5,676,100
Restricted Fund					
Balance Forward	377,700	83,400	41,700	83,400	41,700
Current Receipts	862,200	854,000	854,000	854,000	854,000
Total Restricted Fund	1,239,900	937,400	895,700	937,400	895,700
Federal Fund					
Balance Forward	407,600				
Current Receipts	316,400	724,000	724,000	724,000	724,000
Total Federal Fund	724,000	724,000	724,000	724,000	724,000
TOTAL SOURCE OF FUNDS	7,453,300	11,570,000	13,528,300	7,337,500	7,295,800
EXPENDITURES BY CLASS					
Operating Expenses	300				
Grants Loans Benefits	7,369,600	11,028,300	13,028,300	7,295,800	7,295,800
Capital Outlay		500,000	500,000		
TOTAL EXPENDITURES	7,369,900	11,528,300	13,528,300	7,295,800	7,295,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,489,400	9,908,600	11,908,600	5,676,100	5,676,100
Restricted Fund	1,156,500	895,700	895,700	895,700	895,700
Federal Fund	724,000	724,000	724,000	724,000	724,000
TOTAL EXPENDITURES	7,369,900	11,528,300	13,528,300	7,295,800	7,295,800
EXPENDITURES BY UNIT					
Field Services	5,752,000	9,692,900	11,692,900	5,668,400	5,668,400
State Library Services	544,300	752,000	752,000	544,000	544,000
Public Records	1,073,600	1,083,400	1,083,400	1,083,400	1,083,400
TOTAL EXPENDITURES	7,369,900	11,528,300	13,528,300	7,295,800	7,295,800

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

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.

- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

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

**Education and Workforce Development
Office for the Blind**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,328,100	1,608,700	1,695,300	1,183,700	1,183,700
Salary and Health Insurance Adjustments	14,100				
Budget Reduction-General Fund	-134,300				
Total General Fund	1,207,900	1,608,700	1,695,300	1,183,700	1,183,700
Restricted Fund					
Balance Forward	2,066,500	1,342,500	671,400	1,342,500	671,400
Current Receipts	1,912,300	1,906,700	1,906,400	1,906,700	1,906,400
Total Restricted Fund	3,978,800	3,249,200	2,577,800	3,249,200	2,577,800
Federal Fund					
Current Receipts	8,760,900	9,696,900	10,741,700	9,696,900	10,741,700
ARRA Receipts	909,100	821,700	113,900	821,700	113,900
Total Federal Fund	9,670,000	10,518,600	10,855,600	10,518,600	10,855,600
TOTAL SOURCE OF FUNDS	14,856,700	15,376,500	15,128,700	14,951,500	14,617,100
EXPENDITURES BY CLASS					
Personnel Costs	6,664,100	7,086,500	7,513,200	6,956,000	7,446,800
Operating Expenses	1,495,000	1,493,100	1,494,000	1,267,100	1,121,600
Grants Loans Benefits	5,355,100	6,125,500	6,121,500	6,057,000	6,048,700
TOTAL EXPENDITURES	13,514,200	14,705,100	15,128,700	14,280,100	14,617,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,207,900	1,608,700	1,695,300	1,183,700	1,183,700
Restricted Fund	2,636,300	2,577,800	2,577,800	2,577,800	2,577,800
Federal Fund	9,670,000	10,518,600	10,855,600	10,518,600	10,855,600
TOTAL EXPENDITURES	13,514,200	14,705,100	15,128,700	14,280,100	14,617,100
EXPENDITURES BY UNIT					
General Blind Services	10,971,600	12,050,100	12,424,600	11,760,000	12,053,400
Business Enterprise Program	1,170,100	1,205,900	1,250,400	1,170,100	1,170,100
Center for Independent Living	864,500	965,100	958,000	866,000	897,900
Assistive Technology Service	508,000	484,000	495,700	484,000	495,700
TOTAL EXPENDITURES	13,514,200	14,705,100	15,128,700	14,280,100	14,617,100

Pursuant to KRS 163.470, the Office for the Blind provides services to assist individuals who are blind and visually impaired in preparing for and obtaining employment. In federal fiscal year 2009, the Office provided services to 2,620 blind or visually impaired Kentuckians so they could receive the education and specialized training services needed to become independent and self-sufficient in the workplace. Of these served, 348 were successfully employed; 45 were served by the Deaf/Blind Program; 1,204 worked toward a vocational goal; 890 were served by the Independent Living Program; and 55 vendors were served by Kentucky Business Enterprises.

Since its creation 34 years ago, the Office has provided for the vocational rehabilitation of blind and visually impaired Kentuckians. Office staff provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement

services. The Office accomplishes this mission through the following avenues:

- The Office has 11 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

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

The Office for the Blind receives a commission based upon the percentage of gross sales from vending operations located in all interstate highway rest areas. The visually impaired merchants contribute five percent of their net income to the Office. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprise Program.

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

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

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

**Education and Workforce Development
Employment and Training**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	763,200	750,000	750,000	750,000	750,000
Current Receipts	769,200	769,200	769,200	769,200	769,200
Non-Revenue Receipts	1,586,400	1,599,600	1,599,600	1,599,600	1,599,600
Total Restricted Fund	3,118,800	3,118,800	3,118,800	3,118,800	3,118,800
Federal Fund					
Balance Forward	17,088,100				
Current Receipts	2,332,812,000	2,373,034,100	2,391,931,500	2,373,034,100	2,391,931,500
ARRA Receipts	34,407,000	17,504,800	1,288,200	17,504,800	1,288,200
Total Federal Fund	2,384,307,100	2,390,538,900	2,393,219,700	2,390,538,900	2,393,219,700
TOTAL SOURCE OF FUNDS	2,387,425,900	2,393,657,700	2,396,338,500	2,393,657,700	2,396,338,500
EXPENDITURES BY CLASS					
Personnel Costs	46,805,400	48,072,300	50,149,700	49,383,800	52,322,100
Operating Expenses	10,842,800	13,189,800	13,167,200	11,947,600	11,109,700
Grants Loans Benefits	2,327,633,300	2,330,939,200	2,332,081,200	2,330,869,900	2,331,966,300
Capital Outlay	1,394,400	706,400	190,400	706,400	190,400
TOTAL EXPENDITURES	2,386,675,900	2,392,907,700	2,395,588,500	2,392,907,700	2,395,588,500
EXPENDITURES BY FUND SOURCE					
Restricted Fund	2,368,800	2,368,800	2,368,800	2,368,800	2,368,800
Federal Fund	2,384,307,100	2,390,538,900	2,393,219,700	2,390,538,900	2,393,219,700
TOTAL EXPENDITURES	2,386,675,900	2,392,907,700	2,395,588,500	2,392,907,700	2,395,588,500
EXPENDITURES BY UNIT					
Employer and Placement Services	32,731,400	32,113,500	29,166,600	32,113,500	29,166,600
Unemployment Insurance	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
Workforce Investment Act	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500
TOTAL EXPENDITURES	2,386,675,900	2,392,907,700	2,395,588,500	2,392,907,700	2,395,588,500

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

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

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

Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	763,200	750,000	750,000	750,000	750,000
Current Receipts	769,200	769,200	769,200	769,200	769,200
Non-Revenue Receipts	1,586,400	1,599,600	1,599,600	1,599,600	1,599,600
Total Restricted Fund	3,118,800	3,118,800	3,118,800	3,118,800	3,118,800
Federal Fund					
Current Receipts	26,760,400	28,200,800	26,797,800	28,200,800	26,797,800
ARRA Receipts	3,602,200	1,543,900		1,543,900	
Total Federal Fund	30,362,600	29,744,700	26,797,800	29,744,700	26,797,800
TOTAL SOURCE OF FUNDS	33,481,400	32,863,500	29,916,600	32,863,500	29,916,600
EXPENDITURES BY CLASS					
Personnel Costs	13,780,600	18,179,800	18,750,300	18,696,300	19,605,600
Operating Expenses	3,625,200	3,235,300	3,235,200	2,718,800	2,379,900
Grants Loans Benefits	15,325,600	10,698,400	7,181,100	10,698,400	7,181,100
TOTAL EXPENDITURES	32,731,400	32,113,500	29,166,600	32,113,500	29,166,600
EXPENDITURES BY FUND SOURCE					
Restricted Fund	2,368,800	2,368,800	2,368,800	2,368,800	2,368,800
Federal Fund	30,362,600	29,744,700	26,797,800	29,744,700	26,797,800
TOTAL EXPENDITURES	32,731,400	32,113,500	29,166,600	32,113,500	29,166,600
EXPENDITURES BY UNIT					
Job Placement Services	12,327,700	16,191,300	16,513,800	16,191,300	16,513,800
Special Employment Services	18,605,900	14,063,700	10,693,900	14,063,700	10,693,900
Employment Information Support	1,797,800	1,858,500	1,958,900	1,858,500	1,958,900
TOTAL EXPENDITURES	32,731,400	32,113,500	29,166,600	32,113,500	29,166,600

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	17,088,100				
Current Receipts	2,265,335,500	2,283,940,900	2,286,542,200	2,283,940,900	2,286,542,200
ARRA Receipts	2,576,400	2,576,400	1,288,200	2,576,400	1,288,200
Total Federal Fund	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
TOTAL SOURCE OF FUNDS	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
EXPENDITURES BY CLASS					
Personnel Costs	28,212,800	26,965,400	28,304,800	27,691,100	29,507,000
Operating Expenses	6,335,800	9,100,500	9,074,200	8,374,800	7,872,000
Grants Loans Benefits	2,250,261,000	2,250,261,000	2,250,261,000	2,250,261,000	2,250,261,000
Capital Outlay	190,400	190,400	190,400	190,400	190,400
TOTAL EXPENDITURES	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
EXPENDITURES BY FUND SOURCE					
Federal Fund	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
TOTAL EXPENDITURES	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	35,000,000	36,517,300	37,830,400	36,517,300	37,830,400
Unemployment Insurance Benefits	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000
TOTAL EXPENDITURES	2,285,000,000	2,286,517,300	2,287,830,400	2,286,517,300	2,287,830,400

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

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

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

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

KRS Chapter 341 provides the statutory authority and structure for the operation of the UI program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement, and employer liability, KRS Chapter 341 conforms to federal unemployment law derived from the Social Security Act of 1935. This state and federal statutory conformity is required in order

for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

Policy

During fiscal year 2009, the Office of Employment and Training made 2,131,222 unemployment insurance benefit payments to out-of-work Kentuckians totaling approximately \$1.3 billion. That amount is projected to escalate to \$2.25 billion during fiscal years 2010 through 2012. The Unemployment Insurance Trust Fund was depleted in January 2009 and Kentucky began to borrow from the Federal Unemployment Account (FUA). As of January 12, 2010, Kentucky had borrowed \$601,000,000. The American Recovery and Reinvestment Act (ARRA) provided federal assistance to states during the economic downturn. The Act waived the interest on FUA loans made between January 1, 2009 and December 31, 2010. The ARRA and other subsequently enacted bills provided additional weeks of unemployment benefits to Kentuckians.

The Office of Employment and Training was awarded \$49.7 million through the ARRA to assist with Wagner-Peyser employment and reemployment activities and WIA Adult, Youth, and Dislocated Workers activities. The Act also provided an additional \$25 per week to recipients of regular UI benefits, Extended Benefits, and Emergency Unemployment Compensation; 65% of the cost of COBRA coverage to UI claimants who lose their health insurance; and \$6.4 million to help cover the cost to administer these programs.

**Education and Workforce Development
Employment and Training
Workforce Investment Act**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	40,716,100	60,892,400	78,591,500	60,892,400	78,591,500
ARRA Receipts	28,228,400	13,384,500		13,384,500	
Total Federal Fund	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500
TOTAL SOURCE OF FUNDS	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500
EXPENDITURES BY CLASS					
Personnel Costs	4,812,000	2,927,100	3,094,600	2,996,400	3,209,500
Operating Expenses	881,800	854,000	857,800	854,000	857,800
Grants Loans Benefits	62,046,700	69,979,800	74,639,100	69,910,500	74,524,200
Capital Outlay	1,204,000	516,000		516,000	
TOTAL EXPENDITURES	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500
EXPENDITURES BY FUND SOURCE					
Federal Fund	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500
TOTAL EXPENDITURES	68,944,500	74,276,900	78,591,500	74,276,900	78,591,500

On July 1, 1999, Kentucky implemented the Workforce Investment Act (WIA) to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. Passed by Congress on August 7, 1998 (Public Law 105-220), this reform includes streamlining services through a one-stop service delivery system, empowering individuals through information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for local boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

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

Most services for adults and dislocated workers are provided through the "one-stop" system, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes "core" services available to all adults (with no eligibility requirements), and "intensive" services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job.

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

The Commonwealth of Kentucky has applied for and received WIA Section 503 Incentive Grants. These grants are awarded to states that have exceeded performance levels for WIA Title I programs, WIA Title II Adult Education and Family Literacy programs and Carl D. Perkins Vocational and Technical Education Act programs. These funds are used to carry out any one or more innovative programs under Titles I or II of WIA or the Carl D. Perkins Vocational and Technical Education Act, regardless of which Act is the source of the incentive funds.

Education and Workforce Development

Career and Technical Education

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,778,300	32,512,700	33,212,800	25,916,000	25,916,000
Salary and Health Insurance	60,000				
Adjustments					
Budget Reduction-General Fund	-474,000				
Other		-225,000	-225,000		
Total General Fund	26,364,300	32,287,700	32,987,800	25,916,000	25,916,000
Restricted Fund					
Balance Forward	1,087,400	1,008,400	781,200	1,008,400	781,200
Current Receipts	1,445,000	1,483,700	1,545,200	1,483,700	1,545,200
Non-Revenue Receipts	19,002,100	19,909,100	20,936,300	19,909,100	20,936,300
Total Restricted Fund	21,534,500	22,401,200	23,262,700	22,401,200	23,262,700
Federal Fund					
Current Receipts	15,153,900	15,153,900	15,153,900	15,153,900	15,153,900
Total Federal Fund	15,153,900	15,153,900	15,153,900	15,153,900	15,153,900
TOTAL SOURCE OF FUNDS	63,052,700	69,842,800	71,404,400	63,471,100	64,332,600
EXPENDITURES BY CLASS					
Personnel Costs	41,591,600	45,904,100	48,422,000	42,680,900	44,010,300
Operating Expenses	6,464,900	8,109,400	7,814,700	6,555,000	6,379,900
Grants Loans Benefits	13,689,700	13,338,100	13,298,400	13,194,000	13,123,100
Capital Outlay	298,100	1,710,000	1,315,000	260,000	265,000
TOTAL EXPENDITURES	62,044,300	69,061,600	70,850,100	62,689,900	63,778,300
EXPENDITURES BY FUND SOURCE					
General Fund	26,364,300	32,287,700	32,987,800	25,916,000	25,916,000
Restricted Fund	20,526,100	21,620,000	22,708,400	21,620,000	22,708,400
Federal Fund	15,153,900	15,153,900	15,153,900	15,153,900	15,153,900
TOTAL EXPENDITURES	62,044,300	69,061,600	70,850,100	62,689,900	63,778,300
EXPENDITURES BY UNIT					
School Support and Administration	46,526,500	51,459,000	53,157,100	47,404,700	48,404,700
Equipment	767,800	2,767,800	2,767,800	450,400	448,400
Contract Services	1,198,000	1,282,800	1,373,200	1,282,800	1,373,200
Federal Programs	13,552,000	13,552,000	13,552,000	13,552,000	13,552,000
TOTAL EXPENDITURES	62,044,300	69,061,600	70,850,100	62,689,900	63,778,300

The Office of Career and Technical Education has two major statewide roles: the management and operation of 54 area technology centers serving high school students and workers in business and industry, and serving as the sole state agency for Federal Funds through the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification.

Area technology centers are located throughout the Commonwealth in small- to medium-sized counties. These schools are technology centers are located throughout the Commonwealth in small- to medium-sized counties. These schools are uniquely positioned to serve business and industry in close cooperation with the Kentucky Community and Technical College System. This provides cost-effective measures for training needs of business and industry, and assists in local economic development initiatives. Area Technology Centers are not only vital in the overall scheme of Kentucky's efforts to better prepare secondary technical students for postsecondary education or employment, but also provide an additional avenue to skill upgrades by incumbent workers in the local businesses and industries.

The 54 area technology centers provide continuing and customized technical education programs on an as-needed basis. This system serves business and industry, as well as adults in the community seeking to enhance their employment opportunities. Area technology centers provide opportunities in areas of the Commonwealth where continuing education is not available at a postsecondary institution.

Demand for training programs from business and industry may range from continuing education in computer applications to customized training programs such as robotics.

Training programs are also designed to meet the increasing demands of various state and local regulatory certification requirements. Examples include additional programs in water handling, blood and air borne pathogens, and heating and cooling systems.

The Office coordinates the state plan for the Perkins Act and implements the provisions related to the distribution of Federal Funds. Other functions include: reviewing and approving local plans, monitoring and evaluating program effectiveness, monitoring and auditing the expenditure of Federal Funds, implementing and reevaluating the statewide system of accountability, coordinating the development of the annual performance report, assuring compliance with all applicable Federal laws, and providing technical assistance. The Office serves as the liaison to occupational programs and related services in the community and technical colleges, the universities, and the Department of Education. Programs of leadership and professional development are coordinated and monitored for program effectiveness. An automated student information system, with selected characteristics for technical programs, is used in evaluating the effective preparation of students for continued education, employment, and service in the military. This automated system is a major factor in the accountability requirements of the Act. In addition, the operation and refinement of the methods of administration are components of the ongoing program evaluation.

The Perkins Act includes two major components: the Basic Grant and Tech Prep. The Basic Grant funds are for program improvement. Tech Prep funds are earmarked for the development of programs that combine at least two years of secondary education with at least two years of postsecondary education in a technical course of study leading to employment or further education. Tech Prep uses work-based and worksite learning where appropriate and available. The Office of Career and Technical Education provides statewide direction, leadership, and supervision for this initiative.

**Education and Workforce Development
Vocational Rehabilitation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,794,700	15,070,200	14,550,800	11,604,700	11,604,700
Salary and Health Insurance Adjustments	19,000				
Budget Reduction-General Fund	-972,200				
Total General Fund	11,841,500	15,070,200	14,550,800	11,604,700	11,604,700
Restricted Fund					
Balance Forward	1,893,000	2,011,900	1,028,900	2,011,900	1,633,900
Current Receipts	3,118,900	3,129,100	3,129,100	3,129,100	3,129,100
Total Restricted Fund	5,011,900	5,141,000	4,158,000	5,141,000	4,763,000
Federal Fund					
Balance Forward					538,900
Current Receipts	43,967,100	46,338,500	49,116,000	46,338,500	49,116,000
ARRA Receipts	4,972,800	2,818,700	433,600	2,818,700	433,600
Total Federal Fund	48,939,900	49,157,200	49,549,600	49,157,200	50,088,500
TOTAL SOURCE OF FUNDS	65,793,300	69,368,400	68,258,400	65,902,900	66,456,200
EXPENDITURES BY CLASS					
Personnel Costs	26,808,600	27,966,500	29,104,800	26,960,600	28,290,000
Operating Expenses	4,344,300	4,350,900	4,336,100	3,976,100	3,682,800
Grants Loans Benefits	32,568,500	35,907,100	34,702,500	32,678,400	31,993,200
Capital Outlay	60,000	115,000	115,000	115,000	115,000
TOTAL EXPENDITURES	63,781,400	68,339,500	68,258,400	63,730,100	64,081,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,841,500	15,070,200	14,550,800	11,604,700	11,604,700
Restricted Fund	3,000,000	4,112,100	4,158,000	3,507,100	3,506,900
Federal Fund	48,939,900	49,157,200	49,549,600	48,618,300	48,969,400
TOTAL EXPENDITURES	63,781,400	68,339,500	68,258,400	63,730,100	64,081,000
EXPENDITURES BY UNIT					
Carl D. Perkins Vocational Training Center	7,768,600	8,216,800	8,602,700	7,677,900	8,022,500
Program Services	54,272,400	58,049,400	57,950,900	53,978,900	54,353,700
Executive Director	1,740,400	2,073,300	1,704,800	2,073,300	1,704,800
TOTAL EXPENDITURES	63,781,400	68,339,500	68,258,400	63,730,100	64,081,000

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities. The Office helps eligible persons with disabilities achieve suitable employment.

The Office uses vocational assessments, counseling and guidance services to match workers with disabilities to labor market needs. Job preparation activities include on-the-job training and vocational and classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily.

The Office also provides services for employers. The Office prepares job-qualified applicants, conducts job analyses,

recommends job modifications, and conducts disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability related problems. As a result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

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

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

The Carl D. Perkins Vocational Training Center (CDPVTC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility located in Johnson County. The proportion of disabled individuals in the population of Kentucky is highest in southeast Kentucky. Although the majority of referrals to the CDPVTC come from the eastern part of Kentucky, staff of the Center regularly provide services to consumers from the entire Commonwealth.

The CDPVTC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet state of the art standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). CARF is the nationally recognized accreditation authority for organizations serving consumers with disabilities. CARF standards require that accredited facilities provide consumers with timely, quality services that meet the needs of each individual. Center staff utilize CARF accreditation as a marketing tool to obtain new referrals for all programs.

Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPVTC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

The Program Services Division provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities to enable them to achieve suitable employment. Program Services is responsible for the actual intake and client service delivery efforts of the Office and performs certain administration functions.

The Division implements the federal Rehabilitation Act of 1973 and must make available services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock, and supplies; and other goods and services needed for employment.

The Administrative Management Division provides all administrative, technical, and budget related services for the Office and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting, and federal grant accounting. The Division oversees the implementation and administration of the automated case management system and coordinates the development of application programs. Staff in the Division are also responsible for records retention and maintenance of the Office's inventory records.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,032,600	11,051,800	11,413,400	7,800,800	7,800,800
Salary and Health Insurance Adjustments	29,300				
Budget Reduction-General Fund	-713,100				
Mandated Expenditure Reductions	-403,800				
Total General Fund	7,945,000	11,051,800	11,413,400	7,800,800	7,800,800
Restricted Fund					
Balance Forward	633,300	71,000	35,500	71,000	35,500
Current Receipts	835,100	835,000	835,000	835,000	835,000
Total Restricted Fund	1,468,400	906,000	870,500	906,000	870,500
Federal Fund					
Balance Forward	63,600				
Current Receipts	428,600	304,200	308,300	304,200	308,300
Total Federal Fund	492,200	304,200	308,300	304,200	308,300
TOTAL SOURCE OF FUNDS	9,905,600	12,262,000	12,592,200	9,011,000	8,979,600
EXPENDITURES BY CLASS					
Personnel Costs	3,545,400	3,886,400	4,069,200	3,446,500	3,450,600
Operating Expenses	1,380,400	857,900	862,400	858,500	858,500
Grants Loans Benefits	4,908,800	7,482,200	7,660,600	4,670,500	4,670,500
TOTAL EXPENDITURES	9,834,600	12,226,500	12,592,200	8,975,500	8,979,600
EXPENDITURES BY FUND SOURCE					
General Fund	7,945,000	11,051,800	11,413,400	7,800,800	7,800,800
Restricted Fund	1,397,400	870,500	870,500	870,500	870,500
Federal Fund	492,200	304,200	308,300	304,200	308,300
TOTAL EXPENDITURES	9,834,600	12,226,500	12,592,200	8,975,500	8,979,600
EXPENDITURES BY UNIT					
Operations	3,620,500	4,580,100	4,730,300	3,575,800	3,575,800
Kentucky Teacher Internship Program	3,817,100	5,458,600	5,621,800	3,637,100	3,637,100
National Board	582,000	800,000	800,000	523,700	523,700
Certification	1,815,000	1,387,800	1,440,100	1,238,900	1,243,000
TOTAL EXPENDITURES	9,834,600	12,226,500	12,592,200	8,975,500	8,979,600

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

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's more than 50,000 active Kentucky educators, and ensures, via an annual review, that all professional positions in the state's 174 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 27 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the

related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the National Board Certification incentive programs, the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 2,700 teacher interns, 2,600 supervising teachers, and 500 prospective National Board-certified teachers.

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Energy and Environment

Energy and Environment

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	81,064,600	96,694,800	103,966,300	75,580,400	78,315,200
Salary and Health Insurance Adjustments	1,460,100				
Continuing Approp.-General Fund	831,300				
Budget Reduction-General Fund	-7,549,500				
Mandated Expenditure Reductions	-3,870,400				
Total General Fund	71,936,100	96,694,800	103,966,300	75,580,400	78,315,200
Tobacco Fund					
Tobacco Settlement - Phase I	9,000,000	9,000,000	9,000,000	9,000,000	6,000,000
Continuing Approp.-Tobacco Settlement	5,539,700				
Total Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund					
Balance Forward	12,888,400	27,903,200	35,915,400	16,866,800	8,675,100
Current Receipts	40,780,800	17,820,100	18,102,500	20,488,500	20,902,400
Non-Revenue Receipts	80,429,500	74,219,000	74,428,900	77,625,600	118,082,500
Fund Transfers	-28,000,000			-17,500,000	-57,500,000
Total Restricted Fund	106,098,700	119,942,300	128,446,800	97,480,900	90,160,000
Federal Fund					
Balance Forward	10,400				
Current Receipts	85,233,400	87,148,000	88,757,600	85,692,600	86,588,800
Non-Revenue Receipts	-6,656,800	-7,577,300	-7,662,500	-7,577,300	-7,661,500
ARRA Receipts	40,018,700	38,301,300	6,012,200	38,301,300	6,012,200
Total Federal Fund	118,605,700	117,872,000	87,107,300	116,416,600	84,939,500
Road Fund					
Regular Appropriation	300,000	300,000	300,000	300,000	300,000
Total Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL SOURCE OF FUNDS	311,480,200	343,809,100	328,820,400	298,777,900	259,714,700
EXPENDITURES BY CLASS					
Personnel Costs	131,893,500	148,553,400	158,476,100	132,482,400	134,415,000
Operating Expenses	41,601,500	47,002,000	46,966,600	44,927,900	44,824,900
Grants Loans Benefits	94,032,100	87,948,000	53,921,300	87,869,000	51,040,500
Debt Service	589,000	589,000	589,000	589,000	3,216,000
Capital Outlay	6,977,700	7,811,700	6,831,000	4,350,800	4,271,300
Construction	19,519,600	15,989,600	17,549,100	15,989,600	17,549,100
TOTAL EXPENDITURES	294,613,400	307,893,700	284,333,100	286,208,700	255,316,800
EXPENDITURES BY FUND SOURCE					
General Fund	71,936,100	96,694,800	103,966,300	71,686,300	74,421,100
Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund	89,231,900	84,026,900	83,959,500	88,805,800	89,656,200
Federal Fund	118,605,700	117,872,000	87,107,300	116,416,600	84,939,500
Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL EXPENDITURES	294,613,400	307,893,700	284,333,100	286,208,700	255,316,800
EXPENDITURES BY UNIT					
Secretary	4,984,400	5,378,500	5,727,200	4,947,000	5,725,000
Environmental Protection	112,174,700	116,841,200	120,401,400	110,650,900	113,179,300
Natural Resources	121,487,200	126,120,400	130,208,100	117,326,000	114,891,900
Energy Development and Independence	42,585,400	44,035,000	12,253,700	42,150,000	10,379,700
Environmental Quality Commission	239,100	270,900	288,500	257,400	263,600

Kentucky Nature Preserves Commission	2,563,300	1,671,500	1,768,600	1,342,200	1,342,100
Public Service Commission	10,579,300	13,576,200	13,685,600	9,535,200	9,535,200
TOTAL EXPENDITURES	294,613,400	307,893,700	284,333,100	286,208,700	255,316,800

Pursuant to Executive Order 2009-538 and KRS 224.10-100, the Energy and Environment Cabinet is charged with the protection and preservation of land, air and water resources as well as creating efficient, sustainable energy solutions. The Cabinet has three departments: Environmental Protection, Natural Resources, and Energy Development and Independence. Attached for administrative purposes are the Mine Safety Review Commission, the State Nature Preserves Commission, the Environmental Quality Commission, and the Public Service Commission.

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

**Energy and Environment
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,778,000	3,918,900	4,200,100	3,515,300	4,241,800
Salary and Health Insurance Adjustments	65,100				
Budget Reduction-General Fund	-299,300				
Total General Fund	3,543,800	3,918,900	4,200,100	3,515,300	4,241,800
Restricted Fund					
Balance Forward	291,000	138,500	128,700	138,500	122,300
Current Receipts	300	300	300	300	300
Non-Revenue Receipts	347,200	478,600	493,100	437,000	15,473,800
Fund Transfers					-15,000,000
Total Restricted Fund	638,500	617,400	622,100	575,800	596,400
Federal Fund					
Current Receipts	974,800	1,007,400	1,072,500	1,014,700	1,053,300
Non-Revenue Receipts	-34,200	-36,500	-38,800	-36,500	-37,800
Total Federal Fund	940,600	970,900	1,033,700	978,200	1,015,500
TOTAL SOURCE OF FUNDS	5,122,900	5,507,200	5,855,900	5,069,300	5,853,700
EXPENDITURES BY CLASS					
Personnel Costs	4,138,400	4,493,600	4,824,300	4,095,700	4,129,300
Operating Expenses	846,000	884,900	902,900	851,300	869,200
Debt Service					726,500
TOTAL EXPENDITURES	4,984,400	5,378,500	5,727,200	4,947,000	5,725,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,543,800	3,918,900	4,200,100	3,515,300	4,241,800
Restricted Fund	500,000	488,700	493,400	453,500	467,700
Federal Fund	940,600	970,900	1,033,700	978,200	1,015,500
TOTAL EXPENDITURES	4,984,400	5,378,500	5,727,200	4,947,000	5,725,000
EXPENDITURES BY UNIT					
Administrative Hearings	615,300	669,600	714,900	609,800	615,800
Ofc of Sec - Leg & Interg Aff - Gen Coun	4,369,100	4,708,900	5,012,300	4,337,200	5,109,200
TOTAL EXPENDITURES	4,984,400	5,378,500	5,727,200	4,947,000	5,725,000

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

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

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

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

Policy

The Executive Budget includes General Fund debt service in the amount of \$726,500 in fiscal year 2012 to support a \$15,000,000 bond issue for the Heritage Land Conservation Fund.

**Energy and Environment
Environmental Protection**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,548,800	30,188,700	33,652,600	21,824,700	23,735,000
Salary and Health Insurance	424,200				
Adjustments					
Budget Reduction-General Fund	-2,216,000				
Total General Fund	21,757,000	30,188,700	33,652,600	21,824,700	23,735,000
Restricted Fund					
Balance Forward	4,301,600	24,406,300	34,147,800	13,369,900	6,727,500
Current Receipts	36,604,700	14,218,800	14,464,300	14,292,600	14,669,600
Non-Revenue Receipts	63,662,500	57,920,200	58,031,700	61,136,200	86,458,700
Fund Transfers	-27,750,000			-17,500,000	-42,500,000
Total Restricted Fund	76,818,800	96,545,300	106,643,800	71,298,700	65,355,800
Federal Fund					
Balance Forward	9,800				
Current Receipts	23,599,500	23,222,500	23,813,100	23,222,500	23,813,100
Non-Revenue Receipts	-1,459,400	-1,401,700	-1,431,900	-1,401,700	-1,431,900
ARRA Receipts	4,518,900	2,134,200	1,541,800	2,134,200	1,541,800
Total Federal Fund	26,668,800	23,955,000	23,923,000	23,955,000	23,923,000
Road Fund					
Regular Appropriation	300,000	300,000	300,000	300,000	300,000
Total Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL SOURCE OF FUNDS	125,544,600	150,989,000	164,519,400	117,378,400	113,313,800
EXPENDITURES BY CLASS					
Personnel Costs	56,936,800	62,477,300	66,384,500	57,080,300	57,845,500
Operating Expenses	29,514,100	33,910,000	33,875,200	33,550,500	33,559,200
Grants Loans Benefits	18,668,700	15,246,900	15,099,200	15,182,900	15,116,400
Debt Service					1,900,500
Capital Outlay	3,249,000	2,707,000	2,542,500	2,337,200	2,257,700
Construction	3,806,100	2,500,000	2,500,000	2,500,000	2,500,000
TOTAL EXPENDITURES	112,174,700	116,841,200	120,401,400	110,650,900	113,179,300
EXPENDITURES BY FUND SOURCE					
General Fund	21,757,000	30,188,700	33,652,600	21,824,700	23,735,000
Restricted Fund	63,448,900	62,397,500	62,525,800	64,571,200	65,221,300
Federal Fund	26,668,800	23,955,000	23,923,000	23,955,000	23,923,000
Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL EXPENDITURES	112,174,700	116,841,200	120,401,400	110,650,900	113,179,300
EXPENDITURES BY UNIT					
Commissioner	758,700	837,300	894,000	786,300	786,400
Water	26,823,200	29,071,100	30,124,200	25,948,900	25,965,400
Waste Management	35,287,900	33,295,800	34,054,400	32,483,200	32,931,500
Air Quality	15,819,600	15,025,700	15,902,100	14,178,600	14,210,000
Environmental Program Support	4,244,000	4,930,800	5,160,800	3,886,400	3,911,100
Enforcement	1,364,900	1,491,200	1,592,900	1,411,000	1,430,500
Compliance Assistance	1,494,100	1,562,600	1,658,800	1,463,200	1,491,600
Petroleum Storage Tank Environmental Assur Fund	26,382,300	30,626,700	31,014,200	30,493,300	32,452,800
TOTAL EXPENDITURES	112,174,700	116,841,200	120,401,400	110,650,900	113,179,300

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

**Energy and Environment
Environmental Protection
Commissioner**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	760,400	837,300	894,000	784,900	784,900
Salary and Health Insurance Adjustments	63,700				
Budget Reduction-General Fund	-70,200				
Total General Fund	753,900	837,300	894,000	784,900	784,900
Restricted Fund					
Balance Forward	9,000	4,400	4,600	4,400	3,200
Current Receipts	200	200	200	200	200
Total Restricted Fund	9,200	4,600	4,800	4,600	3,400
Federal Fund					
Balance Forward	25,600				
Current Receipts	77,100				
Non-Revenue Receipts	-102,700				
Total Federal Fund					
TOTAL SOURCE OF FUNDS	763,100	841,900	898,800	789,500	788,300
EXPENDITURES BY CLASS					
Personnel Costs	690,000	768,900	825,600	717,900	718,000
Operating Expenses	68,500	68,200	68,200	68,200	68,200
Capital Outlay	200	200	200	200	200
TOTAL EXPENDITURES	758,700	837,300	894,000	786,300	786,400
EXPENDITURES BY FUND SOURCE					
General Fund	753,900	837,300	894,000	784,900	784,900
Restricted Fund	4,800			1,400	1,500
TOTAL EXPENDITURES	758,700	837,300	894,000	786,300	786,400

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

**Energy and Environment
Environmental Protection**

Water

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,420,000	13,858,700	15,048,500	10,680,900	10,789,700
Salary and Health Insurance Adjustments	62,800				
Budget Reduction-General Fund	-838,600				
Total General Fund	10,644,200	13,858,700	15,048,500	10,680,900	10,789,700
Restricted Fund					
Balance Forward	485,100	117,900	157,200	117,900	101,600
Current Receipts	757,400	631,700	631,700	631,700	631,700
Non-Revenue Receipts	602,600	574,700	527,700	574,700	527,700
Total Restricted Fund	1,845,100	1,324,300	1,316,600	1,324,300	1,261,000
Federal Fund					
Current Receipts	13,218,300	13,058,600	13,546,200	13,058,600	13,546,200
Non-Revenue Receipts	-594,800	-525,900	-519,900	-525,900	-519,900
ARRA Receipts	1,528,300	1,212,600	588,400	1,212,600	588,400
Total Federal Fund	14,151,800	13,745,300	13,614,700	13,745,300	13,614,700
Road Fund					
Regular Appropriation	300,000	300,000	300,000	300,000	300,000
Total Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL SOURCE OF FUNDS	26,941,100	29,228,300	30,279,800	26,050,500	25,965,400
EXPENDITURES BY CLASS					
Personnel Costs	21,536,700	23,416,700	24,588,900	20,613,600	20,593,400
Operating Expenses	2,249,100	2,360,400	2,352,800	2,235,800	2,235,000
Grants Loans Benefits	3,031,200	3,107,300	3,045,800	3,093,300	3,031,800
Debt Service					99,000
Capital Outlay	6,200	186,700	136,700	6,200	6,200
TOTAL EXPENDITURES	26,823,200	29,071,100	30,124,200	25,948,900	25,965,400
EXPENDITURES BY FUND SOURCE					
General Fund	10,644,200	13,858,700	15,048,500	10,680,900	10,789,700
Restricted Fund	1,727,200	1,167,100	1,161,000	1,222,700	1,261,000
Federal Fund	14,151,800	13,745,300	13,614,700	13,745,300	13,614,700
Road Fund	300,000	300,000	300,000	300,000	300,000
TOTAL EXPENDITURES	26,823,200	29,071,100	30,124,200	25,948,900	25,965,400

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

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non-Point Source 319(h) Grant program, watershed management, dam safety inspections, floodplain management, 401 Water

Quality Certifications, water quality standards, water quality monitoring and assessment, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, confined animal feeding operations compliance, the Wild Rivers program, and logging operations.

Policy

The Executive Budget includes General Fund debt service in the amount of \$99,000 in fiscal year 2012 to support a \$2,000,000 bond issue for the State-Owned Dam Repair program.

**Energy and Environment
Environmental Protection
Waste Management**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,867,500	8,013,500	8,963,200	4,880,200	4,880,200
Budget Reduction-General Fund	-987,300				
Total General Fund	4,880,200	8,013,500	8,963,200	4,880,200	4,880,200
Restricted Fund					
Balance Forward	1,082,200	553,100	31,500	553,100	291,600
Current Receipts	3,752,300	2,777,700	2,777,700	2,682,900	2,802,100
Non-Revenue Receipts	20,079,100	14,610,300	14,789,900	17,285,900	17,465,500
Fund Transfers	-1,250,000				
Total Restricted Fund	23,663,600	17,941,100	17,599,100	20,521,900	20,559,200
Federal Fund					
Balance Forward	-15,800				
Current Receipts	6,544,700	7,052,700	7,223,400	7,052,700	7,223,400
Non-Revenue Receipts	-462,900	-601,600	-649,600	-601,600	-649,600
ARRA Receipts	1,231,200	921,600	953,400	921,600	953,400
Total Federal Fund	7,297,200	7,372,700	7,527,200	7,372,700	7,527,200
TOTAL SOURCE OF FUNDS	35,841,000	33,327,300	34,089,500	32,774,800	32,966,600
EXPENDITURES BY CLASS					
Personnel Costs	13,782,100	15,240,700	16,222,900	14,541,300	15,092,900
Operating Expenses	2,370,400	2,811,600	2,786,000	2,721,400	2,711,900
Grants Loans Benefits	13,321,800	11,503,500	11,422,300	11,503,500	11,503,500
Capital Outlay	2,007,500	1,240,000	1,123,200	1,217,000	1,123,200
Construction	3,806,100	2,500,000	2,500,000	2,500,000	2,500,000
TOTAL EXPENDITURES	35,287,900	33,295,800	34,054,400	32,483,200	32,931,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,880,200	8,013,500	8,963,200	4,880,200	4,880,200
Restricted Fund	23,110,500	17,909,600	17,564,000	20,230,300	20,524,100
Federal Fund	7,297,200	7,372,700	7,527,200	7,372,700	7,527,200
TOTAL EXPENDITURES	35,287,900	33,295,800	34,054,400	32,483,200	32,931,500

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

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

Maxey Flats, originally operated as a low-level nuclear waste disposal site, was closed in 1977. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity. Maxey Flats is funded solely with general funds.

The Kentucky Recycling and Marketing Assistance Program (KRMA), an administrative unit of the DWM, was established by KRS 154.12-202 to promote, develop, and sustain an effective recycling infrastructure in Kentucky. KRMA is funded solely with general funds.

Policy

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

**Energy and Environment
Environmental Protection
Air Quality**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,290,200	2,065,700	2,919,500	1,223,000	1,223,000
Budget Reduction-General Fund	-67,200				
Total General Fund	1,223,000	2,065,700	2,919,500	1,223,000	1,223,000
Restricted Fund					
Balance Forward	2,282,900	1,455,200	617,200	1,455,200	621,600
Current Receipts	9,506,200	9,882,800	10,126,200	9,882,800	10,126,200
Non-Revenue Receipts	219,700	187,800	187,800	187,800	187,800
Total Restricted Fund	12,008,800	11,525,800	10,931,200	11,525,800	10,935,600
Federal Fund					
Current Receipts	2,503,300	2,239,200	2,239,200	2,239,200	2,239,200
Non-Revenue Receipts	-219,700	-187,800	-187,800	-187,800	-187,800
ARRA Receipts	1,759,400				
Total Federal Fund	4,043,000	2,051,400	2,051,400	2,051,400	2,051,400
TOTAL SOURCE OF FUNDS	17,274,800	15,642,900	15,902,100	14,800,200	14,210,000
EXPENDITURES BY CLASS					
Personnel Costs	11,544,700	12,319,000	13,178,400	11,471,900	11,486,300
Operating Expenses	1,546,900	1,655,900	1,658,600	1,655,900	1,658,600
Grants Loans Benefits	1,995,800	439,300	439,300	439,300	439,300
Capital Outlay	732,200	611,500	625,800	611,500	625,800
TOTAL EXPENDITURES	15,819,600	15,025,700	15,902,100	14,178,600	14,210,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,223,000	2,065,700	2,919,500	1,223,000	1,223,000
Restricted Fund	10,553,600	10,908,600	10,931,200	10,904,200	10,935,600
Federal Fund	4,043,000	2,051,400	2,051,400	2,051,400	2,051,400
TOTAL EXPENDITURES	15,819,600	15,025,700	15,902,100	14,178,600	14,210,000

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

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

**Energy and Environment
Environmental Protection
Environmental Program Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,149,100	4,226,500	4,450,800	3,214,700	3,214,700
Salary and Health Insurance Adjustments	279,200				
Budget Reduction-General Fund	-213,600				
Total General Fund	3,214,700	4,226,500	4,450,800	3,214,700	3,214,700
Restricted Fund					
Balance Forward	78,800	3,100		3,100	32,600
Current Receipts	2,000	2,000	2,000	2,000	2,000
Non-Revenue Receipts	602,400	668,200	675,200	668,200	634,400
Total Restricted Fund	683,200	673,300	677,200	673,300	669,000
Federal Fund					
Current Receipts	350,900	32,900	34,900	32,900	34,900
Non-Revenue Receipts	-1,700	-1,900	-2,100	-1,900	-2,100
Total Federal Fund	349,200	31,000	32,800	31,000	32,800
TOTAL SOURCE OF FUNDS	4,247,100	4,930,800	5,160,800	3,919,000	3,916,500
EXPENDITURES BY CLASS					
Personnel Costs	2,711,300	3,475,700	3,730,300	2,741,000	2,759,000
Operating Expenses	1,252,400	1,282,900	1,275,300	1,138,200	1,149,900
Grants Loans Benefits	279,100	6,000	1,000	6,000	1,000
Capital Outlay	1,200	166,200	154,200	1,200	1,200
TOTAL EXPENDITURES	4,244,000	4,930,800	5,160,800	3,886,400	3,911,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,214,700	4,226,500	4,450,800	3,214,700	3,214,700
Restricted Fund	680,100	673,300	677,200	640,700	663,600
Federal Fund	349,200	31,000	32,800	31,000	32,800
TOTAL EXPENDITURES	4,244,000	4,930,800	5,160,800	3,886,400	3,911,100

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

**Energy and Environment
Environmental Protection
Enforcement**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	779,300	869,300	968,900	797,800	797,800
Salary and Health Insurance Adjustments	18,500				
Total General Fund	797,800	869,300	968,900	797,800	797,800
Restricted Fund					
Balance Forward	25,900	16,500		16,500	8,700
Current Receipts				88,100	100,400
Non-Revenue Receipts	315,700	364,900	381,600	276,800	281,200
Total Restricted Fund	341,600	381,400	381,600	381,400	390,300
Federal Fund					
Current Receipts	263,200	263,800	265,900	263,800	265,900
Non-Revenue Receipts	-21,200	-23,300	-23,500	-23,300	-23,500
Total Federal Fund	242,000	240,500	242,400	240,500	242,400
TOTAL SOURCE OF FUNDS	1,381,400	1,491,200	1,592,900	1,419,700	1,430,500
EXPENDITURES BY CLASS					
Personnel Costs	1,214,400	1,336,700	1,434,100	1,256,500	1,271,700
Operating Expenses	149,900	153,900	158,200	153,900	158,200
Capital Outlay	600	600	600	600	600
TOTAL EXPENDITURES	1,364,900	1,491,200	1,592,900	1,411,000	1,430,500
EXPENDITURES BY FUND SOURCE					
General Fund	797,800	869,300	968,900	797,800	797,800
Restricted Fund	325,100	381,400	381,600	372,700	390,300
Federal Fund	242,000	240,500	242,400	240,500	242,400
TOTAL EXPENDITURES	1,364,900	1,491,200	1,592,900	1,411,000	1,430,500

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

**Energy and Environment
Environmental Protection
Compliance Assistance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	282,300	317,700	407,700	243,200	243,200
Budget Reduction-General Fund	-39,100				
Total General Fund	243,200	317,700	407,700	243,200	243,200
Restricted Fund					
Balance Forward	137,300	74,500	93,800	74,500	118,700
Current Receipts	368,100	504,900	507,000	504,900	507,000
Non-Revenue Receipts	234,400	245,200	233,000	245,200	233,000
Total Restricted Fund	739,800	824,600	833,800	824,600	858,700
Federal Fund					
Current Receipts	642,000	575,300	503,500	575,300	503,500
Non-Revenue Receipts	-56,400	-61,200	-49,000	-61,200	-49,000
Total Federal Fund	585,600	514,100	454,500	514,100	454,500
TOTAL SOURCE OF FUNDS	1,568,600	1,656,400	1,696,000	1,581,900	1,556,400
EXPENDITURES BY CLASS					
Personnel Costs	1,231,200	1,298,600	1,394,500	1,199,200	1,227,300
Operating Expenses	221,000	222,700	223,000	222,700	223,000
Grants Loans Benefits	40,800	40,800	40,800	40,800	40,800
Capital Outlay	1,100	500	500	500	500
TOTAL EXPENDITURES	1,494,100	1,562,600	1,658,800	1,463,200	1,491,600
EXPENDITURES BY FUND SOURCE					
General Fund	243,200	317,700	407,700	243,200	243,200
Restricted Fund	665,300	730,800	796,600	705,900	793,900
Federal Fund	585,600	514,100	454,500	514,100	454,500
TOTAL EXPENDITURES	1,494,100	1,562,600	1,658,800	1,463,200	1,491,600

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

**Energy and Environment
Environmental Protection
Petroleum Storage Tank Environmental Assurance Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation					1,801,500
Total General Fund					1,801,500
Restricted Fund					
Balance Forward	200,400	22,181,600	33,243,500	11,145,200	5,549,500
Current Receipts	22,218,500	419,500	419,500	500,000	500,000
Non-Revenue Receipts	41,608,600	41,269,100	41,236,500	41,897,600	67,129,100
Fund Transfers	-26,500,000			-17,500,000	-42,500,000
Total Restricted Fund	37,527,500	63,870,200	74,899,500	36,042,800	30,678,600
TOTAL SOURCE OF FUNDS	37,527,500	63,870,200	74,899,500	36,042,800	32,480,100
EXPENDITURES BY CLASS					
Personnel Costs	4,226,400	4,621,000	5,009,800	4,538,900	4,696,900
Operating Expenses	21,655,900	25,354,400	25,353,100	25,354,400	25,354,400
Grants Loans Benefits		150,000	150,000	100,000	100,000
Debt Service					1,801,500
Capital Outlay	500,000	501,300	501,300	500,000	500,000
TOTAL EXPENDITURES	26,382,300	30,626,700	31,014,200	30,493,300	32,452,800
EXPENDITURES BY FUND SOURCE					
General Fund					1,801,500
Restricted Fund	26,382,300	30,626,700	31,014,200	30,493,300	30,651,300
TOTAL EXPENDITURES	26,382,300	30,626,700	31,014,200	30,493,300	32,452,800

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

Policy

The Executive Budget includes General Fund debt service in the amount of \$1,801,500 in fiscal year 2012 to support a \$25,000,000 bond issue for this program. The Executive Budget includes these bond funds within the operating budget of PSTEAF in fiscal year 2012 as Restricted Funds and the money will be used to make PSTEAF claim payments.

**Energy and Environment
Natural Resources**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	37,104,400	44,535,400	47,693,800	34,698,300	34,796,300
Salary and Health Insurance Adjustments	744,600				
Budget Reduction-General Fund	-3,870,800				
Reorganization Adjustment	697,600				
Mandated Expenditure Reductions	-490,100				
Total General Fund	34,185,700	44,535,400	47,693,800	34,698,300	34,796,300
Tobacco Fund					
Tobacco Settlement - Phase I	9,000,000	9,000,000	9,000,000	9,000,000	6,000,000
Continuing Approp.-Tobacco Settlement	5,539,700				
Total Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund					
Balance Forward	5,871,300	2,665,100	1,402,900	2,665,100	1,511,900
Current Receipts	3,777,000	3,260,300	3,297,200	5,854,900	5,891,800
Non-Revenue Receipts	12,338,000	12,021,300	12,091,400	11,996,100	12,073,700
Fund Transfers	-250,000				
Total Restricted Fund	21,736,300	17,946,700	16,791,500	20,516,100	19,477,400
Federal Fund					
Current Receipts	58,714,300	61,996,400	62,902,400	60,578,700	60,797,800
Non-Revenue Receipts	-5,023,700	-5,955,200	-5,994,100	-5,955,200	-5,994,100
Total Federal Fund	53,690,600	56,041,200	56,908,300	54,623,500	54,803,700
TOTAL SOURCE OF FUNDS	124,152,300	127,523,300	130,393,600	118,837,900	115,077,400
EXPENDITURES BY CLASS					
Personnel Costs	58,996,100	65,579,700	70,186,500	60,059,700	61,116,400
Operating Expenses	9,209,400	9,708,100	9,757,400	8,647,300	8,512,200
Grants Loans Benefits	35,014,900	32,965,800	31,060,900	33,134,200	28,219,000
Capital Outlay	2,553,300	4,377,200	4,154,200	1,995,200	1,995,200
Construction	15,713,500	13,489,600	15,049,100	13,489,600	15,049,100
TOTAL EXPENDITURES	121,487,200	126,120,400	130,208,100	117,326,000	114,891,900
EXPENDITURES BY FUND SOURCE					
General Fund	34,185,700	44,535,400	47,693,800	34,698,300	34,796,300
Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund	19,071,200	16,543,800	16,606,000	19,004,200	19,291,900
Federal Fund	53,690,600	56,041,200	56,908,300	54,623,500	54,803,700
TOTAL EXPENDITURES	121,487,200	126,120,400	130,208,100	117,326,000	114,891,900
EXPENDITURES BY UNIT					
Commissioner	935,900	1,082,700	1,155,600	935,900	935,900
Forestry	16,645,500	18,221,300	19,040,000	14,819,400	14,729,400
Technical and Administrative Support	730,400	761,900	803,100	733,900	738,700
Conservation	19,532,000	14,556,800	14,908,500	14,243,700	11,493,300
Oil and Gas	1,962,800	2,525,400	2,593,800	1,876,500	1,876,500
Mine Permits	7,710,800	9,253,700	9,733,800	8,559,900	8,551,100
Mine Reclamation and Enforcement	12,626,800	15,130,500	15,882,400	12,501,800	12,625,500
DNR Bond Pool Fund	56,400	81,600	74,100	56,400	56,400

Abandoned Mine Lands	15,686,200	17,661,600	18,104,000	17,566,700	17,749,000
Bond Pool Reclamation Fund	310,900	310,900	310,900	310,900	310,900
Abandoned Mine Land Reclamation Projects	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
Mine Safety Review Commission	159,200	181,800	189,600	164,700	164,200
Mine Safety and Licensing	16,130,300	17,352,200	18,412,300	16,556,200	16,661,000
TOTAL EXPENDITURES	121,487,200	126,120,400	130,208,100	117,326,000	114,891,900

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

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

**Energy and Environment
Natural Resources
Commissioner**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	419,200	566,000	638,900	419,200	419,200
Total General Fund	419,200	566,000	638,900	419,200	419,200
Restricted Fund					
Balance Forward	15,600	4,500		4,500	
Non-Revenue Receipts	505,600	512,200	516,700	512,200	516,700
Total Restricted Fund	521,200	516,700	516,700	516,700	516,700
TOTAL SOURCE OF FUNDS	940,400	1,082,700	1,155,600	935,900	935,900
EXPENDITURES BY CLASS					
Personnel Costs	846,600	1,000,600	1,074,100	855,500	855,500
Operating Expenses	89,300	82,100	81,500	80,400	80,400
TOTAL EXPENDITURES	935,900	1,082,700	1,155,600	935,900	935,900
EXPENDITURES BY FUND SOURCE					
General Fund	419,200	566,000	638,900	419,200	419,200
Restricted Fund	516,700	516,700	516,700	516,700	516,700
TOTAL EXPENDITURES	935,900	1,082,700	1,155,600	935,900	935,900

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

**Energy and Environment
Natural Resources
Forestry**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,611,100	13,258,500	14,167,200	9,856,600	9,856,600
Salary and Health Insurance Adjustments	208,800				
Budget Reduction-General Fund	-533,000				
Mandated Expenditure Reductions	-381,800				
Total General Fund	9,905,100	13,258,500	14,167,200	9,856,600	9,856,600
Restricted Fund					
Balance Forward	910,300	319,300	252,400	319,300	252,400
Current Receipts	842,500	822,500	822,500	822,500	822,500
Non-Revenue Receipts	118,000	64,700	64,700	64,700	64,700
Total Restricted Fund	1,870,800	1,206,500	1,139,600	1,206,500	1,139,600
Federal Fund					
Current Receipts	5,251,600	4,073,400	3,983,400	4,073,400	3,983,400
Non-Revenue Receipts	-62,700	-64,700	-64,700	-64,700	-64,700
Total Federal Fund	5,188,900	4,008,700	3,918,700	4,008,700	3,918,700
TOTAL SOURCE OF FUNDS	16,964,800	18,473,700	19,225,500	15,071,800	14,914,900
EXPENDITURES BY CLASS					
Personnel Costs	11,028,100	12,182,300	13,061,400	10,746,900	10,747,200
Operating Expenses	2,309,300	2,312,100	2,317,700	1,800,600	1,760,300
Grants Loans Benefits	1,255,600	969,400	919,400	969,400	919,400
Capital Outlay	2,052,500	2,757,500	2,741,500	1,302,500	1,302,500
TOTAL EXPENDITURES	16,645,500	18,221,300	19,040,000	14,819,400	14,729,400
EXPENDITURES BY FUND SOURCE					
General Fund	9,905,100	13,258,500	14,167,200	9,856,600	9,856,600
Restricted Fund	1,551,500	954,100	954,100	954,100	954,100
Federal Fund	5,188,900	4,008,700	3,918,700	4,008,700	3,918,700
TOTAL EXPENDITURES	16,645,500	18,221,300	19,040,000	14,819,400	14,729,400

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

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

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

Policy

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

Energy and Environment					
Natural Resources					
Technical and Administrative Support					
	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		28,000	64,400		
Total General Fund		28,000	64,400		
Restricted Fund					
Balance Forward	166,900	3,200		3,200	
Non-Revenue Receipts	816,700	730,700	738,700	730,700	738,700
Fund Transfers	-250,000				
Total Restricted Fund	733,600	733,900	738,700	733,900	738,700
TOTAL SOURCE OF FUNDS	733,600	761,900	803,100	733,900	738,700
EXPENDITURES BY CLASS					
Personnel Costs	555,300	591,400	632,600	583,000	598,100
Operating Expenses	112,900	112,700	112,700	112,700	112,700
Grants Loans Benefits	62,200	57,800	57,800	38,200	27,900
TOTAL EXPENDITURES	730,400	761,900	803,100	733,900	738,700
EXPENDITURES BY FUND SOURCE					
General Fund		28,000	64,400		
Restricted Fund	730,400	733,900	738,700	733,900	738,700
TOTAL EXPENDITURES	730,400	761,900	803,100	733,900	738,700

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

**Energy and Environment
Natural Resources
Conservation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,407,300	2,517,400	2,619,500	2,204,300	2,204,300
Salary and Health Insurance Adjustments	24,900				
Budget Reduction-General Fund	-106,600				
Mandated Expenditure Reductions	-108,300				
Total General Fund	2,217,300	2,517,400	2,619,500	2,204,300	2,204,300
Tobacco Fund					
Tobacco Settlement - Phase I	9,000,000	9,000,000	9,000,000	9,000,000	6,000,000
Continuing Approp.-Tobacco Settlement	5,539,700				
Total Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund					
Balance Forward	1,548,900	1,249,600	749,600	1,249,600	749,600
Current Receipts	337,200	201,200	201,200	201,200	201,200
Non-Revenue Receipts	552,800	552,500	552,500	552,500	552,500
Total Restricted Fund	2,438,900	2,003,300	1,503,300	2,003,300	1,503,300
Federal Fund					
Current Receipts	1,588,500	1,788,200	1,788,200	1,788,200	1,788,200
Non-Revenue Receipts	-2,800	-2,500	-2,500	-2,500	-2,500
Total Federal Fund	1,585,700	1,785,700	1,785,700	1,785,700	1,785,700
TOTAL SOURCE OF FUNDS	20,781,600	15,306,400	14,908,500	14,993,300	11,493,300
EXPENDITURES BY CLASS					
Personnel Costs	1,555,100	1,667,100	1,781,200	1,401,500	1,413,500
Operating Expenses	180,000	180,000	180,000	132,500	132,500
Grants Loans Benefits	17,796,900	12,709,700	12,947,300	12,709,700	9,947,300
TOTAL EXPENDITURES	19,532,000	14,556,800	14,908,500	14,243,700	11,493,300
EXPENDITURES BY FUND SOURCE					
General Fund	2,217,300	2,517,400	2,619,500	2,204,300	2,204,300
Tobacco Fund	14,539,700	9,000,000	9,000,000	9,000,000	6,000,000
Restricted Fund	1,189,300	1,253,700	1,503,300	1,253,700	1,503,300
Federal Fund	1,585,700	1,785,700	1,785,700	1,785,700	1,785,700
TOTAL EXPENDITURES	19,532,000	14,556,800	14,908,500	14,243,700	11,493,300

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

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

Policy

The Executive Budget provides Phase I Tobacco Settlement Funds of \$9,000,000 in fiscal year 2011 and \$6,000,000 in fiscal year 2012 for the state share of the Environmental Stewardship Program.

Energy and Environment
Natural Resources
Oil and Gas

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,432,000	1,500,400	783,100	783,100
Salary and Health Insurance Adjustments	129,300				
Budget Reduction-General Fund	-39,800				
Reorganization Adjustment	697,600				
Total General Fund	787,100	1,432,000	1,500,400	783,100	783,100
Restricted Fund					
Balance Forward	82,300				
Current Receipts	1,093,400	1,093,400	1,093,400	1,093,400	1,093,400
Total Restricted Fund	1,175,700	1,093,400	1,093,400	1,093,400	1,093,400
TOTAL SOURCE OF FUNDS	1,962,800	2,525,400	2,593,800	1,876,500	1,876,500
EXPENDITURES BY CLASS					
Personnel Costs	1,501,700	1,988,200	2,134,900	1,466,000	1,466,000
Operating Expenses	400,800	403,200	393,900	345,500	345,500
Grants Loans Benefits	60,300	65,000	65,000	65,000	65,000
Capital Outlay		69,000			
TOTAL EXPENDITURES	1,962,800	2,525,400	2,593,800	1,876,500	1,876,500
EXPENDITURES BY FUND SOURCE					
General Fund	787,100	1,432,000	1,500,400	783,100	783,100
Restricted Fund	1,175,700	1,093,400	1,093,400	1,093,400	1,093,400
TOTAL EXPENDITURES	1,962,800	2,525,400	2,593,800	1,876,500	1,876,500

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

**Energy and Environment
Natural Resources
Mine Permits**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,379,000	4,259,500	4,501,800	1,326,400	1,326,400
Salary and Health Insurance Adjustments	92,400				
Budget Reduction-General Fund	-752,100				
Total General Fund	2,719,300	4,259,500	4,501,800	1,326,400	1,326,400
Restricted Fund					
Balance Forward	268,300	8,800		8,800	
Current Receipts	291,100	55,800	55,800	2,650,400	2,650,400
Non-Revenue Receipts	192,800	85,800	85,800	85,800	85,800
Total Restricted Fund	752,200	150,400	141,600	2,745,000	2,736,200
Federal Fund					
Current Receipts	4,433,900	5,029,600	5,276,200	4,674,300	4,674,300
Non-Revenue Receipts	-185,800	-185,800	-185,800	-185,800	-185,800
Total Federal Fund	4,248,100	4,843,800	5,090,400	4,488,500	4,488,500
TOTAL SOURCE OF FUNDS	7,719,600	9,253,700	9,733,800	8,559,900	8,551,100
EXPENDITURES BY CLASS					
Personnel Costs	6,320,200	7,755,700	8,240,500	6,891,300	6,891,500
Operating Expenses	740,700	821,100	816,400	803,700	794,700
Grants Loans Benefits	649,900	676,900	676,900	864,900	864,900
TOTAL EXPENDITURES	7,710,800	9,253,700	9,733,800	8,559,900	8,551,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,719,300	4,259,500	4,501,800	1,326,400	1,326,400
Restricted Fund	743,400	150,400	141,600	2,745,000	2,736,200
Federal Fund	4,248,100	4,843,800	5,090,400	4,488,500	4,488,500
TOTAL EXPENDITURES	7,710,800	9,253,700	9,733,800	8,559,900	8,551,100

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

Policy

Included in the above Restricted Fund appropriation is additional funding for personnel and operating associated with review of mine permit applications. The Executive Budget for the Division of Mine Permits is based on the assumption that the Cabinet's legislative proposal to increase mine permit fees and credit them directly to the Division will be enacted into law by the 2010 General Assembly. The current fee generates \$1,685,000 annually for the General Fund. The proposed legislation would change the disposition of the fee into a Restricted fund. The fee increase would generate additional revenue of approximately \$794,600. These funds are matched dollar-for-dollar with federal grant funds.

Energy and Environment
Natural Resources
Mine Reclamation and Enforcement

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,902,400	7,843,300	8,291,300	6,182,100	6,182,100
Salary and Health Insurance Adjustments	108,500				
Budget Reduction-General Fund	-828,800				
Total General Fund	6,182,100	7,843,300	8,291,300	6,182,100	6,182,100
Restricted Fund					
Balance Forward	306,000	6,800		6,800	
Current Receipts	91,200	91,200	91,200	91,200	91,200
Non-Revenue Receipts	-65,900	84,900	80,400	84,900	80,400
Total Restricted Fund	331,300	182,900	171,600	182,900	171,600
Federal Fund					
Current Receipts	6,414,500	7,434,700	7,749,900	6,467,200	6,602,200
Non-Revenue Receipts	-294,300	-330,400	-330,400	-330,400	-330,400
Total Federal Fund	6,120,200	7,104,300	7,419,500	6,136,800	6,271,800
TOTAL SOURCE OF FUNDS	12,633,600	15,130,500	15,882,400	12,501,800	12,625,500
EXPENDITURES BY CLASS					
Personnel Costs	10,227,300	11,476,200	12,357,200	10,063,400	10,231,100
Operating Expenses	2,173,800	2,611,400	2,620,300	2,223,500	2,179,500
Grants Loans Benefits	214,900	214,900	214,900	214,900	214,900
Capital Outlay	10,800	828,000	690,000		
TOTAL EXPENDITURES	12,626,800	15,130,500	15,882,400	12,501,800	12,625,500
EXPENDITURES BY FUND SOURCE					
General Fund	6,182,100	7,843,300	8,291,300	6,182,100	6,182,100
Restricted Fund	324,500	182,900	171,600	182,900	171,600
Federal Fund	6,120,200	7,104,300	7,419,500	6,136,800	6,271,800
TOTAL EXPENDITURES	12,626,800	15,130,500	15,882,400	12,501,800	12,625,500

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

**Energy and Environment
Natural Resources
DNR Bond Pool Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	600				
Non-Revenue Receipts	55,800	81,600	74,100	56,400	56,400
Total Restricted Fund	56,400	81,600	74,100	56,400	56,400
TOTAL SOURCE OF FUNDS	56,400	81,600	74,100	56,400	56,400
EXPENDITURES BY CLASS					
Personnel Costs	55,400	78,600	71,100	55,900	55,900
Operating Expenses	1,000	3,000	3,000	500	500
TOTAL EXPENDITURES	56,400	81,600	74,100	56,400	56,400
EXPENDITURES BY FUND SOURCE					
Restricted Fund	56,400	81,600	74,100	56,400	56,400
TOTAL EXPENDITURES	56,400	81,600	74,100	56,400	56,400

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

**Energy and Environment
Natural Resources
Abandoned Mine Lands**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	1,037,000	246,500	57,200	246,500	57,200
Current Receipts	119,800	31,300	31,300	31,300	31,300
Non-Revenue Receipts	7,859,300	8,773,400	8,952,600	8,773,400	8,952,600
Total Restricted Fund	9,016,100	9,051,200	9,041,100	9,051,200	9,041,100
Federal Fund					
Current Receipts	7,231,500	9,026,900	9,440,100	8,932,000	9,085,100
Non-Revenue Receipts	-314,900	-359,300	-377,200	-359,300	-377,200
Total Federal Fund	6,916,600	8,667,600	9,062,900	8,572,700	8,707,900
TOTAL SOURCE OF FUNDS	15,932,700	17,718,800	18,104,000	17,623,900	17,749,000
EXPENDITURES BY CLASS					
Personnel Costs	11,015,000	12,012,700	12,489,800	11,917,800	12,134,800
Operating Expenses	833,600	836,200	839,500	836,200	839,500
Grants Loans Benefits	321,500	931,600	893,600	931,600	893,600
Capital Outlay	115,000	480,000	480,000	480,000	480,000
Construction	3,401,100	3,401,100	3,401,100	3,401,100	3,401,100
TOTAL EXPENDITURES	15,686,200	17,661,600	18,104,000	17,566,700	17,749,000
EXPENDITURES BY FUND SOURCE					
Restricted Fund	8,769,600	8,994,000	9,041,100	8,994,000	9,041,100
Federal Fund	6,916,600	8,667,600	9,062,900	8,572,700	8,707,900
TOTAL EXPENDITURES	15,686,200	17,661,600	18,104,000	17,566,700	17,749,000

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

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

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

**Energy and Environment
Natural Resources
Bond Pool Reclamation Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	742,300	431,400	270,500	431,400	270,500
Non-Revenue Receipts		150,000	40,400	150,000	40,400
Total Restricted Fund	742,300	581,400	310,900	581,400	310,900
TOTAL SOURCE OF FUNDS	742,300	581,400	310,900	581,400	310,900
EXPENDITURES BY CLASS					
Personnel Costs	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900
EXPENDITURES BY FUND SOURCE					
Restricted Fund	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900

The Bond Pool Fund, pursuant to KRS 350.700, provides an alternative bonding source for permittees of a surface coal mining operations in Kentucky. Program participants must meet the criteria set forth in KRS 350.720 and 405 KAR 10:200. A seven-member Bond Pool Commission, pursuant to KRS 350.705, reviews and approves applications for bonding under the Bond Pool Fund.

Energy and Environment					
Natural Resources					
Abandoned Mine Land Reclamation Projects					
	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	33,112,300	33,979,000	34,000,000	33,979,000	34,000,000
Non-Revenue Receipts	-4,112,300	-4,979,000	-5,000,000	-4,979,000	-5,000,000
Total Federal Fund	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
TOTAL SOURCE OF FUNDS	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
EXPENDITURES BY CLASS					
Personnel Costs	2,208,000	1,750,000	2,250,000	1,750,000	2,250,000
Grants Loans Benefits	14,479,600	17,161,500	15,102,000	17,161,500	15,102,000
Construction	12,312,400	10,088,500	11,648,000	10,088,500	11,648,000
TOTAL EXPENDITURES	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
EXPENDITURES BY FUND SOURCE					
Federal Fund	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
TOTAL EXPENDITURES	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000

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

**Energy and Environment
Natural Resources
Mine Safety Review Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	187,100	176,300	184,600	159,200	159,200
Budget Reduction-General Fund	-27,900				
Total General Fund	159,200	176,300	184,600	159,200	159,200
Restricted Fund					
Balance Forward	10,500	10,500	5,000	10,500	5,000
Total Restricted Fund	10,500	10,500	5,000	10,500	5,000
TOTAL SOURCE OF FUNDS	169,700	186,800	189,600	169,700	164,200
EXPENDITURES BY CLASS					
Personnel Costs	137,100	159,700	167,500	142,600	142,100
Operating Expenses	22,100	22,100	22,100	22,100	22,100
TOTAL EXPENDITURES	159,200	181,800	189,600	164,700	164,200
EXPENDITURES BY FUND SOURCE					
General Fund	159,200	176,300	184,600	159,200	159,200
Restricted Fund		5,500	5,000	5,500	5,000
TOTAL EXPENDITURES	159,200	181,800	189,600	164,700	164,200

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

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,198,300	14,454,400	15,725,700	13,767,400	13,865,400
Salary and Health Insurance Adjustments	180,700				
Budget Reduction-General Fund	-1,582,600				
Total General Fund	11,796,400	14,454,400	15,725,700	13,767,400	13,865,400
Restricted Fund					
Balance Forward	782,600	384,500	68,200	384,500	177,200
Current Receipts	1,001,800	964,900	1,001,800	964,900	1,001,800
Non-Revenue Receipts	2,302,900	985,500	985,500	985,500	985,500
Total Restricted Fund	4,087,300	2,334,900	2,055,500	2,334,900	2,164,500
Federal Fund					
Current Receipts	682,000	664,600	664,600	664,600	664,600
Non-Revenue Receipts	-50,900	-33,500	-33,500	-33,500	-33,500
Total Federal Fund	631,100	631,100	631,100	631,100	631,100
TOTAL SOURCE OF FUNDS	16,514,800	17,420,400	18,412,300	16,733,400	16,661,000
EXPENDITURES BY CLASS					
Personnel Costs	13,235,400	14,606,300	15,615,300	13,874,900	14,019,800
Operating Expenses	2,345,900	2,324,200	2,370,300	2,289,600	2,244,500
Grants Loans Benefits	174,000	179,000	184,000	179,000	184,000
Capital Outlay	375,000	242,700	242,700	212,700	212,700
TOTAL EXPENDITURES	16,130,300	17,352,200	18,412,300	16,556,200	16,661,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,796,400	14,454,400	15,725,700	13,767,400	13,865,400
Restricted Fund	3,702,800	2,266,700	2,055,500	2,157,700	2,164,500
Federal Fund	631,100	631,100	631,100	631,100	631,100
TOTAL EXPENDITURES	16,130,300	17,352,200	18,412,300	16,556,200	16,661,000
EXPENDITURES BY UNIT					
Mine Safety and Licensing- Administrative Support	1,052,700	1,138,500	1,209,100	1,051,300	1,051,300
Safety Inspection and Licensing	9,705,200	10,479,000	11,140,600	10,001,700	10,106,300
Safety Analysis, Training and Certification	5,372,400	5,734,700	6,062,600	5,503,200	5,503,400
TOTAL EXPENDITURES	16,130,300	17,352,200	18,412,300	16,556,200	16,661,000

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

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

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

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

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

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

Policy

Included in the above General Fund appropriation is \$1,300,000 for fiscal year 2011 and fiscal year 2012 to provide state-sponsored mine rescue teams pursuant to KRS 351.191 to help Kentucky's coal mines comply with Federal mine rescue requirements. The originating source of this General Fund money is the Coal Severance Tax.

Included in the above General Fund appropriation is \$3,000,000 for fiscal year 2011 and fiscal year 2012 for staff including mine inspectors, mine safety analysts, and mine safety instructors to comply with the increased inspection and training requirements of KRS 351.140 and KRS 351.242. The originating source of this General Fund money is the Coal Severance Tax.

Included in the above General Fund appropriation is \$671,000 for fiscal year 2011 and fiscal year 2012 to hire staff including mine inspectors, mine safety analysts, and mine safety instructors to comply with the increased inspection and training requirements of KRS 351.140 and KRS 351.242.

Energy and Environment
Energy Development and Independence

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,452,300	3,292,500	3,436,300	1,484,900	1,484,900
Salary and Health Insurance Adjustments	37,400				
Budget Reduction-General Fund	-148,600				
Mandated Expenditure Reductions	-131,500				
Reorganization Adjustment	-697,600				
Total General Fund	1,512,000	3,292,500	3,436,300	1,484,900	1,484,900
Restricted Fund					
Balance Forward	1,965,900	507,700	115,700	507,700	193,100
Non-Revenue Receipts	3,859,800	3,751,900	3,765,700	3,751,900	3,765,700
Total Restricted Fund	5,825,700	4,259,600	3,881,400	4,259,600	3,958,800
Federal Fund					
Current Receipts	557,400	613,400	661,300	613,400	661,300
Non-Revenue Receipts	-137,600	-181,900	-195,700	-181,900	-195,700
ARRA Receipts	35,335,600	36,167,100	4,470,400	36,167,100	4,470,400
Total Federal Fund	35,755,400	36,598,600	4,936,000	36,598,600	4,936,000
TOTAL SOURCE OF FUNDS	43,093,100	44,150,700	12,253,700	42,343,100	10,379,700
EXPENDITURES BY CLASS					
Personnel Costs	1,910,500	3,815,600	4,069,800	2,245,500	2,343,900
Operating Expenses	331,400	501,100	439,700	367,600	345,700
Grants Loans Benefits	40,337,500	39,718,300	7,744,200	39,536,900	7,690,100
Capital Outlay	6,000				
TOTAL EXPENDITURES	42,585,400	44,035,000	12,253,700	42,150,000	10,379,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,512,000	3,292,500	3,436,300	1,484,900	1,484,900
Restricted Fund	5,318,000	4,143,900	3,881,400	4,066,500	3,958,800
Federal Fund	35,755,400	36,598,600	4,936,000	36,598,600	4,936,000
TOTAL EXPENDITURES	42,585,400	44,035,000	12,253,700	42,150,000	10,379,700
EXPENDITURES BY UNIT					
Energy Development and Independence	42,585,400	44,035,000	12,253,700	42,150,000	10,379,700
TOTAL EXPENDITURES	42,585,400	44,035,000	12,253,700	42,150,000	10,379,700

Executive Order 2009-538 abolished the Governor's Office of Energy Policy and created the Department for Energy Development and Independence. The department is comprised of the following divisions: Division of Efficiency and Conservation; Division of Renewable Energy; Division of Biofuels; Division of Energy Generation Transmission and Distribution; Division of Carbon Management; and Division of Fossil Energy Development.

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

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

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

Policy

Included in the Executive Budget is \$3,500,000 in Restricted Funds in fiscal year 2011 and fiscal year 2012 for research grants. These funds will originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

Included in the Executive Budget is \$400,000 for fiscal year 2011 and fiscal year 2012 to be paid to the State Treasury and credited to the Department for Energy Development and Independence for the purpose of public education of coal-related issues pursuant to KRS 132.020(5).

**Energy and Environment
Environmental Quality Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		270,900	288,500		
Total General Fund		270,900	288,500		
Restricted Fund					
Balance Forward	12,700				
Non-Revenue Receipts	226,400			257,400	263,600
Total Restricted Fund	239,100			257,400	263,600
TOTAL SOURCE OF FUNDS	239,100	270,900	288,500	257,400	263,600
EXPENDITURES BY CLASS					
Personnel Costs	205,800	240,800	258,400	227,400	233,600
Operating Expenses	33,300	30,100	30,100	30,000	30,000
TOTAL EXPENDITURES	239,100	270,900	288,500	257,400	263,600
EXPENDITURES BY FUND SOURCE					
General Fund		270,900	288,500		
Restricted Fund	239,100			257,400	263,600
TOTAL EXPENDITURES	239,100	270,900	288,500	257,400	263,600
EXPENDITURES BY UNIT					
Environmental Quality Commission	239,100	270,900	288,500	257,400	263,600
TOTAL EXPENDITURES	239,100	270,900	288,500	257,400	263,600

Pursuant to KRS 224.01-100 to 224.01-115, the Environmental Quality Commission is an independent citizen board with seven members representing various interests and geographic areas of the state. The Commission serves as a public forum for discussion and resolution of environmental issues. The Commission advises the Governor and the Energy and Environment Cabinet on environmental rules, regulations, policies, plans, and procedures.

The Environmental Quality Commission is administratively attached to the Energy and Environment Cabinet.

**Energy and Environment
Kentucky Nature Preserves Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,181,100	1,386,500	1,483,700	1,057,200	1,057,200
Salary and Health Insurance Adjustments	19,000				
Budget Reduction-General Fund	-79,700				
Mandated Expenditure Reductions	-53,100				
Total General Fund	1,067,300	1,386,500	1,483,700	1,057,200	1,057,200
Restricted Fund					
Balance Forward	321,200	185,600	120,300	185,600	120,300
Current Receipts	187,800	129,700	129,700	129,700	129,700
Non-Revenue Receipts	31,900	47,000	47,000	47,000	47,000
Total Restricted Fund	540,900	362,300	297,000	362,300	297,000
Federal Fund					
Balance Forward	600				
Current Receipts	1,142,000	45,000	45,000	45,000	45,000
Non-Revenue Receipts	-1,900	-2,000	-2,000	-2,000	-2,000
Total Federal Fund	1,140,700	43,000	43,000	43,000	43,000
TOTAL SOURCE OF FUNDS	2,748,900	1,791,800	1,823,700	1,462,500	1,397,200
EXPENDITURES BY CLASS					
Personnel Costs	1,267,500	1,359,400	1,456,500	1,182,000	1,182,000
Operating Expenses	187,800	270,000	270,000	145,200	145,100
Grants Loans Benefits	11,000	17,000	17,000	15,000	15,000
Capital Outlay	1,097,000	25,100	25,100		
TOTAL EXPENDITURES	2,563,300	1,671,500	1,768,600	1,342,200	1,342,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,067,300	1,386,500	1,483,700	1,057,200	1,057,200
Restricted Fund	355,300	242,000	241,900	242,000	241,900
Federal Fund	1,140,700	43,000	43,000	43,000	43,000
TOTAL EXPENDITURES	2,563,300	1,671,500	1,768,600	1,342,200	1,342,100
EXPENDITURES BY UNIT					
Kentucky Nature Preserves Commission	2,563,300	1,671,500	1,768,600	1,342,200	1,342,100
TOTAL EXPENDITURES	2,563,300	1,671,500	1,768,600	1,342,200	1,342,100

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

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

**Energy and Environment
Public Service Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,000,000	13,101,900	13,211,300	13,000,000	13,000,000
Salary and Health Insurance Adjustments	169,800				
Continuing Approp.-General Fund	831,300				
Budget Reduction-General Fund	-935,100				
Mandated Expenditure Reductions	-3,195,700				
Total General Fund	9,870,300	13,101,900	13,211,300	13,000,000	13,000,000
Restricted Fund					
Balance Forward	124,700				
Current Receipts	211,000	211,000	211,000	211,000	211,000
Non-Revenue Receipts	-36,300				
Total Restricted Fund	299,400	211,000	211,000	211,000	211,000
Federal Fund					
Current Receipts	245,400	263,300	263,300	218,300	218,300
ARRA Receipts	164,200				
Total Federal Fund	409,600	263,300	263,300	218,300	218,300
TOTAL SOURCE OF FUNDS	10,579,300	13,576,200	13,685,600	13,429,300	13,429,300
EXPENDITURES BY CLASS					
Personnel Costs	8,438,400	10,587,000	11,296,100	7,591,800	7,564,300
Operating Expenses	1,479,500	1,697,800	1,691,300	1,336,000	1,363,500
Debt Service	589,000	589,000	589,000	589,000	589,000
Capital Outlay	72,400	702,400	109,200	18,400	18,400
TOTAL EXPENDITURES	10,579,300	13,576,200	13,685,600	9,535,200	9,535,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,870,300	13,101,900	13,211,300	9,105,900	9,105,900
Restricted Fund	299,400	211,000	211,000	211,000	211,000
Federal Fund	409,600	263,300	263,300	218,300	218,300
TOTAL EXPENDITURES	10,579,300	13,576,200	13,685,600	9,535,200	9,535,200
EXPENDITURES BY UNIT					
Commission Operations	4,948,600	5,739,200	6,056,800	4,628,000	4,635,400
Financial Analysis	1,650,800	2,171,000	2,320,800	1,521,900	1,521,900
Engineering	1,560,800	2,433,500	2,087,200	1,375,600	1,368,200
Division of Filings	1,464,100	2,070,600	1,993,400	1,115,500	1,115,500
Consumer Services	413,500	556,700	594,200	356,400	356,400
Gas Pipeline Safety	541,500	605,200	633,200	537,800	537,800
TOTAL EXPENDITURES	10,579,300	13,576,200	13,685,600	9,535,200	9,535,200

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

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

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

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

Policy

The Executive Budget includes \$3,894,100 in fiscal year 2011 and fiscal year 2012 that shall lapse to the credit of the General Fund from the Public Service Commission.

The funding mechanism for the Telecommunication Device for the Deaf Distribution Program shall allocate not more than two cents per access line per month.

Finance and Administration

Finance and Administration

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	572,355,600	571,539,300	598,642,700	458,193,500	425,335,800
Salary and Health Insurance Adjustments	1,256,600				
Special Appropriation	3,113,600				
Budget Reduction-General Fund	-85,469,300				
Reorganization Adjustment	81,400				
Mandated Expenditure Reductions	-188,850,800				
Total General Fund	302,487,100	571,539,300	598,642,700	458,193,500	425,335,800
Tobacco Fund					
Tobacco Settlement - Phase I	24,273,900	30,665,801	30,697,720	19,021,600	30,550,700
Continuing Approp.-Tobacco Settlement	2,725,500	2,725,500	2,725,500	11,497,200	
Total Tobacco Fund	26,999,400	33,391,301	33,423,220	30,518,800	30,550,700
Restricted Funds					
Balance Forward	51,704,500	42,558,800	22,046,600	32,302,300	30,431,800
Current Receipts	141,731,700	153,247,100	157,449,400	145,843,800	147,268,700
Non-Revenue Receipts	5,064,100	6,128,000	6,271,600	6,013,000	6,098,700
Fund Transfers	-18,543,000			-3,000,000	-12,000,000
Total Restricted Funds	179,957,300	201,933,900	185,767,600	181,159,100	171,799,200
Federal Funds					
Current Receipts	9,227,500	8,090,900	7,690,900	7,690,900	7,690,900
Non-Revenue Receipts	-162,300				
ARRA Receipts	24,262,500	24,513,500	23,217,600	24,513,500	23,217,600
Total Federal Funds	33,327,700	32,604,400	30,908,500	32,204,400	30,908,500
Road Fund					
Regular Appropriation	2,725,000	3,141,500	3,149,800	2,725,000	2,725,000
Total Road Fund	2,725,000	3,141,500	3,149,800	2,725,000	2,725,000
TOTAL SOURCE OF FUNDS	545,496,500	842,610,401	851,891,820	704,800,800	661,319,200
EXPENDITURES BY CLASS					
Personnel Costs	175,038,300	197,682,800	209,934,400	173,603,700	174,899,500
Operating Expenses	113,279,400	120,264,000	125,178,900	113,426,200	116,010,200
Grants Loans Benefits	34,440,900	33,240,900	31,734,500	33,340,900	32,484,500
Debt Service	166,076,900	433,862,167	449,413,400	323,188,100	285,331,000
Capital Outlay	9,476,800	29,746,300	22,346,300	11,581,000	8,669,700
TOTAL EXPENDITURES	498,312,300	814,796,167	838,607,500	655,139,900	617,394,900
EXPENDITURES BY FUND SOURCE					
General Fund	299,102,400	571,539,300	598,642,700	441,972,500	402,913,200
Tobacco Fund	15,502,200	27,623,667	27,668,900	27,510,700	27,555,900
Restricted Funds	147,655,000	179,887,300	178,237,600	150,727,300	153,292,300
Federal Funds	33,327,700	32,604,400	30,908,500	32,204,400	30,908,500
Road Fund	2,725,000	3,141,500	3,149,800	2,725,000	2,725,000
TOTAL EXPENDITURES	498,312,300	814,796,167	838,607,500	655,139,900	617,394,900
EXPENDITURES BY UNIT					
General Administration	70,442,000	81,801,100	81,093,700	70,034,200	69,184,100
Controller	16,277,800	15,632,300	15,726,000	14,057,900	14,128,600
Debt Service	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000
Facilities and Support Services	40,829,800	44,117,700	64,200,300	42,448,300	44,125,300
County Costs	18,513,500	18,784,000	19,034,000	18,784,000	19,034,000
Commonwealth Office of Technology	61,690,000	75,710,000	81,441,000	64,329,000	65,368,100

Revenue	84,752,500	100,417,300	99,018,100	83,777,900	82,643,300
Property Valuation Administrators	39,729,800	44,471,600	47,416,000	39,206,500	39,206,500
TOTAL EXPENDITURES	498,312,300	814,796,167	838,607,500	655,139,900	617,394,900

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and 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 the nine cabinets and all other agencies of state government with the resources necessary to carry out their stated missions 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.

The Department of Revenue is the statutory agency of state government responsible for the administration of all state revenue laws and the collection of taxes.

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all executive branch agencies in the application of information technology and the delivery of communications and information services.

Finance and Administration
General Administration

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,483,400	8,679,700	8,973,200	7,235,500	7,455,500
Salary and Health Insurance Adjustments	161,900				
Budget Reduction-General Fund	-894,600				
Mandated Expenditure Reductions	-373,900				
Total General Fund	7,376,800	8,679,700	8,973,200	7,235,500	7,455,500
Restricted Fund					
Balance Forward	17,575,700	15,706,900	8,260,500	13,413,900	13,329,300
Current Receipts	32,405,500	32,355,500	32,355,500	32,723,200	32,723,000
Non-Revenue Receipts	750,000	1,278,600	1,303,500	950,000	950,000
Fund Transfers	-6,293,000			-3,000,000	-12,000,000
Total Restricted Fund	44,438,200	49,341,000	41,919,500	44,087,100	35,002,300
Federal Fund					
Current Receipts	7,640,900	7,640,900	7,640,900	7,640,900	7,640,900
ARRA Receipts	24,000,000	24,000,000	22,893,600	24,000,000	22,893,600
Total Federal Fund	31,640,900	31,640,900	30,534,500	31,640,900	30,534,500
Road Fund					
Regular Appropriation	400,000	400,000	400,000	400,000	400,000
Total Road Fund	400,000	400,000	400,000	400,000	400,000
TOTAL SOURCE OF FUNDS	83,855,900	90,061,600	81,827,200	83,363,500	73,392,300
EXPENDITURES BY CLASS					
Personnel Costs	10,624,900	12,157,200	13,143,100	11,035,800	11,228,500
Operating Expenses	20,900,700	21,404,600	21,217,700	20,899,400	20,974,300
Grants Loans Benefits	31,640,900	31,640,900	30,534,500	31,640,900	30,534,500
Capital Outlay	7,275,500	16,598,400	16,198,400	6,458,100	6,446,800
TOTAL EXPENDITURES	70,442,000	81,801,100	81,093,700	70,034,200	69,184,100
EXPENDITURES BY FUND SOURCE					
General Fund	7,376,800	8,679,700	8,973,200	7,235,500	7,455,500
Restricted Fund	31,024,300	41,080,500	41,186,000	30,757,800	30,794,100
Federal Fund	31,640,900	31,640,900	30,534,500	31,640,900	30,534,500
Road Fund	400,000	400,000	400,000	400,000	400,000
TOTAL EXPENDITURES	70,442,000	81,801,100	81,093,700	70,034,200	69,184,100
EXPENDITURES BY UNIT					
Secretary	2,116,000	2,917,500	2,806,600	2,116,000	2,116,000
Gubernatorial Transition			220,000		220,000
Office of General Counsel	2,144,200	2,566,200	2,681,900	2,144,200	2,144,200
Office of Administrative Services	3,212,100	3,423,800	3,646,500	3,106,900	3,130,900
Fleet Management	27,579,800	36,625,600	36,751,500	26,850,000	26,850,000
Postal Services	2,885,900	3,391,600	3,128,700	2,918,300	2,938,900
Policy and Audit	863,100	1,235,500	1,324,000	1,257,900	1,249,600
Weatherization	31,640,900	31,640,900	30,534,500	31,640,900	30,534,500
TOTAL EXPENDITURES	70,442,000	81,801,100	81,093,700	70,034,200	69,184,100

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

The Office of the Secretary, including the Office of Public Information, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of Finance serves on numerous boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and the Kentucky Housing Corporation.

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

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

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

The Division of Postal Services has recently consolidated from five locations into one mail management center which provides a more secure environment for the Commonwealth's mail. The Division provides messenger service to all state agencies and performs mail processing functions for over 125 state agencies. This division advises agencies about USPS rules, regulations, and services. The passage of SB 181 in the 2009 Regular Session reorganized the General Administration appropriation unit to include The Fleet Management Division. The Fleet Management Division manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

Policy

In fiscal year 2012, \$220,000 in General Funds is appropriated in support of Gubernatorial Transition.

**Finance and Administration
Controller**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,077,600	7,533,500	8,079,900	6,019,500	6,022,500
Salary and Health Insurance Adjustments	89,600				
Budget Reduction-General Fund	-830,300				
Mandated Expenditure Reductions	-413,900				
Total General Fund	6,923,000	7,533,500	8,079,900	6,019,500	6,022,500
Restricted Fund					
Balance Forward	5,551,100	3,117,300	1,584,700	3,403,200	2,048,600
Current Receipts	1,517,800	1,316,800	1,093,300	1,620,800	1,300,300
Non-Revenue Receipts	4,314,100	4,849,400	4,968,100	5,063,000	5,148,700
Total Restricted Fund	11,383,000	9,283,500	7,646,100	10,087,000	8,497,600
Federal Fund					
Current Receipts	1,375,000	400,000			
Total Federal Fund	1,375,000	400,000			
TOTAL SOURCE OF FUNDS	19,681,000	17,217,000	15,726,000	16,106,500	14,520,100
EXPENDITURES BY CLASS					
Personnel Costs	7,060,000	7,349,800	7,836,600	7,112,100	7,169,500
Operating Expenses	7,842,800	7,882,500	7,889,400	6,945,800	6,959,100
Grants Loans Benefits	1,375,000	400,000			
TOTAL EXPENDITURES	16,277,800	15,632,300	15,726,000	14,057,900	14,128,600
EXPENDITURES BY FUND SOURCE					
General Fund	6,923,000	7,533,500	8,079,900	6,019,500	6,022,500
Restricted Fund	7,979,800	7,698,800	7,646,100	8,038,400	8,106,100
Federal Fund	1,375,000	400,000			
TOTAL EXPENDITURES	16,277,800	15,632,300	15,726,000	14,057,900	14,128,600
EXPENDITURES BY UNIT					
Controller	3,601,100	3,891,700	3,998,300	3,032,800	3,035,800
Local Government Services	827,700	776,000	820,700	750,200	746,400
Rural Empowerment Zone	1,375,000	400,000			
Financial Management	4,014,700	3,876,200	3,986,500	4,042,800	4,060,800
Procurement Services	1,550,000	1,634,500	1,744,300	1,214,800	1,214,800
Customer Resource Center	3,898,700	3,992,500	4,048,700	3,993,000	4,046,500
State Risk and Insurance Services	1,010,600	1,061,400	1,127,500	1,024,300	1,024,300
TOTAL EXPENDITURES	16,277,800	15,632,300	15,726,000	14,057,900	14,128,600

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

The Division of Local Government Services administers, for the benefit of state employees and political subdivisions within the

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

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

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

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

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

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

The passage of SB 181 in the 2009 Regular Session reorganized the Office of Controller to include the Division of State Risk Services, formerly with the Department of Insurance. The Division of State Risk Services manages the state property insurance program and the state building sprinkler system program in accordance with KRS Chapter 56.

Policy

The Executive Budget includes \$195,000 in fiscal year 2011 and \$198,000 in fiscal year 2012 from the General Fund to assist the Department of Revenue's participation in the U.S. Department of Treasury payment offset program.

Finance and Administration

Debt Service

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	425,091,100	406,513,500	403,284,500	311,487,400	278,846,700
Budget Reduction-General Fund	-83,072,400				
Mandated Expenditure Reductions	-187,784,300				
Total General Fund	154,234,400	406,513,500	403,284,500	311,487,400	278,846,700
Tobacco Fund					
Tobacco Settlement - Phase I	23,998,900	30,390,801	30,422,720	18,746,600	30,275,700
Continuing Approp.-Tobacco Settlement	2,725,500	2,725,500	2,725,500	11,497,200	
Total Tobacco Fund	26,724,400	33,116,301	33,148,220	30,243,800	30,275,700
TOTAL SOURCE OF FUNDS	180,958,800	439,629,801	436,432,720	341,731,200	309,122,400
EXPENDITURES BY CLASS					
Debt Service	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000
TOTAL EXPENDITURES	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000
EXPENDITURES BY FUND SOURCE					
General Fund	150,849,700	406,513,500	403,284,500	295,266,400	256,424,100
Tobacco Fund	15,227,200	27,348,667	27,393,900	27,235,700	27,280,900
TOTAL EXPENDITURES	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000
EXPENDITURES BY UNIT					
Debt Service	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000
TOTAL EXPENDITURES	166,076,900	433,862,167	430,678,400	322,502,100	283,705,000

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2010-2012 General Fund debt service is reflected in budgets of the affected agencies.

Policy

The American Recovery and Reinvestment Act created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Build America Bonds may be issued by municipal bond issuers for eligible tax-exempt purposes on a permanent basis only. The Commonwealth is eligible for a subsidy if bonds are issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds for authorized but unissued debt, and any new fiscal year 2011 bonds appropriated in the Executive Budget, shall lapse to the General Fund. The amount of the General Fund lapse is \$16,221,000 in fiscal year 2011 and \$22,458,600 in fiscal year 2012.

A General Fund debt service appropriation of \$7,759,200 in fiscal year 2012 is included to support the advancement of gaming licensing fees.

**Finance and Administration
Facilities and Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,294,600	6,465,900	25,018,100	5,795,100	6,382,600
Salary and Health Insurance Adjustments	129,500				
Budget Reduction-General Fund	-672,000				
Reorganization Adjustment	81,400				
Mandated Expenditure Reductions	-278,700				
Total General Fund	5,554,800	6,465,900	25,018,100	5,795,100	6,382,600
Restricted Fund					
Balance Forward	6,307,400	6,742,700	5,900,500	5,992,700	6,745,700
Current Receipts	35,447,800	36,296,100	37,144,300	36,892,700	38,473,100
Fund Transfers	-750,000				
Total Restricted Fund	41,005,200	43,038,800	43,044,800	42,885,400	45,218,800
Federal Fund					
ARRA Receipts	262,500	513,500	324,000	513,500	324,000
Total Federal Fund	262,500	513,500	324,000	513,500	324,000
TOTAL SOURCE OF FUNDS	46,822,500	50,018,200	68,386,900	49,194,000	51,925,400
EXPENDITURES BY CLASS					
Personnel Costs	22,259,600	23,781,000	24,926,800	22,054,700	22,193,100
Operating Expenses	17,575,900	19,112,000	19,967,800	18,910,400	19,861,500
Debt Service			18,081,000	333,500	921,000
Capital Outlay	994,300	1,224,700	1,224,700	1,149,700	1,149,700
TOTAL EXPENDITURES	40,829,800	44,117,700	64,200,300	42,448,300	44,125,300
EXPENDITURES BY FUND SOURCE					
General Fund	5,554,800	6,465,900	25,018,100	5,795,100	6,382,600
Restricted Fund	35,012,500	37,138,300	38,858,200	36,139,700	37,418,700
Federal Fund	262,500	513,500	324,000	513,500	324,000
TOTAL EXPENDITURES	40,829,800	44,117,700	64,200,300	42,448,300	44,125,300
EXPENDITURES BY UNIT					
Commissioner's Office	528,200	574,700	18,691,200	817,300	1,416,800
Facility Development and Efficiency	4,823,100	5,357,300	5,494,900	4,830,400	4,864,800
Real Property	1,363,800	1,442,800	1,539,500	1,116,000	1,116,000
Historic Properties	496,800	636,500	657,600	561,800	566,400
Building and Mechanical Services	32,652,400	35,090,100	36,747,300	34,181,000	35,217,300
State Surplus Property	514,500	543,900	573,800	488,700	488,700
Federal Surplus Property	451,000	472,400	496,000	453,100	455,300
TOTAL EXPENDITURES	40,829,800	44,117,700	64,200,300	42,448,300	44,125,300

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

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

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

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

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

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities.

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

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

Policy

General Fund Debt service is appropriated in fiscal year 2011 for \$333,500 and in fiscal year 2012 for \$921,000 to finance bond funded capital projects.

Finance and Administration

County Costs

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,581,500	17,081,500	17,331,500	17,081,500	17,331,500
Total General Fund	16,581,500	17,081,500	17,331,500	17,081,500	17,331,500
Restricted Fund					
Balance Forward	166,600				
Current Receipts	1,765,400	1,702,500	1,702,500	1,702,500	1,702,500
Total Restricted Fund	1,932,000	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL SOURCE OF FUNDS	18,513,500	18,784,000	19,034,000	18,784,000	19,034,000
EXPENDITURES BY CLASS					
Personnel Costs	1,711,000	1,706,500	1,706,500	1,706,500	1,706,500
Operating Expenses	15,377,500	15,877,500	16,127,500	15,377,500	15,377,500
Grants Loans Benefits	1,425,000	1,200,000	1,200,000	1,700,000	1,950,000
TOTAL EXPENDITURES	18,513,500	18,784,000	19,034,000	18,784,000	19,034,000
EXPENDITURES BY FUND SOURCE					
General Fund	16,581,500	17,081,500	17,331,500	17,081,500	17,331,500
Restricted Fund	1,932,000	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL EXPENDITURES	18,513,500	18,784,000	19,034,000	18,784,000	19,034,000
EXPENDITURES BY UNIT					
Public Defender Program	1,677,000	1,672,500	1,672,500	1,672,500	1,672,500
Witnesses	130,000	130,000	130,000	130,000	130,000
DUI Service Fees	1,425,000	1,200,000	1,200,000	1,200,000	1,200,000
Sheriffs Fees'	9,834,000	10,334,000	10,584,000	10,334,000	10,584,000
County Clerks (Make Tax Bills)	305,000	305,000	305,000	305,000	305,000
Board Of Assessment Appeals	60,000	60,000	60,000	60,000	60,000
Fugitive From Justice	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Jury Fund	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Sheriffs Expense Allowance	466,600	466,600	466,600	466,600	466,600
Premium On Sheriffs' Bonds	15,900	15,900	15,900	15,900	15,900
TOTAL EXPENDITURES	18,513,500	18,784,000	19,034,000	18,784,000	19,034,000

The County Costs program pays local officials for the performance of functions required by state statutes. For example, a sheriff is paid by the state for services rendered to the state for enforcing state laws. This falls within the Criminal Prosecutions program. A witness in a state court trial is paid by the state for performing a function required by state statute. This is an example of the Miscellaneous Fee program. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government, containing less than ten circuit judges, to annually appropriate twelve and one-half cents (\$0.125) per capita to the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders (KRS 31.185) that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

Policy

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

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

The Executive Budget includes \$500,000 in fiscal year 2011, and \$750,000 in fiscal year 2012, from the General Fund, to support sheriff fees paid to county sheriff courthouse services for new courthouses coming online.

Finance and Administration
Commonwealth Office of Technology

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,658,700	3,812,100		
Total General Fund		1,658,700	3,812,100		
Restricted Fund					
Balance Forward	8,954,800	5,479,100	3,467,000	6,879,100	5,543,200
Current Receipts	61,065,000	71,989,200	75,566,800	62,943,100	63,108,300
Fund Transfers	-1,500,000				
Total Restricted Fund	68,519,800	77,468,300	79,033,800	69,822,200	68,651,500
Federal Fund					
Current Receipts	211,600	50,000	50,000	50,000	50,000
Non-Revenue Receipts	-162,300				
Total Federal Fund	49,300	50,000	50,000	50,000	50,000
TOTAL SOURCE OF FUNDS	68,569,100	79,177,000	82,895,900	69,872,200	68,701,500
EXPENDITURES BY CLASS					
Personnel Costs	36,550,800	47,002,300	49,424,300	35,840,800	36,605,500
Operating Expenses	23,932,200	24,734,500	28,043,500	24,515,000	27,689,400
Capital Outlay	1,207,000	3,973,200	3,973,200	3,973,200	1,073,200
TOTAL EXPENDITURES	61,690,000	75,710,000	81,441,000	64,329,000	65,368,100
EXPENDITURES BY FUND SOURCE					
General Fund		1,658,700	3,812,100		
Restricted Fund	61,640,700	74,001,300	77,578,900	64,279,000	65,318,100
Federal Fund	49,300	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	61,690,000	75,710,000	81,441,000	64,329,000	65,368,100
EXPENDITURES BY UNIT					
Commonwealth Office of Technology	1,722,900	4,751,000	4,824,300	4,660,700	1,778,500
Chief Information Security Officer	1,172,900	1,446,600	1,532,500	1,297,700	1,325,600
Application Development	11,320,200	18,569,300	19,240,600	10,670,200	10,859,500
Infrastructure Services	45,130,700	47,803,100	52,562,900	45,438,200	49,099,100
Office of Enterprise Technology	2,343,300	3,140,000	3,280,700	2,262,200	2,305,400
TOTAL EXPENDITURES	61,690,000	75,710,000	81,441,000	64,329,000	65,368,100

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

COT consists of five units for budgetary purposes: Commissioner, Chief Information Security Officer, Application Development, Infrastructure Services, and Enterprise Technology.

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

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

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

The Office of Infrastructure Services operates the Commonwealth's enterprise computing and communications environment. This Office includes the daily operation of the Commonwealth Data Center, operation and maintenance of the Kentucky Information Highway, and all communication services, including data, voice, video and wireless. Other responsibilities include providing help desk assistance to end-users and ensuring the security of client information in the areas of electronic commerce and network computing. The Division of Printing provides agencies with hard copy access to information, especially for high volume, color, and wide-format documents, as well as print project planning, consulting and electronic forms design.

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

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

Finance and Administration

Revenue

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,473,200	82,836,200	88,428,700	75,069,300	73,791,800
Special Appropriation	3,113,600				
Total General Fund	75,586,800	82,836,200	88,428,700	75,069,300	73,791,800
Tobacco Fund					
Tobacco Settlement - Phase I	275,000	275,000	275,000	275,000	275,000
Total Tobacco Fund	275,000	275,000	275,000	275,000	275,000
Restricted Fund					
Balance Forward	12,746,300	11,110,200	2,632,600	2,210,800	2,563,700
Current Receipts	6,030,200	6,087,000	6,087,000	6,461,500	6,461,500
Fund Transfers	-10,000,000				
Total Restricted Fund	8,776,500	17,197,200	8,719,600	8,672,300	9,025,200
Road Fund					
Regular Appropriation	2,325,000	2,741,500	2,749,800	2,325,000	2,325,000
Total Road Fund	2,325,000	2,741,500	2,749,800	2,325,000	2,325,000
TOTAL SOURCE OF FUNDS	86,963,300	103,049,900	100,173,100	86,341,600	85,417,000
EXPENDITURES BY CLASS					
Personnel Costs	57,534,200	61,646,400	65,913,100	57,079,300	57,221,900
Operating Expenses	27,218,300	30,820,900	31,501,000	26,346,100	24,716,400
Debt Service			654,000	352,500	705,000
Capital Outlay		7,950,000	950,000		
TOTAL EXPENDITURES	84,752,500	100,417,300	99,018,100	83,777,900	82,643,300
EXPENDITURES BY FUND SOURCE					
General Fund	75,586,800	82,836,200	88,428,700	75,069,300	73,791,800
Tobacco Fund	275,000	275,000	275,000	275,000	275,000
Restricted Fund	6,565,700	14,564,600	7,564,600	6,108,600	6,251,500
Road Fund	2,325,000	2,741,500	2,749,800	2,325,000	2,325,000
TOTAL EXPENDITURES	84,752,500	100,417,300	99,018,100	83,777,900	82,643,300
EXPENDITURES BY UNIT					
Commissioner's Office	30,256,300	31,972,100	33,628,400	29,962,900	28,326,800
Property Valuation	5,384,400	8,406,900	6,163,100	5,373,500	5,421,600
Field Operations	12,625,100	14,851,900	14,486,900	12,583,500	12,657,400
Income Taxation	7,832,800	8,577,000	9,210,800	7,830,000	7,900,200
Sales and Excise Taxes	6,123,900	8,864,700	8,106,100	5,666,800	5,809,700
Processing and Enforcement	22,530,000	27,744,700	27,422,800	22,361,200	22,527,600
TOTAL EXPENDITURES	84,752,500	100,417,300	99,018,100	83,777,900	82,643,300

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of 43 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

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

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

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

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

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

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

Policy

The Governor's recommended budget provides additional General Fund of \$1,630,000 in fiscal year 2011 for programming changes to facilitate the Commonwealth's participation in the U.S. Department of Treasury's payment offset program and other initiatives. This investment is estimated to increase General fund receipts by \$4,725,000 in fiscal year 2011 and \$8,032,500 in fiscal year 2012. Also included is \$352,500 in fiscal year 2011 and \$705,000 in fiscal year 2012 for debt service on \$4,500,000 million in new bonds for the next phase of the Comprehensive Tax System.

Finance and Administration
Property Valuation Administrators

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,354,200	40,770,300	43,714,700	35,505,200	35,505,200
Salary and Health Insurance Adjustments	875,600				
Total General Fund	36,229,800	40,770,300	43,714,700	35,505,200	35,505,200
Restricted Fund					
Balance Forward	402,600	402,600	201,300	402,600	201,300
Current Receipts	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Restricted Fund	3,902,600	3,902,600	3,701,300	3,902,600	3,701,300
TOTAL SOURCE OF FUNDS	40,132,400	44,672,900	47,416,000	39,407,800	39,206,500
EXPENDITURES BY CLASS					
Personnel Costs	39,297,800	44,039,600	46,984,000	38,774,500	38,774,500
Operating Expenses	432,000	432,000	432,000	432,000	432,000
TOTAL EXPENDITURES	39,729,800	44,471,600	47,416,000	39,206,500	39,206,500
EXPENDITURES BY FUND SOURCE					
General Fund	36,229,800	40,770,300	43,714,700	35,505,200	35,505,200
Restricted Fund	3,500,000	3,701,300	3,701,300	3,701,300	3,701,300
TOTAL EXPENDITURES	39,729,800	44,471,600	47,416,000	39,206,500	39,206,500
EXPENDITURES BY UNIT					
Property Valuation Administrators	39,729,800	44,471,600	47,416,000	39,206,500	39,206,500
TOTAL EXPENDITURES	39,729,800	44,471,600	47,416,000	39,206,500	39,206,500

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

Health and Family Services

Health and Family Services

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,023,761,500	2,006,252,800	2,462,018,600	1,732,182,900	2,145,113,900
Salary and Health Insurance Adjustments	4,838,700				
Continuing Approp.-General Fund	2,053,200				
Budget Reduction-General Fund	-451,897,600				
Mandated Expenditure Reductions	-29,699,600				
Total General Fund	1,549,056,200	2,006,252,800	2,462,018,600	1,732,182,900	2,145,113,900
Tobacco Fund					
Tobacco Settlement - Phase I	30,641,600	28,861,700	27,217,300	27,192,300	24,930,100
Continuing Approp.-Tobacco Settlement	3,943,900				
Total Tobacco Fund	34,585,500	28,861,700	27,217,300	27,192,300	24,930,100
Restricted Fund					
Balance Forward	36,315,500	38,571,500	21,480,000	38,329,200	21,490,800
Current Receipts	570,105,400	517,114,800	520,750,800	515,194,400	515,537,700
Non-Revenue Receipts	364,105,000	383,554,600	383,203,300	383,839,400	384,693,400
Fund Transfers	-10,263,700				
Total Restricted Fund	960,262,200	939,240,900	925,434,100	937,363,000	921,721,900
Federal Fund					
Balance Forward	22,767,600				
Current Receipts	4,534,621,600	5,382,739,900	5,720,376,400	4,862,510,800	5,319,633,100
ARRA Receipts	570,475,500	260,397,200		260,217,900	
Total Federal Fund	5,127,864,700	5,643,137,100	5,720,376,400	5,122,728,700	5,319,633,100
TOTAL SOURCE OF FUNDS	7,671,768,600	8,617,492,500	9,135,046,400	7,819,466,900	8,411,399,000
EXPENDITURES BY CLASS					
Personnel Costs	610,061,300	692,757,400	728,437,500	622,994,200	619,462,600
Operating Expenses	136,992,100	146,662,200	143,250,100	132,790,000	131,182,500
Grants Loans Benefits	6,881,760,100	7,752,445,500	8,224,340,800	7,032,449,800	7,640,096,800
Debt Service			34,448,000	8,393,500	17,022,500
Capital Outlay	1,471,800	4,024,500	1,564,700	1,225,700	1,225,700
Construction	122,900	122,900	122,900	122,900	122,900
TOTAL EXPENDITURES	7,630,408,200	8,596,012,500	9,132,164,000	7,797,976,100	8,409,113,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,549,056,200	2,006,252,800	2,462,018,600	1,732,182,900	2,145,113,900
Tobacco Fund	31,554,300	28,861,700	27,217,300	27,192,300	24,930,100
Restricted Fund	921,933,000	917,760,900	922,551,700	915,872,200	919,435,900
Federal Fund	5,127,864,700	5,643,137,100	5,720,376,400	5,122,728,700	5,319,633,100
TOTAL EXPENDITURES	7,630,408,200	8,596,012,500	9,132,164,000	7,797,976,100	8,409,113,000
EXPENDITURES BY UNIT					
General Administration and Program Support	79,780,100	91,130,700	94,798,400	80,059,400	82,181,000
Comm for Children with Special Health Care Needs	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500
Medicaid Services	5,442,089,500	6,279,192,300	6,741,093,800	5,636,067,300	6,247,611,900
Behavioral Health, Developmental and Intellectual Disabilities	468,142,700	524,058,000	538,596,100	474,963,200	480,975,500

Public Health	429,529,200	446,414,500	453,040,700	433,052,400	430,924,600
Health Policy	1,214,100	1,351,400	1,402,000	1,325,100	1,320,100
Family Resource Centers and Volunteer Services	4,595,800	3,922,900	3,896,000	3,913,600	3,874,800
Income Support	107,539,500	109,431,800	115,901,300	107,500,300	108,477,300
Community Based Services	1,014,479,200	1,049,615,600	1,088,117,400	980,646,800	974,113,200
Aging and Independent Living	66,035,000	72,938,900	76,643,000	63,650,200	62,686,100
TOTAL EXPENDITURES	7,630,408,200	8,596,012,500	9,132,164,000	7,797,976,100	8,409,113,000

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, Governor's Office of Electronic Health Information, Office of Communications and Administrative Review, Office of the Inspector General, Office of Legal Services, Office of Administrative and Technology Services, Office of Human Resource Management, Office of Policy and Budget and Office of the Ombudsman comprise the Administration and Program Support appropriation unit. Remaining agencies/appropriation units within the Cabinet include the Office of Health Policy, 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.

Executive Order 2008-504 was superseded by Executive Order 2009-541 and created the current appropriation unit and organizational structure of the Cabinet. Executive Order 2009-363 moved the Weatherization program from the Department for Community Based Services to the Finance and Administration Cabinet. Executive Order 2009-770 created the Governor's Office of Electronic Health Information within the Administration and Program Support appropriation unit.

Health and Family Services
General Administration and Program Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,206,000	42,154,800	45,473,600	35,030,500	35,298,000
Salary and Health Insurance Adjustments	643,000				
Budget Reduction-General Fund	-1,177,500				
Total General Fund	34,671,500	42,154,800	45,473,600	35,030,500	35,298,000
Restricted Fund					
Balance Forward	1,043,700	288,200		288,200	475,200
Current Receipts	3,508,900	3,708,800	3,708,800	3,708,800	3,708,800
Non-Revenue Receipts	5,499,800	5,699,800	5,499,800	5,699,800	5,499,800
Total Restricted Fund	10,052,400	9,696,800	9,208,600	9,696,800	9,683,800
Federal Fund					
Balance Forward	2,858,600				
Current Receipts	32,485,800	39,279,100	40,116,200	35,807,300	37,199,200
Total Federal Fund	35,344,400	39,279,100	40,116,200	35,807,300	37,199,200
TOTAL SOURCE OF FUNDS	80,068,300	91,130,700	94,798,400	80,534,600	82,181,000
EXPENDITURES BY CLASS					
Personnel Costs	48,971,700	55,620,200	60,009,000	49,365,700	52,723,800
Operating Expenses	29,835,100	32,155,400	31,159,100	29,581,400	28,077,400
Debt Service			2,419,000	139,000	406,500
Capital Outlay	850,400	3,232,200	1,088,400	850,400	850,400
Construction	122,900	122,900	122,900	122,900	122,900
TOTAL EXPENDITURES	79,780,100	91,130,700	94,798,400	80,059,400	82,181,000
EXPENDITURES BY FUND SOURCE					
General Fund	34,671,500	42,154,800	45,473,600	35,030,500	35,298,000
Restricted Fund	9,764,200	9,696,800	9,208,600	9,221,600	9,683,800
Federal Fund	35,344,400	39,279,100	40,116,200	35,807,300	37,199,200
TOTAL EXPENDITURES	79,780,100	91,130,700	94,798,400	80,059,400	82,181,000
EXPENDITURES BY UNIT					
Administrative Support	61,270,100	71,624,400	74,045,400	61,993,200	64,914,000
Inspector General	18,510,000	19,506,300	20,753,000	18,066,200	17,267,000
TOTAL EXPENDITURES	79,780,100	91,130,700	94,798,400	80,059,400	82,181,000

General Administration and Program Support consists of Administrative Support, the Office of the Inspector General, and the Governor's Office of Electronic Health Information.

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

The Office of the Inspector General (OIG) provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation. The OIG consists of the Division of Audits and Investigations.

The Governor's Office of Electronic Health Information was created by Executive Order 2009-770 in August of 2009 to serve as a focal point for e-health initiatives in the Commonwealth in light of the health information provisions of the American Recovery and Reinvestment Act.

Health and Family Services
General Administration and Program Support
Administrative Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,206,000	35,876,800	38,544,400	29,388,300	31,222,300
Salary and Health Insurance Adjustments	398,700				
Budget Reduction-General Fund	-993,100				
Total General Fund	28,611,600	35,876,800	38,544,400	29,388,300	31,222,300
Restricted Fund					
Balance Forward	876,900	121,300		121,300	363,500
Current Receipts	2,283,800	2,483,800	2,483,800	2,483,800	2,483,800
Non-Revenue Receipts	5,524,800	5,724,800	5,524,800	5,724,800	5,524,800
Total Restricted Fund	8,685,500	8,329,900	8,008,600	8,329,900	8,372,100
Federal Fund					
Balance Forward	1,327,000				
Current Receipts	22,767,300	27,417,700	27,492,400	24,638,500	25,319,600
Total Federal Fund	24,094,300	27,417,700	27,492,400	24,638,500	25,319,600
TOTAL SOURCE OF FUNDS	61,391,400	71,624,400	74,045,400	62,356,700	64,914,000
EXPENDITURES BY CLASS					
Personnel Costs	33,027,600	38,656,500	41,809,400	33,828,900	36,888,000
Operating Expenses	27,277,300	29,620,900	28,613,800	27,060,100	26,654,300
Debt Service			2,419,000	139,000	406,500
Capital Outlay	842,300	3,224,100	1,080,300	842,300	842,300
Construction	122,900	122,900	122,900	122,900	122,900
TOTAL EXPENDITURES	61,270,100	71,624,400	74,045,400	61,993,200	64,914,000
EXPENDITURES BY FUND SOURCE					
General Fund	28,611,600	35,876,800	38,544,400	29,388,300	31,222,300
Restricted Fund	8,564,200	8,329,900	8,008,600	7,966,400	8,372,100
Federal Fund	24,094,300	27,417,700	27,492,400	24,638,500	25,319,600
TOTAL EXPENDITURES	61,270,100	71,624,400	74,045,400	61,993,200	64,914,000

Administrative Support provides funding for eight organizational units within the Cabinet for Health and Family Services including the Office of the Secretary, the Office of Legal Services, the Office of Communications and Administrative Review, the Office of Human Resource Management, the Office of Policy and Budget, the Office of Administrative and Technology Services, the Office of the Ombudsman and the Governor's Office of Electronic Health Information.

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

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

The Office of Communications and Administrative Review is responsible for providing qualified administrative law

judges/hearing officials to conduct administrative hearings related to Cabinet matters, overseeing and monitoring legislative activities, and representing the Cabinet in matters of public information, including media inquiries, open records requests, press releases, public relations, and internal communications.

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

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

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

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

Policy

The Executive Budget includes General Fund in the amount of \$139,000 in fiscal year 2011 and \$406,500 in fiscal year 2012 to support \$3,500,000 in bonds for the cabinet's 2010-2012 Maintenance Pool project..

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,000,000	6,278,000	6,929,200	5,642,200	4,075,700
Salary and Health Insurance Adjustments	244,300				
Budget Reduction-General Fund	-184,400				
Total General Fund	6,059,900	6,278,000	6,929,200	5,642,200	4,075,700
Restricted Fund					
Balance Forward	166,800	166,900		166,900	111,700
Current Receipts	1,225,100	1,225,000	1,225,000	1,225,000	1,225,000
Non-Revenue Receipts	-25,000	-25,000	-25,000	-25,000	-25,000
Total Restricted Fund	1,366,900	1,366,900	1,200,000	1,366,900	1,311,700
Federal Fund					
Balance Forward	1,531,600				
Current Receipts	9,718,500	11,861,400	12,623,800	11,168,800	11,879,600
Total Federal Fund	11,250,100	11,861,400	12,623,800	11,168,800	11,879,600
TOTAL SOURCE OF FUNDS	18,676,900	19,506,300	20,753,000	18,177,900	17,267,000
EXPENDITURES BY CLASS					
Personnel Costs	15,944,100	16,963,700	18,199,600	15,536,800	15,835,800
Operating Expenses	2,557,800	2,534,500	2,545,300	2,521,300	1,423,100
Capital Outlay	8,100	8,100	8,100	8,100	8,100
TOTAL EXPENDITURES	18,510,000	19,506,300	20,753,000	18,066,200	17,267,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,059,900	6,278,000	6,929,200	5,642,200	4,075,700
Restricted Fund	1,200,000	1,366,900	1,200,000	1,255,200	1,311,700
Federal Fund	11,250,100	11,861,400	12,623,800	11,168,800	11,879,600
TOTAL EXPENDITURES	18,510,000	19,506,300	20,753,000	18,066,200	17,267,000

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

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

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

The Division of Health Care conducts on-site inspections of all health facilities and services throughout the state (including nursing homes, hospitals and over 2,600 laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. The Division also investigates allegations of abuse and neglect that may occur in a licensed health facility.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,038,400	6,060,100	6,779,000	5,060,500	5,060,500
Salary and Health Insurance Adjustments	88,400				
Budget Reduction-General Fund	-2,026,300				
Total General Fund	4,100,500	6,060,100	6,779,000	5,060,500	5,060,500
Tobacco Fund					
Tobacco Settlement - Phase I	352,000	350,000	350,000	350,000	350,000
Total Tobacco Fund	352,000	350,000	350,000	350,000	350,000
Restricted Fund					
Balance Forward	1,288,400				
Current Receipts	5,683,500	6,971,900	6,971,900	6,971,900	6,971,900
Non-Revenue Receipts	1,400,000				
Total Restricted Fund	8,371,900	6,971,900	6,971,900	6,971,900	6,971,900
Federal Fund					
Current Receipts	4,178,700	4,574,400	4,574,400	4,415,400	4,566,100
Total Federal Fund	4,178,700	4,574,400	4,574,400	4,415,400	4,566,100
TOTAL SOURCE OF FUNDS	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500
EXPENDITURES BY CLASS					
Personnel Costs	9,641,900	10,371,500	11,090,800	9,915,900	10,067,000
Operating Expenses	1,778,500	1,654,700	1,653,800	1,632,700	1,631,800
Grants Loans Benefits	5,360,000	5,777,700	5,778,200	5,197,700	5,198,200
Capital Outlay	222,700	152,500	152,500	51,500	51,500
TOTAL EXPENDITURES	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,100,500	6,060,100	6,779,000	5,060,500	5,060,500
Tobacco Fund	352,000	350,000	350,000	350,000	350,000
Restricted Fund	8,371,900	6,971,900	6,971,900	6,971,900	6,971,900
Federal Fund	4,178,700	4,574,400	4,574,400	4,415,400	4,566,100
TOTAL EXPENDITURES	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500
EXPENDITURES BY UNIT					
Children's Health Services	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500
TOTAL EXPENDITURES	17,003,100	17,956,400	18,675,300	16,797,800	16,948,500

The Commission for Children with Special Health Care Needs (CCSHCN) has over 80 years experience in providing care for children with a variety of special needs. Through the years, the Commission has evolved from providing surgeries for "crippled children" to offering comprehensive medical care for children with a range of complex needs. A family-centered approach ensures that the family is valued as an integral part of the care plan and services are provided to assist the family in meeting children's needs.

The Commission is charged with planning, developing, providing, and evaluating the public statewide system of care for children with special health care needs and providing early hearing and detection intervention services. The Commission for Children with Special Health Care Needs works collaboratively with other agencies to assure services to children with

disabilities are comprehensive, community-based, family-centered, and coordinated, thus avoiding duplication and fragmentation of the service delivery system. Accessibility is a key component of the delivery system. The program provides an array of preventative, diagnostic, and treatment services for special needs children and youth under 21 including: medical care, hospitalization, medications, durable medical goods, case management, therapy, transportation, and nutritional education. Because rapid advances in medical science have enabled over 90 percent of youth with disabilities and chronic conditions to reach adulthood, the program has expanded its focus to include services and supports for academic achievement, transition from education to employment, from pediatric to adult health care, and to independent living. Because health care is so critical to learning and success in school, CSHCN has entered into an active partnership with the Kentucky Department of Education and other health, education, and social services providers to support children and youth and families and their schools. The Early Hearing Detection and Intervention Program provides surveillance and support for statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The Hemophilia Program provides medical and social services to children and adults with blood disorders. The Foster Care Program represents a collaborative effort with the Department of Community Based Services to provide medical consultation services to the foster care support program by making regular home visits to the entire population of medically fragile foster care children and acting as onsite, medical resources for the social workers charged with responsibility for both children who are currently in the child welfare system and those who may be at risk for entering that system.

The family's financial status plays a role in determining whether the child is accepted into the Children with Special Health Care Needs Program and/or Hemophilia Program. All families with incomes at or below 200 percent of the federal poverty level are accepted. A sliding fee scale based on income and number in household determines what percentage of the cost each family pays for treatment. Individuals who fall outside the program's income guidelines can also receive services through the Commission if they reside in medically under-served areas of the state, though the family is required to reimburse the Commission for treatment costs. This allows the Commission to further assist in communities where specialized medical care is unavailable.

**Health and Family Services
Medicaid Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,319,432,000	1,228,967,300	1,609,378,700	1,087,160,300	1,491,462,300
Salary and Health Insurance Adjustments	105,200				
Continuing Approp.-General Fund	2,053,200				
Budget Reduction-General Fund	-418,504,800				
Mandated Expenditure Reductions	-4,515,300				
Total General Fund	898,570,300	1,228,967,300	1,609,378,700	1,087,160,300	1,491,462,300
Restricted Fund					
Balance Forward	104,800				
Non-Revenue Receipts	378,991,300	380,068,300	381,473,800	380,068,300	381,473,800
Total Restricted Fund	379,096,100	380,068,300	381,473,800	380,068,300	381,473,800
Federal Fund					
Balance Forward	6,143,300				
Current Receipts	3,655,162,200	4,413,123,200	4,750,241,300	3,911,805,200	4,374,675,800
ARRA Receipts	503,117,600	257,033,500		257,033,500	
Total Federal Fund	4,164,423,100	4,670,156,700	4,750,241,300	4,168,838,700	4,374,675,800
TOTAL SOURCE OF FUNDS	5,442,089,500	6,279,192,300	6,741,093,800	5,636,067,300	6,247,611,900
EXPENDITURES BY CLASS					
Personnel Costs	72,526,700	102,034,200	105,013,200	97,864,300	76,879,700
Operating Expenses	966,500	1,041,400	1,041,400	1,041,400	1,041,400
Grants Loans Benefits	5,368,521,400	6,176,116,700	6,635,039,200	5,537,161,600	6,169,690,800
Capital Outlay	74,900				
TOTAL EXPENDITURES	5,442,089,500	6,279,192,300	6,741,093,800	5,636,067,300	6,247,611,900
EXPENDITURES BY FUND SOURCE					
General Fund	898,570,300	1,228,967,300	1,609,378,700	1,087,160,300	1,491,462,300
Restricted Fund	379,096,100	380,068,300	381,473,800	380,068,300	381,473,800
Federal Fund	4,164,423,100	4,670,156,700	4,750,241,300	4,168,838,700	4,374,675,800
TOTAL EXPENDITURES	5,442,089,500	6,279,192,300	6,741,093,800	5,636,067,300	6,247,611,900
EXPENDITURES BY UNIT					
Medicaid Administration	111,211,300	127,797,800	130,776,800	123,627,900	102,643,300
Medicaid Benefits	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600
TOTAL EXPENDITURES	5,442,089,500	6,279,192,300	6,741,093,800	5,636,067,300	6,247,611,900

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

The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. Eligibility for services is determined by staff in each county through a contractual agreement with the Department for Community Based Services offices. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration.

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

**Health and Family Services
Medicaid Services
Medicaid Administration**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,779,400	38,336,100	50,308,400	36,856,000	36,856,000
Salary and Health Insurance Adjustments	105,200				
Budget Reduction-General Fund	-2,107,600				
Total General Fund	34,777,000	38,336,100	50,308,400	36,856,000	36,856,000
Restricted Fund					
Non-Revenue Receipts	12,480,000	24,590,300	14,096,900	24,590,300	14,096,900
Total Restricted Fund	12,480,000	24,590,300	14,096,900	24,590,300	14,096,900
Federal Fund					
Balance Forward	5,451,900				
Current Receipts	58,502,400	64,871,400	66,371,500	62,181,600	51,690,400
Total Federal Fund	63,954,300	64,871,400	66,371,500	62,181,600	51,690,400
TOTAL SOURCE OF FUNDS	111,211,300	127,797,800	130,776,800	123,627,900	102,643,300
EXPENDITURES BY CLASS					
Personnel Costs	72,526,700	102,034,200	105,013,200	97,864,300	76,879,700
Operating Expenses	966,500	1,041,400	1,041,400	1,041,400	1,041,400
Grants Loans Benefits	37,643,200	24,722,200	24,722,200	24,722,200	24,722,200
Capital Outlay	74,900				
TOTAL EXPENDITURES	111,211,300	127,797,800	130,776,800	123,627,900	102,643,300
EXPENDITURES BY FUND SOURCE					
General Fund	34,777,000	38,336,100	50,308,400	36,856,000	36,856,000
Restricted Fund	12,480,000	24,590,300	14,096,900	24,590,300	14,096,900
Federal Fund	63,954,300	64,871,400	66,371,500	62,181,600	51,690,400
TOTAL EXPENDITURES	111,211,300	127,797,800	130,776,800	123,627,900	102,643,300
EXPENDITURES BY UNIT					
Medical Assistance Administration	109,983,800	124,551,000	127,504,500	122,400,400	101,415,800
KCHIP Administration	1,227,500	3,246,800	3,272,300	1,227,500	1,227,500
TOTAL EXPENDITURES	111,211,300	127,797,800	130,776,800	123,627,900	102,643,300

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization and collecting third party liabilities, overpayments and cost reimbursement settlements. Claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities.

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

Health and Family Services

Medicaid Services

Medicaid Benefits

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,282,652,600	1,190,631,200	1,559,070,300	1,050,304,300	1,454,606,300
Continuing Approp.-General Fund	2,053,200				
Budget Reduction-General Fund	-416,397,200				
Mandated Expenditure Reductions	-4,515,300				
Total General Fund	863,793,300	1,190,631,200	1,559,070,300	1,050,304,300	1,454,606,300
Restricted Fund					
Balance Forward	104,800				
Non-Revenue Receipts	366,511,300	355,478,000	367,376,900	355,478,000	367,376,900
Total Restricted Fund	366,616,100	355,478,000	367,376,900	355,478,000	367,376,900
Federal Fund					
Balance Forward	691,400				
Current Receipts	3,596,659,800	4,348,251,800	4,683,869,800	3,849,623,600	4,322,985,400
ARRA Receipts	503,117,600	257,033,500		257,033,500	
Total Federal Fund	4,100,468,800	4,605,285,300	4,683,869,800	4,106,657,100	4,322,985,400
TOTAL SOURCE OF FUNDS	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600
TOTAL EXPENDITURES	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600
EXPENDITURES BY FUND SOURCE					
General Fund	863,793,300	1,190,631,200	1,559,070,300	1,050,304,300	1,454,606,300
Restricted Fund	366,616,100	355,478,000	367,376,900	355,478,000	367,376,900
Federal Fund	4,100,468,800	4,605,285,300	4,683,869,800	4,106,657,100	4,322,985,400
TOTAL EXPENDITURES	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600
EXPENDITURES BY UNIT					
Medicaid Benefits	5,180,380,000	5,926,233,800	6,363,881,300	5,350,478,700	5,965,532,900
KCHIP Benefits	150,498,200	225,160,700	246,435,700	161,960,700	179,435,700
TOTAL EXPENDITURES	5,330,878,200	6,151,394,500	6,610,317,000	5,512,439,400	6,144,968,600

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for eligibility. The following services are currently provided by Kentucky's Medicaid program: inpatient hospital, physician services, nursing facility services, outpatient hospital, home health, family planning, screening, lab, dental, transportation (both non-emergency and emergency), vision care, hearing care, intermediate care facilities for the mentally retarded, pharmacy, Medicare premiums, community mental health, mental hospitals, psychiatric residential treatment facilities, renal dialysis services, primary care/rural health, podiatry, alternative intermediate services for mentally retarded (Supports for Community Living and Michelle P waivers), Brain Injury Waivers (Acute and Long Term Care), ambulatory surgical centers, home and community-based waiver, adult day care, nurse midwife, nurse anesthetist, Hospice, preventive services, targeted case management, school-based services, home-based services for children who are ventilator dependent, durable medical equipment, portable x-ray, nurse practitioners, chiropractor, and other medically necessary diagnostic and treatment services for children in the Early Periodic Screening Diagnostic and Treatment Program. In addition, co-payments and deductibles are paid for qualified Medicare beneficiaries receiving the following services: physical therapy, occupational therapy, psychological, licensed clinical social worker, physician assistant and comprehensive outpatient rehabilitative facility services.

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Individuals who are eligible for KMAP benefits are classified into two groups: those who already qualify for some type of financial assistance due to eligibility for another program (categorically eligible) and those eligible for medical assistance only (medically needy).

Categorically Eligible: This group includes the following individuals: needy families with dependent children, foster care children, adults 65 years of age or older with income below eligibility thresholds, the needy blind, and the needy permanently and totally disabled. Individuals in this group may receive grant money from Temporary Assistance to Needy Families (TANF), State Supplementation, or the Supplemental Security Income (SSI) programs. Any SSI or State Supplementation recipient as well as individuals who meet the technical and financial requirements of the Aid to Families with Dependent Children program as it existed on July 16, 1996, can qualify for Medicaid.

Medically Needy: Individuals in this group have incomes above the established level to qualify for financial assistance to meet basic needs, but have insufficient income to meet all or part of their medical needs. This group includes: pregnant women and infants in households with income less than 185 percent of the Federal Poverty Level (FPL); children under age six with household income under 133 percent of FPL; and children, ages six to 19 years in families with income not exceeding 100 percent of the FPL.

2009 Poverty Guidelines	
<u>Family Size</u>	<u>Monthly Income</u>
1	\$903
2	\$1,215
3	\$1,526
4	\$1,838
5	\$2,150
6	\$2,461
7	\$2,773
8	\$3,085

Although the aged, blind, and disabled (both categorically and medically needy) represent only 33 percent of the recipient population, they account for approximately 64 percent of expenditures. The recommended budget assumes average monthly Medicaid eligibles of 742,971 in fiscal year 2011 and 764,054 in fiscal year 2012; and 54,924 in fiscal year 2011 and 55,307 in fiscal year 2012 for KCHIP eligibles.

Projecting Benefits Cost

Several forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared service-by-service cash forecasts. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures for each classification of medical service (the hypothesis is that the best predictor of future expenditures is past expenditures - adjusted for policy changes). In addition to the cash models, DMS and OSBD operate a more elaborate proprietary model developed by a third-party consulting firm, PriceWaterhouseCoopers (PWC). That model includes a separate forecast of eligibility for each class of Medicaid recipient: Aged, Blind, Disabled; TANF/SOBRA children (with and without Medicaid); TANF/SOBRA adults (with and without Medicare); categorical eligibility associated with foster care; and a residual category for all other eligibility categories. Eligibility is used to transform the expenditure data into a "cost per eligible" for seven bundles of Medicaid services.

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 25 percent of the program's fiscal year 2011 and 20 percent of the program's fiscal year 2012 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, alternative community services, long-term care facilities. The recommended budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The fiscal year 2010 budget includes funding for Disproportionate Share Hospital (DSH) payments of \$211,113,800 and \$207,429,500 and \$215,726,700 in fiscal years 2011 and 2012, respectively. Disproportionate Share Hospital payments to state mental hospitals are budgeted at approximately \$34,559,900 in each year of the biennium. This budget includes matches from the university teaching hospitals in order to access the portion of DSH funds for those facilities.

Passport Managed Care Plan

The recommended budget assumes that the Region Three Medicaid managed care partnership will continue to operate in Jefferson County and the 15 surrounding counties.

Benefit Match Rate

The Governor's recommended budget assumes a federal medical assistance percentage of 75.93 for state fiscal year 2011 and 71.49 percent for state fiscal year 2012 for most budget items. The federal Medicaid match rate assumed for KCHIP is 79.95 percent in fiscal year 2011 and 80.04 percent in fiscal year 2012.

Quality and Charity Care Trust Fund

To the extent that all parties agree, the General Fund appropriation of the Quality and Charity Care Trust Fund may be transferred to the Department for Medicaid Services Benefits.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and serves eligible children up to 200 percent of the federal poverty level.

The CHIP program was officially reauthorized effective April 1, 2009 with enactment of the Children's Health Insurance Program Reauthorization Act (CHIPRA). CHIPRA restructured the funding formula in order to provide, to the extent possible, predictable and adequate federal funding for the program through September 2013.

Policy

The Executive Budget provides additional General Fund in the amount of \$1,500,000 in fiscal year 2011 and fiscal year 2012 to establish a Smoking Cessation Treatment program in accordance with Centers for Disease Control's recommended program.

The Executive Budget provides additional funds totaling \$8,000,000 (200 slots) in fiscal year 2011 and \$24,000,000 (200 slots) in fiscal year 2012 for a total of 400 slots by the end of fiscal year 2012 to continue the roll-out of the Supports for Community Living program.

The Executive Budget provides additional General Fund totaling \$370,000 in each fiscal year that will enable the Department for Medicaid Services to suspend the KCHIP premium requirement.

Health and Family Services
Behavioral Health, Developmental and Intellectual Disabilities

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	198,212,400	238,596,300	255,380,900	191,175,800	199,537,300
Salary and Health Insurance Adjustments	273,400				
Reorganization Adjustment	-7,195,500				
Mandated Expenditure Reductions	-8,418,500				
Total General Fund	182,871,800	238,596,300	255,380,900	191,175,800	199,537,300
Tobacco Fund					
Tobacco Settlement - Phase I	975,000	900,000	900,000	900,000	900,000
Total Tobacco Fund	975,000	900,000	900,000	900,000	900,000
Restricted Fund					
Balance Forward	12,366,100				
Current Receipts	233,793,600	234,061,600	234,061,600	234,061,600	234,061,600
Non-Revenue Receipts	6,879,900	8,497,400	8,681,700	8,476,000	8,632,800
Fund Transfers	-10,220,000				
Total Restricted Fund	242,819,600	242,559,000	242,743,300	242,537,600	242,694,400
Federal Fund					
Current Receipts	41,476,300	42,002,700	39,571,900	40,349,800	37,843,800
Total Federal Fund	41,476,300	42,002,700	39,571,900	40,349,800	37,843,800
TOTAL SOURCE OF FUNDS	468,142,700	524,058,000	538,596,100	474,963,200	480,975,500
EXPENDITURES BY CLASS					
Personnel Costs	115,725,700	128,313,200	132,251,100	114,681,500	114,407,100
Operating Expenses	25,566,000	25,609,700	25,630,500	25,597,700	25,618,500
Grants Loans Benefits	326,527,200	369,811,300	368,815,700	326,105,700	324,010,100
Debt Service			11,575,000	8,254,500	16,616,000
Capital Outlay	323,800	323,800	323,800	323,800	323,800
TOTAL EXPENDITURES	468,142,700	524,058,000	538,596,100	474,963,200	480,975,500
EXPENDITURES BY FUND SOURCE					
General Fund	182,871,800	238,596,300	255,380,900	191,175,800	199,537,300
Tobacco Fund	975,000	900,000	900,000	900,000	900,000
Restricted Fund	242,819,600	242,559,000	242,743,300	242,537,600	242,694,400
Federal Fund	41,476,300	42,002,700	39,571,900	40,349,800	37,843,800
TOTAL EXPENDITURES	468,142,700	524,058,000	538,596,100	474,963,200	480,975,500
EXPENDITURES BY UNIT					
Community Behavioral Health	127,923,900	141,115,000	138,624,400	126,012,000	123,349,200
Community Developmental and Intellectual Disabilities	27,222,200	34,881,500	35,377,700	27,543,800	27,857,400
General Support	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900
Residential	285,187,000	302,223,700	317,423,400	293,441,500	301,803,000
TOTAL EXPENDITURES	468,142,700	524,058,000	538,596,100	474,963,200	480,975,500

The Department for Mental Health/Mental Retardation Services operates mental health, mental retardation, substance abuse, developmental disability, and brain injury programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 1,300 inpatients are cared for daily in the facilities operated or contracted by the cabinet, and several thousand more are treated as outpatients in the community setting by the 14 Regional Mental Health and Mental Retardation Boards.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	47,865,600	61,820,000	61,986,000	46,722,100	46,722,100
Mandated Expenditure Reductions	-1,036,700				
Total General Fund	46,828,900	61,820,000	61,986,000	46,722,100	46,722,100
Tobacco Fund					
Tobacco Settlement - Phase I	975,000	900,000	900,000	900,000	900,000
Total Tobacco Fund	975,000	900,000	900,000	900,000	900,000
Restricted Fund					
Balance Forward	1,690,500				
Current Receipts	37,888,600	37,701,300	37,701,300	37,701,300	37,701,300
Non-Revenue Receipts	4,140,500	5,578,000	5,581,100	5,575,500	5,575,500
Total Restricted Fund	43,719,600	43,279,300	43,282,400	43,276,800	43,276,800
Federal Fund					
Current Receipts	36,400,400	35,115,700	32,456,000	35,113,100	32,450,300
Total Federal Fund	36,400,400	35,115,700	32,456,000	35,113,100	32,450,300
TOTAL SOURCE OF FUNDS	127,923,900	141,115,000	138,624,400	126,012,000	123,349,200
EXPENDITURES BY CLASS					
Personnel Costs	4,649,000	4,595,500	4,536,700	4,219,200	3,988,200
Operating Expenses	419,400	418,000	413,200	418,000	413,200
Grants Loans Benefits	122,855,500	136,101,500	133,674,500	121,374,800	118,947,800
TOTAL EXPENDITURES	127,923,900	141,115,000	138,624,400	126,012,000	123,349,200
EXPENDITURES BY FUND SOURCE					
General Fund	46,828,900	61,820,000	61,986,000	46,722,100	46,722,100
Tobacco Fund	975,000	900,000	900,000	900,000	900,000
Restricted Fund	43,719,600	43,279,300	43,282,400	43,276,800	43,276,800
Federal Fund	36,400,400	35,115,700	32,456,000	35,113,100	32,450,300
TOTAL EXPENDITURES	127,923,900	141,115,000	138,624,400	126,012,000	123,349,200
EXPENDITURES BY UNIT					
Community Alcohol and Drug Services	39,214,700	42,882,000	41,079,300	38,258,000	36,395,200
Community Mental Health Services	88,709,200	98,233,000	97,545,100	87,754,000	86,954,000
TOTAL EXPENDITURES	127,923,900	141,115,000	138,624,400	126,012,000	123,349,200

Community Mental Health Services

The Community Mental Health Services program provides services and support to Kentuckians with mental health problems in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the community mental health centers and other local entities. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable. These are:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children and youth with severe emotional disabilities (KRS 200.500 to KRS 200.509).

In accordance with KRS 210.410, community mental health centers must provide persons suffering from mental health problems with specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; therapeutic rehabilitation programs, where individuals with mental illness may receive services to assist them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to state or community hospitals.

State and federal funds are used to provide case management services, psychotropic medications, housing, and vocational support services for adults with severe mental illness. Funds are also provided for unique services that “wrap around” a child or adult who is at risk of psychiatric hospitalization. These funds are used to purchase goods and services that are individualized and can include peer mentoring, respite, and social skills training.

The Community Mental Health program assists in statewide mental health planning, monitors services, provides technical assistance and training, and procures and administers federal and other funds for the mental health community.

Community Alcohol and Drug Services

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, alcohol and drug addiction. Services are provided primarily through contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the Community Mental Health Centers. These substance abuse prevention and treatment services are provided pursuant to KRS 222 (Alcohol and Drug Education, Treatment, and Rehabilitation). The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Forfeiture).

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,709,400	25,675,100	25,761,200	20,006,600	20,006,600
Mandated Expenditure Reductions	-507,300				
Reorganization Adjustment	-7,195,500				
Total General Fund	20,006,600	25,675,100	25,761,200	20,006,600	20,006,600
Restricted Fund					
Balance Forward	300				
Non-Revenue Receipts	2,739,400	2,919,400	3,100,600	2,900,500	3,057,300
Total Restricted Fund	2,739,700	2,919,400	3,100,600	2,900,500	3,057,300
Federal Fund					
Current Receipts	4,475,900	6,287,000	6,515,900	4,636,700	4,793,500
Total Federal Fund	4,475,900	6,287,000	6,515,900	4,636,700	4,793,500
TOTAL SOURCE OF FUNDS	27,222,200	34,881,500	35,377,700	27,543,800	27,857,400
EXPENDITURES BY CLASS					
Personnel Costs	4,318,900	4,570,600	4,753,200	4,325,800	4,325,800
Operating Expenses	853,800	889,900	915,500	886,900	912,500
Grants Loans Benefits	22,049,500	29,421,000	29,709,000	22,331,100	22,619,100
TOTAL EXPENDITURES	27,222,200	34,881,500	35,377,700	27,543,800	27,857,400
EXPENDITURES BY FUND SOURCE					
General Fund	20,006,600	25,675,100	25,761,200	20,006,600	20,006,600
Restricted Fund	2,739,700	2,919,400	3,100,600	2,900,500	3,057,300
Federal Fund	4,475,900	6,287,000	6,515,900	4,636,700	4,793,500
TOTAL EXPENDITURES	27,222,200	34,881,500	35,377,700	27,543,800	27,857,400
EXPENDITURES BY UNIT					
Local Developmental and Intellectual Disabilities	25,148,200	32,784,800	33,256,100	25,469,800	25,783,400
KY Developmental Disability Council	2,074,000	2,096,700	2,121,600	2,074,000	2,074,000
TOTAL EXPENDITURES	27,222,200	34,881,500	35,377,700	27,543,800	27,857,400

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

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

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

Policy

The Executive Budget provides restricted funds and federal funds totaling \$321,600 in fiscal year 2011 and \$635,200 in fiscal year 2012 to support the expansion of the Supports for Community Living in the Medicaid Benefits program.

Health and Family Services
Behavioral Health, Developmental and Intellectual Disabilities
General Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,619,600	45,837,800	47,170,600	27,965,900	27,965,900
Mandated Expenditure Reductions	-1,810,000				
Total General Fund	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900
TOTAL SOURCE OF FUNDS	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900
EXPENDITURES BY CLASS					
Personnel Costs	2,772,400	3,307,400	3,540,200	2,944,500	2,944,500
Operating Expenses	624,900	633,900	633,900	624,900	624,900
Grants Loans Benefits	24,412,300	41,896,500	42,996,500	24,396,500	24,396,500
TOTAL EXPENDITURES	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900
EXPENDITURES BY FUND SOURCE					
General Fund	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900
TOTAL EXPENDITURES	27,809,600	45,837,800	47,170,600	27,965,900	27,965,900

General Mental Health/Mental Retardation Support includes the Commissioner's Office, the Division of Administration and Financial Management, and Community Care Grants. This unit's activities include policy and budget development, program monitoring, standards development, and management decision-making for the overall direction of the Department. The Department contracts with the University of Kentucky for technical and information support services.

The Community Care Grants provide the funding for the "safety net" for individuals needing mental health, mental retardation, substance abuse services, and the infrastructure that supports and provides these services. Kentucky Revised Statute 210.420 sets the distribution formula for these funds to local community mental health centers. Local boards determine which program areas and which services will be funded based on local needs.

Health and Family Services
Behavioral Health, Developmental and Intellectual Disabilities
Residential

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	93,017,800	105,263,400	120,463,100	96,481,200	104,842,700
Salary and Health Insurance Adjustments	273,400				
Mandated Expenditure Reductions	-5,064,500				
Total General Fund	88,226,700	105,263,400	120,463,100	96,481,200	104,842,700
Restricted Fund					
Balance Forward	10,675,300				
Current Receipts	195,905,000	196,360,300	196,360,300	196,360,300	196,360,300
Fund Transfers	-10,220,000				
Total Restricted Fund	196,360,300	196,360,300	196,360,300	196,360,300	196,360,300
Federal Fund					
Current Receipts	600,000	600,000	600,000	600,000	600,000
Total Federal Fund	600,000	600,000	600,000	600,000	600,000
TOTAL SOURCE OF FUNDS	285,187,000	302,223,700	317,423,400	293,441,500	301,803,000
EXPENDITURES BY CLASS					
Personnel Costs	103,985,400	115,839,700	119,421,000	103,192,000	103,148,600
Operating Expenses	23,667,900	23,667,900	23,667,900	23,667,900	23,667,900
Grants Loans Benefits	157,209,900	162,392,300	162,435,700	158,003,300	158,046,700
Debt Service			11,575,000	8,254,500	16,616,000
Capital Outlay	323,800	323,800	323,800	323,800	323,800
TOTAL EXPENDITURES	285,187,000	302,223,700	317,423,400	293,441,500	301,803,000
EXPENDITURES BY FUND SOURCE					
General Fund	88,226,700	105,263,400	120,463,100	96,481,200	104,842,700
Restricted Fund	196,360,300	196,360,300	196,360,300	196,360,300	196,360,300
Federal Fund	600,000	600,000	600,000	600,000	600,000
TOTAL EXPENDITURES	285,187,000	302,223,700	317,423,400	293,441,500	301,803,000

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, forensic psychiatry, and substance abuse for 1,200 individuals each day.

Inpatient psychiatric services are provided for adults through three psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 167; Central State Hospital in Louisville with an ADC of 90; and Western State Hospital in Hopkinsville with an ADC of 106. The Hazard Psychiatric Facility, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 86, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with Bluegrass Regional Mental Health/Mental Retardation Board, Inc.

Glasgow Nursing Facility with an ADC of 80 and Western State Nursing Facility with an ADC of 127 provide nursing facility services for adults with mental illness who are admitted from state psychiatric hospitals.

Seven facilities provide intermediate care for individuals with development and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 207, Outwood in Dawson Springs with an ADC of 63, Hazelwood in Louisville with an ADC of 138, Central State Intermediate Care Facility on the campus of Central

State Hospital with an ADC of 34, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 8. Residents are assisted in self-care skills and appropriate social behavior and are provided specialized services to promote their personal growth.

Numerous initiatives are underway to improve the overall quality of service provided to the residents at the Oakwood Community Center. The cabinet has contracted with Bluegrass Regional Mental Health Mental Retardation Board, Inc. to operate the Oakwood Community Center. The vendor is making improvements in the care rendered at the facility while ensuring the safety and welfare of clients at Oakwood as the Department continues to downsize the facility.

Volta House, a facility with an ADC of 22 on the campus of Western State Hospital in Hopkinsville, provides a 28-day inpatient program for individuals suffering from chronic or acute alcoholism.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange (85 beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component serves post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

Included in the General Fund is \$107,000 in fiscal year 2012 for debt service to construct a new specialty clinic on the grounds of Oakwood Intermediate Care Facility for the Mentally Retarded (ICF/MR). The clinic services are necessary in order to develop a "safety-net" for individuals with intellectual disabilities who live in the community and who may need more aggressive treatment options than typically available in most communities.

Included in the General Fund is \$7,243,500 in fiscal year 2011 and \$14,487,000 in fiscal year 2012 for debt service to construct a new psychiatric care facility that will replace the current Eastern State Hospital in Lexington, Kentucky. The new hospital will be constructed on the grounds of University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington. Design costs were financed by the Lexington Fayette Urban County Government. The bond funds for this project will repay the Lexington Fayette Urban County Government and will fund the cost to construct the hospital.

Included in the General Fund is \$1,011,000 in fiscal year 2011 and \$2,022,000 in fiscal year 2012 for debt service for replacement and new construction of Glasgow State Nursing Facility (GSNF) on the current grounds. This project will enable the continuation of services to mentally ill patients and individuals with developmental disabilities at this 24/7 residential facility.

Health and Family Services

Public Health

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	71,989,800	69,516,600	77,371,400	60,221,900	60,221,900
Salary and Health Insurance Adjustments	255,400				
Budget Reduction-General Fund	-9,467,600				
Mandated Expenditure Reductions	-3,133,400				
Total General Fund	59,644,200	69,516,600	77,371,400	60,221,900	60,221,900
Tobacco Fund					
Tobacco Settlement - Phase I	19,919,200	18,216,300	16,792,300	16,546,900	14,505,100
Continuing Approp.-Tobacco Settlement	3,568,900				
Total Tobacco Fund	23,488,100	18,216,300	16,792,300	16,546,900	14,505,100
Restricted Fund					
Balance Forward	4,147,300	2,021,200	1,912,400	2,021,200	1,912,400
Current Receipts	118,555,000	116,429,300	116,449,800	115,768,600	115,926,500
Non-Revenue Receipts	419,700	419,700	419,700	419,700	419,700
Total Restricted Fund	123,122,000	118,870,200	118,781,900	118,209,500	118,258,600
Federal Fund					
Current Receipts	228,327,300	241,723,800	241,898,700	239,986,500	239,742,600
Total Federal Fund	228,327,300	241,723,800	241,898,700	239,986,500	239,742,600
TOTAL SOURCE OF FUNDS	434,581,600	448,326,900	454,844,300	434,964,800	432,728,200
EXPENDITURES BY CLASS					
Personnel Costs	52,065,200	52,053,900	53,942,000	48,306,400	48,639,100
Operating Expenses	22,572,200	22,843,600	22,604,600	22,878,100	22,698,200
Grants Loans Benefits	354,891,800	371,517,000	371,003,100	361,867,900	359,587,300
Debt Service			5,491,000		
TOTAL EXPENDITURES	429,529,200	446,414,500	453,040,700	433,052,400	430,924,600
EXPENDITURES BY FUND SOURCE					
General Fund	59,644,200	69,516,600	77,371,400	60,221,900	60,221,900
Tobacco Fund	20,456,900	18,216,300	16,792,300	16,546,900	14,505,100
Restricted Fund	121,100,800	116,957,800	116,978,300	116,297,100	116,455,000
Federal Fund	228,327,300	241,723,800	241,898,700	239,986,500	239,742,600
TOTAL EXPENDITURES	429,529,200	446,414,500	453,040,700	433,052,400	430,924,600
EXPENDITURES BY UNIT					
General Health Support	64,916,500	68,402,300	75,718,200	64,294,500	65,898,200
Women's Health	11,778,100	11,906,100	11,940,200	11,576,100	11,586,400
Prevention and Quality Improvement	23,152,800	24,213,500	24,867,100	22,112,900	21,870,500
Epidemiology and Health Planning	58,207,200	69,740,400	69,744,600	68,613,600	67,408,900
Maternal and Child Health	254,536,600	253,505,100	252,139,500	249,625,400	247,231,800
Laboratory Services	6,421,000	6,578,700	6,769,800	6,334,500	6,356,700
Public Health Protection and Safety	10,517,000	12,068,400	11,861,300	10,495,400	10,572,100
TOTAL EXPENDITURES	429,529,200	446,414,500	453,040,700	433,052,400	430,924,600

The Department for Public Health (DPH) as authorized by KRS 211.025 and 211.180 supervises and assists all local boards of health and local health departments in an effort to protect and improve the health of the citizens of the Commonwealth. There are 56 local health departments units serving all 120 counties in Kentucky.

The Department is responsible for programs that affect the quality of life of all four million Kentuckians each and every day. Public health organizations are accountable to the populations they serve, and public health officials are primarily responsible for the health of the population living in their jurisdiction (county, group of counties, state) through both personal preventive as well as population based services. Private health providers are primarily responsible for the health of only the patients who come to them for services.

In fiscal year 2009, the public health departments of Kentucky reported the following accomplishments:

- Provided adult health preventive visits to 140,806 people
- Provided cancer related clinical visits (primarily breast and cervical cancer) to 64,289 people
- Provided individual and group diabetes education services to 54,328 people
- Provided family planning services to 87,012 people
- Provided maternity services to 9,043 women
- Provided 294,328 medical home health units/visits to 12,651 patients
- Provided 173,540 units/visits of Medicaid Home and Community Based Services to 1,207 people
- Provided children's preventive services to 124,290
- Enrolled 144,514 Women, Infants and Children participants
- Referred 834 infants with positive or inconclusive results from newborn metabolic screening (approximately 30 disorders) to university diagnostic centers
- Performed genetic testing, counseling and education for 1,831 families
- Provided 747,819 doses of vaccine to Kentuckians. Data recently released by the Centers for Disease Control and Prevention show that 75 percent of Kentucky's two-year-olds have received the required immunizations
- Immunized 497,567 persons
- Immunized kindergarten entrants adequately with the following vaccines (53,750 children)
 - 4 doses of DTaP--Diphtheria, Tetanus & Pertussis (whooping cough): 92.5%
 - 3 doses of Polio: 93.1%
 - 2 doses of MMR-Measles, Mumps & Rubella: 90.7%
 - 1 dose of Hib (meningitis): 90.7%
 - 3 doses of Hepatitis B: 92.4%
 - 1 dose of Varicella (chicken pox): 92.4%
- 1 Inspected 44,008 food establishments, 1,624 X-ray and other radiation-producing machines, 7,582 dairies, and performed 109,000 sanitation inspections
- 2 Performed 2,743,003 laboratory tests
- 3 Provided 479,642 copies of vital statistics records to the public

The Cabinet for Health and Family Services and the Department for Public Health have relied on local health departments to carry out two important functions for the state: core public health activities required by statute or regulation and preventive services to specific populations mandated by budget appropriations. The seven core functions are: enforcement of public health regulations, surveillance of public health, communicable disease control, public health education, public health policy development, reduction of risk to families and children, and disaster preparedness. Preventive services for specific populations include family planning, prenatal care, pediatric preventive check-ups, Women, Infants, and Children supplemental nutrition services, adult preventive services, and chronic disease monitoring, and support services.

Local health departments may provide additional services depending on the availability of alternative revenue sources. Examples of these additional services include home health services, physician based ambulatory primary care services, and expanded school health services.

**Health and Family Services
Public Health
General Health Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,933,200	16,486,200	22,192,500	12,499,900	12,499,900
Salary and Health Insurance Adjustments	17,600				
Budget Reduction-General Fund	-3,252,000				
Mandated Expenditure Reductions	-2,169,800				
Total General Fund	15,529,000	16,486,200	22,192,500	12,499,900	12,499,900
Restricted Fund					
Balance Forward	3,300				
Current Receipts	49,795,600	52,698,100	54,307,700	52,576,600	54,180,300
Non-Revenue Receipts	-411,400	-782,000	-782,000	-782,000	-782,000
Total Restricted Fund	49,387,500	51,916,100	53,525,700	51,794,600	53,398,300
TOTAL SOURCE OF FUNDS	64,916,500	68,402,300	75,718,200	64,294,500	65,898,200
EXPENDITURES BY CLASS					
Personnel Costs	5,031,500	5,234,000	5,458,400	4,907,000	4,910,700
Operating Expenses	484,200	484,700	485,200	694,000	694,000
Grants Loans Benefits	59,400,800	62,683,600	64,283,600	58,693,500	60,293,500
Debt Service			5,491,000		
TOTAL EXPENDITURES	64,916,500	68,402,300	75,718,200	64,294,500	65,898,200
EXPENDITURES BY FUND SOURCE					
General Fund	15,529,000	16,486,200	22,192,500	12,499,900	12,499,900
Restricted Fund	49,387,500	51,916,100	53,525,700	51,794,600	53,398,300
TOTAL EXPENDITURES	64,916,500	68,402,300	75,718,200	64,294,500	65,898,200

General Health Support provides funding for two organizational units within the Department for Public Health: the Office of the Commissioner and the Division of Administration and Financial Management.

The Commissioner's Office is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role continues to expand in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities and the coordination of emergency response capabilities with federal and other state agencies. The Deputy Commissioner serves as the Senior Deputy Health Officer and Chief Operating Officer of the Department. This physician position is responsible for the day-to-day operations for the Department including oversight of over 100 preventive programs.

The Chief Nurse for Public Health, located in the Commissioner's Office, provides professional consultation, support, and technical assistance to the commissioner, executive staff, and state and local health departments including approximately 1,500 nurses practicing in local health departments. The Chief Nurse helps administer the nurse-managed employee health centers in Frankfort that provide direct care, blood pressure monitoring, flu shots, health education, and HIV/AIDS and CPR classes for state employees.

The Kentucky Office of Health Equity was established in September 2008, functionally operating through the Kentucky Department of Public Health, Commissioner's Office. The Office receives funding from the U.S. Department of Health and Human Services, Office of Minority Health. The Office seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural,

and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions and departments across the Department of Public Health.

The Division of Administration and Financial Management provides all resource support to the Department for Public Health. This includes approximately 373 Cabinet-level personnel and nearly 4,000 personnel represented by the 56 local health departments in all 120 counties. The Division provides all budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support. The Division develops the Department's biennial budget and oversees local health departments' fiscal planning and administrative management functions. The Division works in concert with the other divisions in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments.

The Division is also responsible for overseeing the day-to-day operation of the 56 local health departments across the state. This responsibility includes conducting training on medical coding and billing practices, local health personnel procedures, and financial operations. Additionally, this Division has the responsibilities for personnel management; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks approximately 7.4 million services to 848,000 patients, policy interpretation, and the Local Board of Health nomination process. The Division is the primary liaison between the Department for Public Health and local health departments.

Health and Family Services

Public Health

Women's Health

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,970,800	2,902,300	2,926,100	2,882,900	2,882,900
Budget Reduction-General Fund	-77,000				
Mandated Expenditure Reductions	-10,900				
Total General Fund	2,882,900	2,902,300	2,926,100	2,882,900	2,882,900
Tobacco Fund					
Tobacco Settlement - Phase I	300,000	366,100	337,800	200,000	200,000
Continuing Approp.-Tobacco Settlement	11,700				
Total Tobacco Fund	311,700	366,100	337,800	200,000	200,000
Restricted Fund					
Balance Forward	12,000				
Current Receipts	173,000	185,000	185,000	185,000	185,000
Total Restricted Fund	185,000	185,000	185,000	185,000	185,000
Federal Fund					
Current Receipts	8,414,100	8,452,700	8,491,300	8,308,200	8,318,500
Total Federal Fund	8,414,100	8,452,700	8,491,300	8,308,200	8,318,500
TOTAL SOURCE OF FUNDS	11,793,700	11,906,100	11,940,200	11,576,100	11,586,400
EXPENDITURES BY CLASS					
Personnel Costs	1,159,200	1,220,800	1,283,200	1,056,900	1,067,200
Operating Expenses	113,600	113,600	113,600	113,600	113,600
Grants Loans Benefits	10,505,300	10,571,700	10,543,400	10,405,600	10,405,600
TOTAL EXPENDITURES	11,778,100	11,906,100	11,940,200	11,576,100	11,586,400
EXPENDITURES BY FUND SOURCE					
General Fund	2,882,900	2,902,300	2,926,100	2,882,900	2,882,900
Tobacco Fund	296,100	366,100	337,800	200,000	200,000
Restricted Fund	185,000	185,000	185,000	185,000	185,000
Federal Fund	8,414,100	8,452,700	8,491,300	8,308,200	8,318,500
TOTAL EXPENDITURES	11,778,100	11,906,100	11,940,200	11,576,100	11,586,400

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

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

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

The Folic Acid Counseling and Supplementation subprogram services are provided in every health department (56) in Kentucky and six sub-delegates, which include three university clinic sites, Bluegrass Farm Workers, and Planned Parenthoods in Lexington and Louisville. Research has shown that when women consume adequate folic acid, the incidence of neural tube defects such as spina bifida can be decreased by as much as 70%. Since the inception of this program, the number of neural tube defects in infants in Kentucky has declined. The Folic Acid program has been funded by Tobacco Settlement funds.

The Abstinence Education Program offers adolescent abstinence-only education programs throughout the state. The goal of this federal program is to lower teen pregnancy in Kentucky by teaching values with community support through a Positive Youth Development approach, which suggests that the best way to prevent involvement in risky behavior (sexual activity and pregnancy in teens) is to help adolescents achieve their full potential. Program goals are met via early intervention continuity of abstinence-only interventions, and community awareness. Strategies include community and mentoring programs, as well as school-based curriculums that teach abstinence in the 100% safe choice to guard against sexually transmitted diseases and pregnancy. *The federal grant for the Abstinence Education Program ended June 30, 2009. A new federal program entitled the "Teen Pregnancy Prevention Program" is awaiting congressional approval and funds could be allocated to the state by the spring of 2010.*

The Title X Family Planning subprogram provides individuals with the information and means to exercise personal choice in determining the number and spacing of children. Title X family planning clinics play a critical role in ensuring access to voluntary, confidential family planning services for low-income or uninsured families or whose total annual income does not exceed 100 percent for the most recent federal Income Poverty Guidelines. Charges to participants are at no cost or at a reduced cost. Family Planning services are currently offered in local health departments and clinics targeting special populations (e.g., males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as: patient education and counseling, breast and pelvic examinations, cervical cancer screenings, STD and HIV screenings, preconception counseling, pregnancy diagnosis, and counseling.

Health and Family Services
Public Health
Prevention and Quality Improvement

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,325,400	10,756,100	11,613,800	8,834,400	8,834,400
Salary and Health Insurance Adjustments	137,800				
Budget Reduction-General Fund	-591,100				
Mandated Expenditure Reductions	-435,600				
Total General Fund	9,436,500	10,756,100	11,613,800	8,834,400	8,834,400
Tobacco Fund					
Tobacco Settlement - Phase I	2,840,300	2,583,500	2,368,800	2,583,500	2,368,800
Continuing Approp.-Tobacco Settlement	874,600				
Total Tobacco Fund	3,714,900	2,583,500	2,368,800	2,583,500	2,368,800
Restricted Fund					
Balance Forward	2,800				
Current Receipts	6,078,500	6,081,300	6,081,300	6,081,300	6,081,300
Total Restricted Fund	6,081,300	6,081,300	6,081,300	6,081,300	6,081,300
Federal Fund					
Current Receipts	4,356,700	4,792,600	4,803,200	4,613,700	4,586,000
Total Federal Fund	4,356,700	4,792,600	4,803,200	4,613,700	4,586,000
TOTAL SOURCE OF FUNDS	23,589,400	24,213,500	24,867,100	22,112,900	21,870,500
EXPENDITURES BY CLASS					
Personnel Costs	3,423,900	3,601,600	3,812,500	3,152,900	3,167,800
Operating Expenses	880,500	880,500	880,500	875,200	875,200
Grants Loans Benefits	18,848,400	19,731,400	20,174,100	18,084,800	17,827,500
TOTAL EXPENDITURES	23,152,800	24,213,500	24,867,100	22,112,900	21,870,500
EXPENDITURES BY FUND SOURCE					
General Fund	9,436,500	10,756,100	11,613,800	8,834,400	8,834,400
Tobacco Fund	3,278,300	2,583,500	2,368,800	2,583,500	2,368,800
Restricted Fund	6,081,300	6,081,300	6,081,300	6,081,300	6,081,300
Federal Fund	4,356,700	4,792,600	4,803,200	4,613,700	4,586,000
TOTAL EXPENDITURES	23,152,800	24,213,500	24,867,100	22,112,900	21,870,500

The Prevention and Quality Improvement Program is comprised of five subprograms which include: Chronic Disease Prevention, Health Care Access, Education and Workforce Development, Public Health Improvement, and Health Promotion.

The mission of the Prevention and Quality Improvement program is to deliver programs and services, including chronic disease management, clinical and community education/promotion, quality improvement, employee health, health access for low income Kentuckians, staff education/development, and health risk behavior data analysis in order to promote more healthy behaviors by Kentuckians. The Division's activities cover the spectrum of population-based and personal preventive health services.

The Chronic Disease Prevention and Control subprogram is responsible for decreasing the morbidity and mortality from chronic diseases. Emphasis is on prevention and risk factors that can be reduced through healthy lifestyles. Prevention programs include asthma, arthritis, cardiovascular health, comprehensive cancer, diabetes, osteoporosis and health promotion.

The program provides funding to local health departments for community-based services aimed at individuals and at bringing about policy and environmental changes that will improve the health status of Kentuckians.

The Health Care Access subprogram provides focus on primary care and the administration of federal grants and programs relative to primary care. Through these programs, approximately 150 additional physicians are serving Kentucky's medically underserved population. The Program is responsible for determining areas of Kentucky that meet Health Professional Shortage Area criteria and Medically Underserved Area criteria.

The Education and Workforce Development subprogram coordinates all training programs, workshops, courses, and seminar conferences. By leveraging technology and managing the Department's learning management system, known as the Training Finder Real-time Affiliate Integrated Network (TRAIN), the Education and Workforce subprogram has seen a significant increase in the number of staff participating in on-line module learning and satellite programming. Responsible for ensuring a well-trained competent workforce at the state and local level, the subprogram has set in place an electronic process for continuing education. Training is delivered by means of the web, satellite and video conferencing.

The Public Health Improvement subprogram is responsible for the publication and maintenance of the Public Health Practice Reference. These documents are critical to help local health departments provide clinical and health education/promotion activities. The subprogram seeks to strengthen and improve the quality of the practice of public health to include but not limited to the implementation of policies that assure the system can fulfill the role of protecting the safety and health of Kentuckians. The employee health service of the Program provides health care via employee health centers in Frankfort, Kentucky.

The Health Promotion subprogram administers programs that focus on behavioral risk factors to instill lifestyle changes for developing a healthy community. The subprogram provides services in the areas of Tobacco Cessation, Tobacco Quit-line, Obesity, Osteoporosis, Arthritis, Behavioral Risk Factor Surveillance, and Healthy Communities.

The Prevention and Quality Improvement Program collaborates with the other divisions within the Department for Public Health, local health departments, and other public health system participants in the areas of continuous quality/performance improvement, strategic planning and accreditation.

Health and Family Services
Public Health
Epidemiology and Health Planning

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,321,600	5,144,300	5,411,600	4,878,000	4,878,000
Budget Reduction-General Fund	-328,000				
Mandated Expenditure Reductions	-68,600				
Total General Fund	4,925,000	5,144,300	5,411,600	4,878,000	4,878,000
Tobacco Fund					
Tobacco Settlement - Phase I	2,313,400	2,117,500	1,953,700	1,775,900	800,000
Continuing Approp.-Tobacco Settlement	400				
Total Tobacco Fund	2,313,800	2,117,500	1,953,700	1,775,900	800,000
Restricted Fund					
Balance Forward	3,348,200	2,021,200	1,912,400	2,021,200	1,912,400
Current Receipts	7,706,700	7,706,700	7,706,700	7,797,800	7,857,000
Non-Revenue Receipts	41,500	41,500	41,500	41,500	41,500
Total Restricted Fund	11,096,400	9,769,400	9,660,600	9,860,500	9,810,900
Federal Fund					
Current Receipts	41,893,200	54,621,600	54,522,300	54,011,600	53,723,600
Total Federal Fund	41,893,200	54,621,600	54,522,300	54,011,600	53,723,600
TOTAL SOURCE OF FUNDS	60,228,400	71,652,800	71,548,200	70,526,000	69,212,500
EXPENDITURES BY CLASS					
Personnel Costs	20,255,600	21,117,300	21,661,400	20,369,100	20,516,400
Operating Expenses	15,542,100	15,664,500	15,484,600	15,659,200	15,479,300
Grants Loans Benefits	22,409,500	32,958,600	32,598,600	32,585,300	31,413,200
TOTAL EXPENDITURES	58,207,200	69,740,400	69,744,600	68,613,600	67,408,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,925,000	5,144,300	5,411,600	4,878,000	4,878,000
Tobacco Fund	2,313,800	2,117,500	1,953,700	1,775,900	800,000
Restricted Fund	9,075,200	7,857,000	7,857,000	7,948,100	8,007,300
Federal Fund	41,893,200	54,621,600	54,522,300	54,011,600	53,723,600
TOTAL EXPENDITURES	58,207,200	69,740,400	69,744,600	68,613,600	67,408,900

The Epidemiology and Health Planning Program reviews the occurrence of, and risk factors for, preventable and reportable diseases and injuries in the Commonwealth; to develop health policies related to the Division's and Department's objectives; to prepare for public health threats; to collect, safeguard, and report vital event records; and to assure the provision of core public health services. To discharge these responsibilities, the Division conducts activities in four areas:

- 1 Communicable Disease, which includes immunizations, sexually transmitted diseases, tuberculosis (TB), adult viral hepatitis, and other communicable diseases,
- 2 HIV/AIDS, which includes prevention activities, services, and surveillance for HIV/AIDS,
- 3 Vital Statistics, which collects and preserves mandatory records of all vital events including births, deaths, marriages, and divorces, and
- 4 Public Health Preparedness, which includes the development, implementation, and exercising of statewide emergency preparedness plans for both terrorist (nuclear, biologic, chemical) threats as well as naturally occurring disease outbreaks.

The Program makes financial support and vaccines available to local health departments and other providers for the

provision of over one million immunizations each year (more in years when outbreaks occur) to about 400,000 persons. Immunization rates in schools, day care, health department clinics, and among the general child population are tracked. The Tuberculosis Control subprogram reduces the number of cases and deaths due to tuberculosis by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by rendering infected individuals with disease non-infectious. Kentucky's TB case rate remains below the national average. Sexually transmitted disease and other communicable disease control assistance and consultation are provided across the Commonwealth as required.

The Epidemiology and Health Planning Program mandates that all 120 Kentucky counties offer HIV antibody testing anonymously and free of charge through local health departments. The HIV/AIDS Surveillance Project is mandated with acquiring, recording, and reporting both HIV and AIDS cases diagnosed in Kentucky. The HIV Prevention subprogram monitoring, planning, development, implementation, and execution through needs assessments of existing HIV prevention efforts; analyze current and projected epidemiological data; and create intervention strategies to reduce the risk of HIV transmission for at-risk populations.

Epidemiology and Health Planning is the designated State Center for Health Statistics. The Vital Statistics subprogram is responsible for the collection, analysis, and dissemination of health data from many sources to policy makers, health planners and consumers with the goal of developing policy that will improve the health of the population and ensure access to (and the benefit of) public health services to all Kentuckians. The maintenance of all vital records (birth, death, marriage, and divorce certificates) and the response to all requests for vital statistics data are also carried out by this program.

Epidemiology and Health Planning is partially funded through federal emergency preparedness and response to bioterrorism grants and has the responsibility of developing, coordinating, and overseeing the public health response to terrorism (nuclear, biologic, and chemical). These funds are used to prepare the Commonwealth for disease outbreaks and other public health threats, increase the integration of local public health system assets, upgrade the State Laboratory to the capacity required by the Centers for Disease Control and Prevention, and provide hospitals across the state with funding to ensure preparedness for events attributable to terrorism.

**Health and Family Services
Public Health
Maternal and Child Health**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,274,300	26,352,300	27,427,400	24,317,300	24,317,300
Budget Reduction-General Fund	-4,972,600				
Mandated Expenditure Reductions	-280,800				
Total General Fund	20,020,900	26,352,300	27,427,400	24,317,300	24,317,300
Tobacco Fund					
Tobacco Settlement - Phase I	14,465,500	13,149,200	12,132,000	11,987,500	11,136,300
Continuing Approp.-Tobacco Settlement	2,682,200				
Total Tobacco Fund	17,147,700	13,149,200	12,132,000	11,987,500	11,136,300
Restricted Fund					
Balance Forward	505,400				
Current Receipts	45,674,400	39,974,400	38,374,400	39,992,200	38,403,600
Non-Revenue Receipts	1,758,800	1,864,200	1,864,200	1,864,200	1,864,200
Total Restricted Fund	47,938,600	41,838,600	40,238,600	41,856,400	40,267,800
Federal Fund					
Current Receipts	172,008,400	172,165,000	172,341,500	171,464,200	171,510,400
Total Federal Fund	172,008,400	172,165,000	172,341,500	171,464,200	171,510,400
TOTAL SOURCE OF FUNDS	257,115,600	253,505,100	252,139,500	249,625,400	247,231,800
EXPENDITURES BY CLASS					
Personnel Costs	14,154,000	11,863,800	12,187,000	10,838,400	10,896,000
Operating Expenses	727,800	727,800	727,800	722,600	722,600
Grants Loans Benefits	239,654,800	240,913,500	239,224,700	238,064,400	235,613,200
TOTAL EXPENDITURES	254,536,600	253,505,100	252,139,500	249,625,400	247,231,800
EXPENDITURES BY FUND SOURCE					
General Fund	20,020,900	26,352,300	27,427,400	24,317,300	24,317,300
Tobacco Fund	14,568,700	13,149,200	12,132,000	11,987,500	11,136,300
Restricted Fund	47,938,600	41,838,600	40,238,600	41,856,400	40,267,800
Federal Fund	172,008,400	172,165,000	172,341,500	171,464,200	171,510,400
TOTAL EXPENDITURES	254,536,600	253,505,100	252,139,500	249,625,400	247,231,800

The Maternal and Child Health Program promotes and safeguards the health of all Kentuckians, as well as helps them achieve the highest level of health and wellness possible. Its activities include public health education, nutrition, injury prevention, coordinated school health, perinatal care, early childhood intervention and promotion, well child care, oral health and selected primary and preventive care activities.

The Child and Family Health Improvement subprogram provides oversight to the services and activities which focus on these populations, including prenatal, child, and adolescent preventive health; lead poisoning prevention; child fatality and injury prevention; oral health; and coordinated school health. These services and activities help to improve quality of life and provide positive health outcomes.

Early childhood development legislation requires the Early Childhood Development subprogram to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services or HANDS), childcare consultation (Healthy Start in Child Care), and early childhood mental health services for children. The Early Childhood Development subprogram also identifies children in Kentucky at-risk for serious medical conditions and developmental delays through the newborn metabolic screening program and Kentucky Birth Surveillance Registry.

The First Steps (Kentucky Early Intervention System) subprogram provides case management developmental services, physical therapy, occupational therapy, speech therapy, hearing and vision services, health and diagnostic services, and nursing and nutrition services to infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. First Steps services are provided in the home or other community setting, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 system Points of Entry covering the 15 Area Development Districts.

The Nutrition subprogram administers the Special Supplemental Nutrition program for Women, Infants and Children; the Nutrition Program; the Breastfeeding Peer Counselor Program; WIC Electronic Benefits Transfers pilot project and the Farmers Market Nutrition Program. The Women, Infants and Children program is funded wholly by the USDA and provides food packages and nutrition education to low-income pregnant and post partum women, infants and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for children with special health care needs.

**Health and Family Services
Public Health
Laboratory Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,050,000	3,921,100	4,105,000	3,735,600	3,735,600
Budget Reduction-General Fund	-220,600				
Mandated Expenditure Reductions	-58,500				
Total General Fund	3,770,900	3,921,100	4,105,000	3,735,600	3,735,600
Restricted Fund					
Balance Forward	265,200				
Current Receipts	3,354,100	3,361,600	3,368,800	3,302,900	3,325,100
Non-Revenue Receipts	-969,200	-704,000	-704,000	-704,000	-704,000
Total Restricted Fund	2,650,100	2,657,600	2,664,800	2,598,900	2,621,100
TOTAL SOURCE OF FUNDS	6,421,000	6,578,700	6,769,800	6,334,500	6,356,700
EXPENDITURES BY CLASS					
Personnel Costs	2,492,600	2,645,600	2,819,800	2,423,600	2,445,800
Operating Expenses	3,677,500	3,694,400	3,711,300	3,672,200	3,672,200
Grants Loans Benefits	250,900	238,700	238,700	238,700	238,700
TOTAL EXPENDITURES	6,421,000	6,578,700	6,769,800	6,334,500	6,356,700
EXPENDITURES BY FUND SOURCE					
General Fund	3,770,900	3,921,100	4,105,000	3,735,600	3,735,600
Restricted Fund	2,650,100	2,657,600	2,664,800	2,598,900	2,621,100
TOTAL EXPENDITURES	6,421,000	6,578,700	6,769,800	6,334,500	6,356,700

The Laboratory Services Program is responsible for the prompt detection and identification of a wide variety of microorganisms (bacteria, viruses, etc.), and toxic chemical substances that pose a threat to the public's health. The laboratory also provides clinical testing on a large scale to detect congenital abnormalities in newborns and specific tests related to chronic disease disorders that affect the public.

The Laboratory Services Program provides examinations of clinical and environmental specimens to support other state and local health department programs and diagnostic testing not readily available elsewhere for hospitals and practicing physicians. Additionally, the laboratory tests environmental samples for water fluoride levels; examines milk, food, and water for evidence of contamination; performs pesticide analyses, and occupational safety and health chemistry.

Today, public health laboratories protect the nation's health through disease surveillance activities that use sophisticated equipment and result in early detection of outbreaks caused by emerging infectious diseases. The information provided by these laboratories is essential for guiding epidemiologic investigations that determine the measures needed to prevent and control the spread of disease. The Laboratory Services Program works closely with the Division of Epidemiology and Health Planning to provide emergency response capability in case of such disease outbreaks or other public health emergencies.

General Fund support is the primary source of funding for Laboratory Services. Other funds are received from federal grants, newborn metabolic screening fees, and a cooperative agreement with OSHA.

The Laboratory Services Program is certified as a high complexity laboratory, obligating it to meet the most stringent of requirements.

Health and Family Services
Public Health
Public Health Protection and Safety

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,114,500	3,954,300	3,695,000	3,073,800	3,073,800
Salary and Health Insurance Adjustments	100,000				
Budget Reduction-General Fund	-26,300				
Mandated Expenditure Reductions	-109,200				
Total General Fund	3,079,000	3,954,300	3,695,000	3,073,800	3,073,800
Restricted Fund					
Balance Forward	10,400				
Current Receipts	5,772,700	6,422,200	6,425,900	5,832,800	5,894,200
Total Restricted Fund	5,783,100	6,422,200	6,425,900	5,832,800	5,894,200
Federal Fund					
Current Receipts	1,654,900	1,691,900	1,740,400	1,588,800	1,604,100
Total Federal Fund	1,654,900	1,691,900	1,740,400	1,588,800	1,604,100
TOTAL SOURCE OF FUNDS	10,517,000	12,068,400	11,861,300	10,495,400	10,572,100
EXPENDITURES BY CLASS					
Personnel Costs	5,548,400	6,370,800	6,719,700	5,558,500	5,635,200
Operating Expenses	1,146,500	1,278,100	1,201,600	1,141,300	1,141,300
Grants Loans Benefits	3,822,100	4,419,500	3,940,000	3,795,600	3,795,600
TOTAL EXPENDITURES	10,517,000	12,068,400	11,861,300	10,495,400	10,572,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,079,000	3,954,300	3,695,000	3,073,800	3,073,800
Restricted Fund	5,783,100	6,422,200	6,425,900	5,832,800	5,894,200
Federal Fund	1,654,900	1,691,900	1,740,400	1,588,800	1,604,100
TOTAL EXPENDITURES	10,517,000	12,068,400	11,861,300	10,495,400	10,572,100

The Public Health Protection and Safety Program provides a variety of environmental services, from monitoring exposure to radiation to ensuring sanitation of food, milk, and public facilities. This program provides consultation and guidance to some 500 local health department environmental-public health specialists/registered sanitarians, and provides regulatory oversight to many of Kentucky's businesses. The Program's mission statement is: promoting a healthier, safer public through prevention, education, communication, and regulation.

The Radiation subprogram inspects and issues over 675 specific licenses to users of radioactive materials, and registers and inspects over 200 users of radiation sources. The subprogram monitors the transportation of radioactive waste, within and through the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours per day. The subprogram registers and inspects 4,008 facilities with 9,800 X-Ray tubes, conducts reviews and inspects approximately 164 mammography facilities and shielding plans for facilities, and issues certificates and inspects approximately 7,586 operators of sources of radiation. The subprogram collects and analyzes approximately 1,500 samples from Maxey Flats Disposal Site and conducts 4,584 analyses on these samples. The subprogram also collects approximately 2,100 samples at the Paducah Gaseous Diffusion Plant and conducts 11,754 quality control analyses.

The Milk Safety subprogram inspects dairy farms, dairy plants, transfer and hauler facilities, and milk processors, conducting 8,048 inspections of 1,900 dairies annually as the events of September 11, 2001 have re-emphasized the need for added security of the nation's food supply, including milk products. The subprogram provides safety education to milk haulers, pasteurization equipment operators and other industry professionals. Routine testing and inspection of pasteurization

equipment along with monthly sampling aid in the prevention of possible public health illnesses from occurring. The subprogram investigates complaints, responds to federal Food & Drug Administration notices regarding dairy recalls or events, and serves as a first responder for dairy industry events.

The Food Safety subprogram currently spends \$3,000,000 to oversee Kentucky's multi-billion dollar food industry. The subprogram trains local health department employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The subprogram oversees food manufacturing and storage programs and the farmer's market for program compliance. The subprogram collects representative samples from the state's raw agricultural producers and fish markets to test for pesticide residues and other contaminants. The Food Safety subprogram also oversees quarantines and the destruction of food, drugs, and alcohol which have been contaminated by disasters such as floods.

The Environmental Management subprogram is responsible for regulating public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections that are required by law. The subprogram is also responsible for: initial certification and ongoing specialized trainings to local health department environmental staff; continuing education to septic system installers through a program operated by local health departments that results in certifications being issued when an individual demonstrates the ability to perform in a safe and sanitary manner; education, including informational pamphlets and presentations, to inform the public about the hazards of radon gas, proper septic system maintenance, pool maintenance for public and private swimming pools, rabies control, and proper water well sanitation.

This subprogram also ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by local health department inspectors. The education, investigation, permitting, and inspection activities of the Environmental Management Branch have a direct effect on the lives of the public, as well as the operation of most private business entities, in an effort to protect Kentucky's citizens.

The Public Safety subprogram is responsible for lead detection and abatement activities, public swimming facilities construction, standardized reporting and analysis of trends in environmental public health, and assists with educational materials, research, data, reports, and maps related to the seizure and posting of methamphetamine laboratories in Kentucky. Local public health departments are now required to post notices related to methamphetamine contaminated dwellings per KRS 224.

Health and Family Services

Health Policy

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	583,300	514,100	514,100	504,100	499,100
Salary and Health Insurance Adjustments	10,300				
Budget Reduction-General Fund	-175,600				
Mandated Expenditure Reductions	-24,900				
Total General Fund	393,100	514,100	514,100	504,100	499,100
Restricted Fund					
Balance Forward	286,000	538,600	376,300	296,300	150,300
Current Receipts	875,000	875,000	875,000	875,000	875,000
Non-Revenue Receipts		-200,000		-200,000	-200,000
Fund Transfers	-43,700				
Total Restricted Fund	1,117,300	1,213,600	1,251,300	971,300	825,300
TOTAL SOURCE OF FUNDS	1,510,400	1,727,700	1,765,400	1,475,400	1,324,400
EXPENDITURES BY CLASS					
Personnel Costs	1,029,000	1,139,500	1,190,100	1,113,200	1,108,200
Operating Expenses	88,600	115,400	115,400	115,400	115,400
Grants Loans Benefits	96,500	96,500	96,500	96,500	96,500
TOTAL EXPENDITURES	1,214,100	1,351,400	1,402,000	1,325,100	1,320,100
EXPENDITURES BY FUND SOURCE					
General Fund	393,100	514,100	514,100	504,100	499,100
Restricted Fund	821,000	837,300	887,900	821,000	821,000
TOTAL EXPENDITURES	1,214,100	1,351,400	1,402,000	1,325,100	1,320,100
EXPENDITURES BY UNIT					
Office of Health Policy	1,214,100	1,351,400	1,402,000	1,325,100	1,320,100
TOTAL EXPENDITURES	1,214,100	1,351,400	1,402,000	1,325,100	1,320,100

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

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

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

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

process allowing for comment and input from the public as well as the provider community.

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

**Health and Family Services
Family Resource Centers and Volunteer Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	434,000	444,200	456,100	434,900	434,900
Salary and Health Insurance Adjustments	16,800				
Budget Reduction-General Fund	-15,900				
Total General Fund	434,900	444,200	456,100	434,900	434,900
Restricted Fund					
Balance Forward	1,000				
Non-Revenue Receipts	94,000	95,000	95,000	95,000	95,000
Total Restricted Fund	95,000	95,000	95,000	95,000	95,000
Federal Fund					
Balance Forward	175,100				
Current Receipts	3,138,000	3,327,000	3,344,900	3,327,000	3,344,900
ARRA Receipts	752,800	56,700		56,700	
Total Federal Fund	4,065,900	3,383,700	3,344,900	3,383,700	3,344,900
TOTAL SOURCE OF FUNDS	4,595,800	3,922,900	3,896,000	3,913,600	3,874,800
EXPENDITURES BY CLASS					
Personnel Costs	429,500	451,700	481,700	457,300	474,500
Operating Expenses	177,100	177,100	177,100	162,200	163,100
Grants Loans Benefits	3,989,200	3,294,100	3,237,200	3,294,100	3,237,200
TOTAL EXPENDITURES	4,595,800	3,922,900	3,896,000	3,913,600	3,874,800
EXPENDITURES BY FUND SOURCE					
General Fund	434,900	444,200	456,100	434,900	434,900
Restricted Fund	95,000	95,000	95,000	95,000	95,000
Federal Fund	4,065,900	3,383,700	3,344,900	3,383,700	3,344,900
TOTAL EXPENDITURES	4,595,800	3,922,900	3,896,000	3,913,600	3,874,800
EXPENDITURES BY UNIT					
Family Resource and Youth Services Center	436,000	436,000	436,000	436,000	436,000
Kentucky Com. Community Volunteerism and Serv.	4,159,800	3,486,900	3,460,000	3,477,600	3,438,800
TOTAL EXPENDITURES	4,595,800	3,922,900	3,896,000	3,913,600	3,874,800

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

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	187,700	188,200	188,200	188,200	188,200
Salary and Health Insurance Adjustments	8,400				
Budget Reduction-General Fund	-7,900				
Total General Fund	188,200	188,200	188,200	188,200	188,200
Federal Fund					
Current Receipts	247,800	247,800	247,800	247,800	247,800
Total Federal Fund	247,800	247,800	247,800	247,800	247,800
TOTAL SOURCE OF FUNDS	436,000	436,000	436,000	436,000	436,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	436,000	436,000	436,000	436,000	436,000
TOTAL EXPENDITURES	436,000	436,000	436,000	436,000	436,000
EXPENDITURES BY FUND SOURCE					
General Fund	188,200	188,200	188,200	188,200	188,200
Federal Fund	247,800	247,800	247,800	247,800	247,800
TOTAL EXPENDITURES	436,000	436,000	436,000	436,000	436,000

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.496 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). The Division of Family Resource and Youth Services Centers, created by Executive Order 2004-726, provides administrative, technical assistance, and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

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

**Health and Family Services
Family Resource Centers and Volunteer Services
Kentucky Commission on Community Volunteerism and Service**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	246,300	256,000	267,900	246,700	246,700
Salary and Health Insurance Adjustments	8,400				
Budget Reduction-General Fund	-8,000				
Total General Fund	246,700	256,000	267,900	246,700	246,700
Restricted Fund					
Balance Forward	1,000				
Non-Revenue Receipts	94,000	95,000	95,000	95,000	95,000
Total Restricted Fund	95,000	95,000	95,000	95,000	95,000
Federal Fund					
Balance Forward	175,100				
Current Receipts	2,890,200	3,079,200	3,097,100	3,079,200	3,097,100
ARRA Receipts	752,800	56,700		56,700	
Total Federal Fund	3,818,100	3,135,900	3,097,100	3,135,900	3,097,100
TOTAL SOURCE OF FUNDS	4,159,800	3,486,900	3,460,000	3,477,600	3,438,800
EXPENDITURES BY CLASS					
Personnel Costs	429,500	451,700	481,700	457,300	474,500
Operating Expenses	177,100	177,100	177,100	162,200	163,100
Grants Loans Benefits	3,553,200	2,858,100	2,801,200	2,858,100	2,801,200
TOTAL EXPENDITURES	4,159,800	3,486,900	3,460,000	3,477,600	3,438,800
EXPENDITURES BY FUND SOURCE					
General Fund	246,700	256,000	267,900	246,700	246,700
Restricted Fund	95,000	95,000	95,000	95,000	95,000
Federal Fund	3,818,100	3,135,900	3,097,100	3,135,900	3,097,100
TOTAL EXPENDITURES	4,159,800	3,486,900	3,460,000	3,477,600	3,438,800

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

KCCVS currently administers 13 federally-funded AmeriCorps programs and seven American Recovery and Reinvestment Act programs. Of these, 11 were awarded to Kentucky through a competitive application process while the remaining nine are formula based. Federal funds are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide household budget training, home renovation assistance, life skills training, and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in elementary and secondary schools and assist parents in developing skills to help their children learn to read. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. AmeriCorps alumni in Kentucky have received more than \$15,000,000 in federal educational vouchers for their years of service.

**Health and Family Services
Income Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,345,900	2,794,900	6,997,900	1,397,400	1,397,400
Budget Reduction-General Fund	-1,676,200				
Mandated Expenditure Reductions	-272,300				
Total General Fund	1,397,400	2,794,900	6,997,900	1,397,400	1,397,400
Restricted Fund					
Balance Forward	2,400				
Current Receipts	20,872,000	19,634,100	19,825,900	19,634,100	19,825,900
Non-Revenue Receipts	97,600	100,000	100,000	100,000	100,000
Total Restricted Fund	20,972,000	19,734,100	19,925,900	19,734,100	19,925,900
Federal Fund					
Balance Forward	13,590,600				
Current Receipts	71,579,500	86,902,800	88,977,500	86,368,800	87,154,000
Total Federal Fund	85,170,100	86,902,800	88,977,500	86,368,800	87,154,000
TOTAL SOURCE OF FUNDS	107,539,500	109,431,800	115,901,300	107,500,300	108,477,300
EXPENDITURES BY CLASS					
Personnel Costs	37,751,600	39,643,900	41,910,400	37,724,600	38,713,600
Operating Expenses	6,809,800	6,809,800	6,809,800	6,797,600	6,785,600
Grants Loans Benefits	62,978,100	62,978,100	62,978,100	62,978,100	62,978,100
Debt Service			4,203,000		
TOTAL EXPENDITURES	107,539,500	109,431,800	115,901,300	107,500,300	108,477,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,397,400	2,794,900	6,997,900	1,397,400	1,397,400
Restricted Fund	20,972,000	19,734,100	19,925,900	19,734,100	19,925,900
Federal Fund	85,170,100	86,902,800	88,977,500	86,368,800	87,154,000
TOTAL EXPENDITURES	107,539,500	109,431,800	115,901,300	107,500,300	108,477,300
EXPENDITURES BY UNIT					
Disability Determinations	48,565,200	49,988,000	51,690,400	49,537,000	50,173,500
Child Support	58,974,300	59,443,800	64,210,900	57,963,300	58,303,800
TOTAL EXPENDITURES	107,539,500	109,431,800	115,901,300	107,500,300	108,477,300

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

These programs help to ensure that children are financially supported by parents who are legally obligated to pay child support and to determine medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The Department's mission is to provide accurate, timely and cost effective services for the citizens of Kentucky.

**Health and Family Services
Income Support
Disability Determinations**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	2,400				
Non-Revenue Receipts	97,600	100,000	100,000	100,000	100,000
Total Restricted Fund	100,000	100,000	100,000	100,000	100,000
Federal Fund					
Balance Forward	270,800				
Current Receipts	48,194,400	49,888,000	51,590,400	49,437,000	50,073,500
Total Federal Fund	48,465,200	49,888,000	51,590,400	49,437,000	50,073,500
TOTAL SOURCE OF FUNDS	48,565,200	49,988,000	51,690,400	49,537,000	50,173,500
EXPENDITURES BY CLASS					
Personnel Costs	28,723,100	30,145,900	31,848,300	29,694,900	30,331,400
Operating Expenses	3,332,900	3,332,900	3,332,900	3,332,900	3,332,900
Grants Loans Benefits	16,509,200	16,509,200	16,509,200	16,509,200	16,509,200
TOTAL EXPENDITURES	48,565,200	49,988,000	51,690,400	49,537,000	50,173,500
EXPENDITURES BY FUND SOURCE					
Restricted Fund	100,000	100,000	100,000	100,000	100,000
Federal Fund	48,465,200	49,888,000	51,590,400	49,437,000	50,073,500
TOTAL EXPENDITURES	48,565,200	49,988,000	51,690,400	49,537,000	50,173,500

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

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

**Health and Family Services
Income Support
Child Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,345,900	2,794,900	6,997,900	1,397,400	1,397,400
Budget Reduction-General Fund	-1,676,200				
Mandated Expenditure Reductions	-272,300				
Total General Fund	1,397,400	2,794,900	6,997,900	1,397,400	1,397,400
Restricted Fund					
Current Receipts	20,872,000	19,634,100	19,825,900	19,634,100	19,825,900
Total Restricted Fund	20,872,000	19,634,100	19,825,900	19,634,100	19,825,900
Federal Fund					
Balance Forward	13,319,800				
Current Receipts	23,385,100	37,014,800	37,387,100	36,931,800	37,080,500
Total Federal Fund	36,704,900	37,014,800	37,387,100	36,931,800	37,080,500
TOTAL SOURCE OF FUNDS	58,974,300	59,443,800	64,210,900	57,963,300	58,303,800
EXPENDITURES BY CLASS					
Personnel Costs	9,028,500	9,498,000	10,062,100	8,029,700	8,382,200
Operating Expenses	3,476,900	3,476,900	3,476,900	3,464,700	3,452,700
Grants Loans Benefits	46,468,900	46,468,900	46,468,900	46,468,900	46,468,900
Debt Service			4,203,000		
TOTAL EXPENDITURES	58,974,300	59,443,800	64,210,900	57,963,300	58,303,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,397,400	2,794,900	6,997,900	1,397,400	1,397,400
Restricted Fund	20,872,000	19,634,100	19,825,900	19,634,100	19,825,900
Federal Fund	36,704,900	37,014,800	37,387,100	36,931,800	37,080,500
TOTAL EXPENDITURES	58,974,300	59,443,800	64,210,900	57,963,300	58,303,800

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

The core functions of the child support program include locating parents; establishing paternity; establishing, enforcing, and modifying child support orders; and collecting and disbursing child support payments. Program responsibilities include the establishment and enforcement of medical support. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Division of Child Support maintains program administration contracts with 114 county officials to provide child support collection locally.

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

New requirements for the child support program were created through Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Through contracts with private vendors, this program receives new-hire information from employers and asset data from financial institutions. A state case registry has been established and data is transmitted to the federal case registry to assist in locating out-of-state parents. The State Disbursement Unit is a centralized collection site for all child support payments, including non-Title IV-D wages. These are private child support cases in which payments are withheld from the parent's wages. State services provided in these cases are limited to receiving payments from the employer, disbursing the payment to the family, and maintaining fiscal records.

The Personal Responsibility and Work Opportunity Reconciliation Act also revised the method for calculating incentive payments from one that focused solely on program processes to one based on program outcomes. Under this new plan, a pool of funds has been created for incentive payments to all states. However, only those states which meet the performance criteria in each of five program areas are eligible to receive a portion of the pool.

Executive Orders 2008-504 and 2009-541 transferred the Child Support Enforcement Program from the Department for Community Based Services to the Department for Income Support.

**Health and Family Services
Community Based Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	352,102,000	367,017,900	405,776,200	310,299,600	311,268,700
Salary and Health Insurance Adjustments	3,387,900				
Budget Reduction-General Fund	-18,203,800				
Mandated Expenditure Reductions	-11,893,300				
Total General Fund	325,392,800	367,017,900	405,776,200	310,299,600	311,268,700
Tobacco Fund					
Tobacco Settlement - Phase I	9,395,400	9,395,400	9,175,000	9,395,400	9,175,000
Continuing Approp.-Tobacco Settlement	375,000				
Total Tobacco Fund	9,770,400	9,395,400	9,175,000	9,395,400	9,175,000
Restricted Fund					
Balance Forward	15,013,900	35,723,500	19,191,300	35,723,500	18,952,900
Current Receipts	186,344,400	134,511,100	137,934,800	133,251,400	133,245,000
Non-Revenue Receipts	-30,700,300	-12,457,500	-14,398,600	-12,151,300	-12,659,600
Total Restricted Fund	170,658,000	157,777,100	142,727,500	156,823,600	139,538,300
Federal Fund					
Current Receipts	479,460,400	531,309,500	531,154,100	519,953,400	514,609,300
ARRA Receipts	64,921,100	3,307,000		3,127,700	
Total Federal Fund	544,381,500	534,616,500	531,154,100	523,081,100	514,609,300
TOTAL SOURCE OF FUNDS	1,050,202,700	1,068,806,900	1,088,832,800	999,599,700	974,591,300
EXPENDITURES BY CLASS					
Personnel Costs	264,218,100	295,360,400	314,182,700	256,771,000	269,583,600
Operating Expenses	48,688,500	55,677,500	53,480,800	44,496,400	44,569,500
Grants Loans Benefits	701,572,600	698,261,700	709,861,900	679,379,400	659,960,100
Debt Service			10,592,000		
Capital Outlay		316,000			
TOTAL EXPENDITURES	1,014,479,200	1,049,615,600	1,088,117,400	980,646,800	974,113,200
EXPENDITURES BY FUND SOURCE					
General Fund	325,392,800	367,017,900	405,776,200	310,299,600	311,268,700
Tobacco Fund	9,770,400	9,395,400	9,175,000	9,395,400	9,175,000
Restricted Fund	134,934,500	138,585,800	142,012,100	137,870,700	139,060,200
Federal Fund	544,381,500	534,616,500	531,154,100	523,081,100	514,609,300
TOTAL EXPENDITURES	1,014,479,200	1,049,615,600	1,088,117,400	980,646,800	974,113,200
EXPENDITURES BY UNIT					
Family Support	334,633,900	344,458,600	365,700,400	329,014,400	326,585,200
Energy	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
Child Care	167,102,300	166,832,600	166,733,100	166,797,800	166,609,600
Family and Community Services	479,754,100	505,377,700	522,693,500	452,394,900	448,754,600
Child Abuse & Domestic Violence	6,988,900	6,944,000	6,984,100	6,437,000	6,157,500
TOTAL EXPENDITURES	1,014,479,200	1,049,615,600	1,088,117,400	980,646,800	974,113,200

The Department for Community Based Services is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families, Food Stamps, Medicaid Eligibility, and State Supplementation), Energy Assistance, Child Care, Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children) and Child Abuse and Domestic Violence Resources.

These programs benefit Kentuckians who, because of social, educational, mental, or physical impairments are without sufficient resources to meet their basic needs. The Department's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

Executive Orders 2008-504 and 2009-541 transferred the Child Support Enforcement Program to the Department for Income Support and Guardianship to the Department for Aging and Independent Living. Additionally, as part of those Executive Orders, Child Abuse and Domestic Violence Services was transferred to DCBS from the Department for Human Support Services. Executive Order 2009-363 transferred the Weatherization subprogram to the Finance and Administration Cabinet.

**Health and Family Services
Community Based Services
Family Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	126,314,000	133,271,500	158,392,100	119,988,400	122,844,400
Salary and Health Insurance Adjustments	867,100				
Budget Reduction-General Fund	-151,500				
Mandated Expenditure Reductions	-442,200				
Total General Fund	126,587,400	133,271,500	158,392,100	119,988,400	122,844,400
Restricted Fund					
Balance Forward	2,506,400	2,109,400	1,412,900	2,109,400	1,175,600
Current Receipts	920,600	920,600	920,600	920,600	920,600
Non-Revenue Receipts	18,544,100	21,001,600	22,427,600	21,001,600	22,427,600
Total Restricted Fund	21,971,100	24,031,600	24,761,100	24,031,600	24,523,800
Federal Fund					
Current Receipts	181,274,700	188,568,400	183,262,600	186,170,000	179,695,100
ARRA Receipts	6,910,100				
Total Federal Fund	188,184,800	188,568,400	183,262,600	186,170,000	179,695,100
TOTAL SOURCE OF FUNDS	336,743,300	345,871,500	366,415,800	330,190,000	327,063,300
EXPENDITURES BY CLASS					
Personnel Costs	126,647,000	134,288,200	142,406,300	127,729,200	133,008,200
Operating Expenses	21,876,100	21,833,800	21,846,700	17,683,700	17,754,600
Grants Loans Benefits	186,110,800	188,336,600	190,855,400	183,601,500	175,822,400
Debt Service			10,592,000		
TOTAL EXPENDITURES	334,633,900	344,458,600	365,700,400	329,014,400	326,585,200
EXPENDITURES BY FUND SOURCE					
General Fund	126,587,400	133,271,500	158,392,100	119,988,400	122,844,400
Restricted Fund	19,861,700	22,618,700	24,045,700	22,856,000	24,045,700
Federal Fund	188,184,800	188,568,400	183,262,600	186,170,000	179,695,100
TOTAL EXPENDITURES	334,633,900	344,458,600	365,700,400	329,014,400	326,585,200
EXPENDITURES BY UNIT					
Food Stamps	77,563,400	80,397,700	94,760,500	72,272,800	76,047,100
Medical Assistance	39,211,900	41,294,700	43,777,900	41,294,700	43,777,900
State Supplementation	19,718,200	19,740,200	19,769,300	19,718,200	19,701,500
TANF	198,140,400	203,026,000	207,392,700	195,728,700	187,058,700
TOTAL EXPENDITURES	334,633,900	344,458,600	365,700,400	329,014,400	326,585,200

The Family Support Program consists of the following programs: Temporary Assistance to Needy Families (TANF), Food Stamps, Medicaid Eligibility, and State Supplementation. The programs administered by the Division of Family Support are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Access to these programs is available in every Kentucky county. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits as well as the regulatory limitations of available benefits, and maintain case record information.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Kentucky Transitional Assistance program, Women, Infants and Children program, Medicaid, or Food Stamps, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. These agencies are mandated to distribute voter registration forms, provide assistance in completing these forms, and ensure completed forms reach the proper state election office for processing.

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL 104-193) amended and combined Title IV-A (AFDC) and Title IV-F (JOBS) of the Social Security Act to provide block grants to states for TANF. These Federal Funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort requirement mandates that states spend an amount equal to or greater than 80 percent of fiscal year 1994 expenditures. For Kentucky, this amount is \$71.9 million.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below a level appropriate for the family's size, and total family resources cannot exceed agency limits.

The Kentucky Works Program assists recipients with their transition into the workforce and attainment of self-sufficiency. Adults receiving K-TAP benefits must participate in this program and, with the help of a case manager, develop a Transitional Assistance Agreement. Kentucky Works Program activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of transportation, child care, and supportive services such as car repairs and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to complete an assessment for Kentucky Works. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. A total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. An initial, one-time amount is available to address each child's immediate needs in this new environment.

Efforts continue to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families. The flexibility of the TANF block grant has allowed the Department to pursue initiatives such as change management and organizational restructuring and, as a result, better address the needs of those striving to escape a life of dependency.

Food Stamps

The Food Stamp program, authorized by the Food Stamp Act of 1997 (PL 95-113), helps low-income persons purchase food for a nutritional diet. It is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. "Household" is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The Food Stamp Employment and Training (FS E&T) program is designed to assist able-bodied food stamp recipients obtain employment that leads to self-sufficiency. In Kentucky, the FS E & T program serves only non-exempt work registrants between the ages of 18 and 49, otherwise known as Able-Bodied Adults Without Dependents (ABAWDs). Recipients of this service must participate and comply with FS E & T requirements in order to maintain their food stamp eligibility.

Medicaid Eligibility

The Department for Community Based Services (DCBS), using staff in field offices located in each Kentucky county, determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520.

State Supplementation

The State Supplementation Program, authorized by KRS 205.245, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home, or to purchase caretaker services designed to prevent institutionalization. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, and special needs.

**Health and Family Services
Community Based Services
Energy**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
Total Federal Fund	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
TOTAL SOURCE OF FUNDS	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
EXPENDITURES BY CLASS					
Personnel Costs	66,100	69,000	72,600	68,700	70,100
Operating Expenses	11,300	11,300	11,300	11,600	13,800
Grants Loans Benefits	25,922,600	25,922,400	25,922,400	25,922,400	25,922,400
TOTAL EXPENDITURES	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
EXPENDITURES BY FUND SOURCE					
Federal Fund	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300
TOTAL EXPENDITURES	26,000,000	26,002,700	26,006,300	26,002,700	26,006,300

The Low Income Home Energy Assistance program, administered through the Department for Community Based Services, is a federally funded program that helps low-income households meet the cost of energy expenses through direct fuel bill subsidies.

The Home Energy Assistance program, authorized by KRS 205.400, provides support with home heating/cooling costs for low-income households. Eligibility criteria include income that does not exceed 130 percent of the federal poverty level, resources that total less than \$2,000 (or \$3,000 if at least one person in the household is either age 60 or older or disabled, \$4,000 if there is a catastrophic illness in the household), and the responsibility for home heating expenses. This program is divided into two segments: Subsidy, which provides heating assistance benefits to eligible households, and Crisis, which is designed to assist any low-income family experiencing a home energy emergency. Services include accepting applications, determining eligibility, implementing an outreach component, and coordinating this program with other energy assistance initiatives.

**Health and Family Services
Community Based Services
Child Care**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,913,000	9,265,300	9,265,300	9,265,300	9,265,300
Salary and Health Insurance Adjustments	33,800				
Budget Reduction-General Fund	-7,681,500				
Total General Fund	9,265,300	9,265,300	9,265,300	9,265,300	9,265,300
Tobacco Fund					
Tobacco Settlement - Phase I	9,220,400	9,220,400	9,000,000	9,220,400	9,000,000
Continuing Approp.-Tobacco Settlement	300,000				
Total Tobacco Fund	9,520,400	9,220,400	9,000,000	9,220,400	9,000,000
Restricted Fund					
Balance Forward	59,300				
Current Receipts	65,300	64,000	64,000	64,000	64,000
Total Restricted Fund	124,600	64,000	64,000	64,000	64,000
Federal Fund					
Current Receipts	113,293,000	148,282,900	148,403,800	148,248,100	148,280,300
ARRA Receipts	34,899,000				
Total Federal Fund	148,192,000	148,282,900	148,403,800	148,248,100	148,280,300
TOTAL SOURCE OF FUNDS	167,102,300	166,832,600	166,733,100	166,797,800	166,609,600
EXPENDITURES BY CLASS					
Personnel Costs	9,386,900	7,098,900	7,219,800	7,064,100	7,096,300
Operating Expenses	423,500	423,500	423,500	423,500	423,500
Grants Loans Benefits	157,291,900	159,310,200	159,089,800	159,310,200	159,089,800
TOTAL EXPENDITURES	167,102,300	166,832,600	166,733,100	166,797,800	166,609,600
EXPENDITURES BY FUND SOURCE					
General Fund	9,265,300	9,265,300	9,265,300	9,265,300	9,265,300
Tobacco Fund	9,520,400	9,220,400	9,000,000	9,220,400	9,000,000
Restricted Fund	124,600	64,000	64,000	64,000	64,000
Federal Fund	148,192,000	148,282,900	148,403,800	148,248,100	148,280,300
TOTAL EXPENDITURES	167,102,300	166,832,600	166,733,100	166,797,800	166,609,600

Under KRS Chapter 199, the Department for Community Based Services, through the Division of Child Care, manages child day care services in the Commonwealth. Child care services are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need have access to high quality child care which is developmentally appropriate, affordable, and safe. In the context of comprehensive family services, child care is a support service directed at:

- Providing early educational opportunities for at-risk children,
- Strengthening and maintaining client families,
- Eliminating barriers to work and education for parents,
- Preventing or remedying abuse, neglect or exploitation of children,
- Preventing family dissolution, and
- Preventing out-of-home placements.

Priorities for allocation of available funds have been to meet protective services child care and child care needs for work participation requirements for the families receiving benefits through the Kentucky Temporary Assistance Program (K-TAP). Failure to meet participation requirements would result in substantial penalties and the loss of Federal Funds. After these priorities are met, remaining funds are used to provide child care subsidies for low-income working parents. This includes families who are transitioning from K-TAP and those who would be at risk of becoming dependent on K-TAP if child care were not available.

The cost of services for working parents is partially offset by a sliding fee scale under which parents pay a portion of the expense based on their income and family size. Child care assistance provided to families as a result of protective services is available without regard to income.

The Cabinet's Division of Child Care collaborates with the Division of Early Childhood Development Services in the Kentucky Department of Education and other public and private entities in the development and implementation of the Early Childhood Development initiatives. A portion of the tobacco settlement funds may be used to match Federal Funds to support various quality initiatives. Early care and education have been enhanced through a voluntary, research based, four star child care quality rating system (STARS for KIDS NOW) for centers and certified family child care homes. This program includes quality incentives and achievement awards for participants. Increased quality, availability, and affordability of training for all early care and education professionals has been supported by a seamless statewide system of professional development that includes core content, credentials, scholarships, grants, awards, and articulation.

**Health and Family Services
Community Based Services
Family and Community Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	202,376,000	218,464,900	232,062,500	175,536,700	173,929,300
Salary and Health Insurance Adjustments	2,475,800				
Budget Reduction-General Fund	-9,846,700				
Mandated Expenditure Reductions	-11,451,100				
Total General Fund	183,554,000	218,464,900	232,062,500	175,536,700	173,929,300
Restricted Fund					
Balance Forward	12,448,200	33,614,100	17,778,400	33,614,100	17,777,300
Current Receipts	185,358,500	133,526,500	136,950,200	132,266,800	132,260,400
Non-Revenue Receipts	-49,244,400	-33,459,100	-36,826,200	-33,152,900	-35,087,200
Total Restricted Fund	148,562,300	133,681,500	117,902,400	132,728,000	114,950,500
Federal Fund					
Current Receipts	158,139,900	167,702,700	172,728,600	158,779,800	159,874,800
ARRA Receipts	23,112,000	3,307,000		3,127,700	
Total Federal Fund	181,251,900	171,009,700	172,728,600	161,907,500	159,874,800
TOTAL SOURCE OF FUNDS	513,368,200	523,156,100	522,693,500	470,172,200	448,754,600
EXPENDITURES BY CLASS					
Personnel Costs	127,476,500	153,307,600	163,847,200	121,342,400	128,865,300
Operating Expenses	26,302,000	33,333,300	31,123,700	26,302,000	26,302,000
Grants Loans Benefits	325,975,600	318,420,800	327,722,600	304,750,500	293,587,300
Capital Outlay		316,000			
TOTAL EXPENDITURES	479,754,100	505,377,700	522,693,500	452,394,900	448,754,600
EXPENDITURES BY FUND SOURCE					
General Fund	183,554,000	218,464,900	232,062,500	175,536,700	173,929,300
Restricted Fund	114,948,200	115,903,100	117,902,400	114,950,700	114,950,500
Federal Fund	181,251,900	171,009,700	172,728,600	161,907,500	159,874,800
TOTAL EXPENDITURES	479,754,100	505,377,700	522,693,500	452,394,900	448,754,600
EXPENDITURES BY UNIT					
Family Based Services	102,033,300	132,751,100	137,493,300	94,690,600	102,284,500
Adult Services	47,621,300	31,417,000	32,284,300	30,542,100	30,085,800
Alternatives For Children	330,099,500	341,209,600	352,915,900	327,162,200	316,384,300
TOTAL EXPENDITURES	479,754,100	505,377,700	522,693,500	452,394,900	448,754,600

Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services

Family-based services include child protection, reunification following out-of-home placement, home safety services, preventive services for families, community-based juvenile services, family preservation services, mental health services through contracts with local comprehensive care centers, self-help services provided through local child abuse councils, and preventive assistance.

Child Protective Services safeguard the rights and welfare of abused, neglected or dependent children; aid parents or other responsible persons in recognizing and remedying conditions detrimental to the welfare of their children; and identify conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. The Department is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families who do not qualify for services under other program areas address a family's treatment needs before the situation has escalated to become abusive or neglectful.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the Community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and other private providers in the community.

Adult Services

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS 209. The elements of adult services are:

- Adult protection,
- Spouse abuse protection,
- Adult home safety services (which is the direct provision of home safety services to adults at risk or in need of protection),
- Services provided by spouse abuse centers and crisis centers,
- Alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements, and
- Preventive services for adults which entails assessment, planning, and guidance

This often involves finding food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency.

Pursuant to KRS 209, anyone who knows or suspects that an adult, who because of mental or physical dysfunction, or a spouse (without regard to age) is being abused, neglected or exploited must report this information to the Cabinet for Health and Family Services. The Cabinet is required to investigate the report, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

Homemaker Services are designed to enhance the adult's ability to remain at home in the least restrictive environment. Services may include meal preparation, budgeting, grocery shopping, menu planning, doing laundry, assisting with personal hygiene, changing beds, and sweeping floors. Homemaker services are a key element in enhancing the vulnerable adult's ability to remain at home and in assisting the family unit to remain intact.

Spouse Abuse Shelter Services are available in each of the 15 Area Development Districts under a contract between the Department and the Kentucky Domestic Violence Association. Part of the funding for this element is provided by a portion of the

marriage license fee as authorized by KRS 209.160.

The Department for Community Based Services is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid-eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals.

It is estimated that approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

As part of Alternate Care, the Department's family service workers make quarterly site visits to each freestanding personal care home and all family care homes to see residents and determine if their social and related needs are being met.

Alternatives for Children

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. The legal authority for Alternatives for Children includes KRS Chapters 199, 600 and 620, Titles IV-B and IV-E, and the Social Services Block Grant. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child.

Family Foster Care takes place in the home of an agency-approved family. The development of alternative resources such as the Families and Children Together Services (FACTS), Family Preservation Program, Kinship Care, and Preventative Assistance has reduced the trend of more children placed in out-of-home care.

Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours prior to approval and placement of a child and also are required to attend annual in-service training. Parents serving special needs or medically fragile children and those from family treatment homes are required to complete additional training. Care Plus Homes provide a setting where intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures. Medically Fragile Foster Care serves children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor. Foster parents caring for these children are provided an increased reimbursement and must meet additional training and certification requirements.

Care Plus Homes provide a setting whereby intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures.

Independent Living services are specialized services, including classroom and experiential training, designed to enhance the self-sufficiency skills of older children in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. As they complete each phase of the training, youth receive a stipend. In addition, youth ages 18-21 who were formerly in care may receive room and board assistance for a limited time.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, and/or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. The department provides services prior to adoption in order to bring children and families together and services after adoption through after-placement supervisory services and adoption assistance.

Intensive Family Based Services are cost effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractor and may include in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

The IMPACT Plus Program provides services for children who require treatment due to emotional diagnoses. Medicaid funds support these services through agreements with specific providers. This program seeks to divert services from inpatient settings to the community level. All children in the IMPACT Plus Program have a team of parents, educators, therapists, social services workers, and others who meet to identify services that will meet the children's unique treatment needs. A health benefits administrator, contracted by the Department for Medicaid Services, certifies children as IMPACT Plus eligible and approves payment for services.

**Health and Family Services
Community Based Services
Child Abuse & Domestic Violence**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,499,000	6,016,200	6,056,300	5,509,200	5,229,700
Salary and Health Insurance Adjustments	11,200				
Budget Reduction-General Fund	-524,100				
Total General Fund	5,986,100	6,016,200	6,056,300	5,509,200	5,229,700
Tobacco Fund					
Tobacco Settlement - Phase I	175,000	175,000	175,000	175,000	175,000
Continuing Approp.-Tobacco Settlement	75,000				
Total Tobacco Fund	250,000	175,000	175,000	175,000	175,000
Federal Fund					
Current Receipts	752,800	752,800	752,800	752,800	752,800
Total Federal Fund	752,800	752,800	752,800	752,800	752,800
TOTAL SOURCE OF FUNDS	6,988,900	6,944,000	6,984,100	6,437,000	6,157,500
EXPENDITURES BY CLASS					
Personnel Costs	641,600	596,700	636,800	566,600	543,700
Operating Expenses	75,600	75,600	75,600	75,600	75,600
Grants Loans Benefits	6,271,700	6,271,700	6,271,700	5,794,800	5,538,200
TOTAL EXPENDITURES	6,988,900	6,944,000	6,984,100	6,437,000	6,157,500
EXPENDITURES BY FUND SOURCE					
General Fund	5,986,100	6,016,200	6,056,300	5,509,200	5,229,700
Tobacco Fund	250,000	175,000	175,000	175,000	175,000
Federal Fund	752,800	752,800	752,800	752,800	752,800
TOTAL EXPENDITURES	6,988,900	6,944,000	6,984,100	6,437,000	6,157,500

The Division of Child Abuse and Domestic Violence Services was established in KRS 194A.092 to address the need to increase the financial and programmatic efficiency and accountability of state and community systems and other organizations that provide services to victims of child abuse, domestic violence and sexual assault.

Division staff serve as resources and program managers for both the state network of Children's Advocacy Centers and the state network of Rape Crisis Centers. The Division is further charged with undertaking efforts providing new and progressive initiatives to improve and enhance the delivery of services to victims of child abuse, domestic violence, and rape or sexual assault.

Additionally, KRS 403.700 provides that the Governor's Council on Domestic Violence and Sexual Assault shall be attached to the Division of Child Abuse and Domestic Violence Services.

**Health and Family Services
Aging and Independent Living**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,417,700	50,186,600	53,890,700	40,897,900	39,933,800
Salary and Health Insurance Adjustments	58,300				
Budget Reduction-General Fund	-649,900				
Reorganization Adjustment	7,195,500				
Mandated Expenditure Reductions	-1,441,900				
Total General Fund	41,579,700	50,186,600	53,890,700	40,897,900	39,933,800
Restricted Fund					
Balance Forward	2,061,900				
Current Receipts	473,000	923,000	923,000	923,000	923,000
Non-Revenue Receipts	1,423,000	1,331,900	1,331,900	1,331,900	1,331,900
Total Restricted Fund	3,957,900	2,254,900	2,254,900	2,254,900	2,254,900
Federal Fund					
Current Receipts	18,813,400	20,497,400	20,497,400	20,497,400	20,497,400
ARRA Receipts	1,684,000				
Total Federal Fund	20,497,400	20,497,400	20,497,400	20,497,400	20,497,400
TOTAL SOURCE OF FUNDS	66,035,000	72,938,900	76,643,000	63,650,200	62,686,100
EXPENDITURES BY CLASS					
Personnel Costs	7,701,900	7,768,900	8,366,500	6,794,300	6,866,000
Operating Expenses	509,800	577,600	577,600	487,100	481,600
Grants Loans Benefits	57,823,300	64,592,400	67,530,900	56,368,800	55,338,500
Debt Service			168,000		
TOTAL EXPENDITURES	66,035,000	72,938,900	76,643,000	63,650,200	62,686,100
EXPENDITURES BY FUND SOURCE					
General Fund	41,579,700	50,186,600	53,890,700	40,897,900	39,933,800
Restricted Fund	3,957,900	2,254,900	2,254,900	2,254,900	2,254,900
Federal Fund	20,497,400	20,497,400	20,497,400	20,497,400	20,497,400
TOTAL EXPENDITURES	66,035,000	72,938,900	76,643,000	63,650,200	62,686,100
EXPENDITURES BY UNIT					
Aging and Independent Living	61,938,100	67,212,900	70,356,200	59,552,300	58,588,200
Guardianship	4,096,900	5,726,000	6,286,800	4,097,900	4,097,900
TOTAL EXPENDITURES	66,035,000	72,938,900	76,643,000	63,650,200	62,686,100

The Department for Aging and Independent Living (DAIL) sets policies and oversees programs for Kentucky's elderly and disabled citizens. The programs administered by the Department benefit Kentuckians by contributing to building self-sustaining families and improving the quality of life through an array of community-based services designed to help older persons, individuals with disabilities and wards of the state to be as independent as possible in the least restrictive environment. Department programs also provide counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its programs, DAIL emphasizes successful aging, independent living, planning for an aging society, and continued involvement of older persons, adult wards of the state and disabled individuals in every aspect of the community.

**Health and Family Services
Aging and Independent Living
Aging and Independent Living**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,956,800	45,097,600	48,240,900	37,437,000	36,472,900
Salary and Health Insurance Adjustments	58,300				
Budget Reduction-General Fund	-649,900				
Reorganization Adjustment	7,195,500				
Mandated Expenditure Reductions	-1,441,900				
Total General Fund	38,118,800	45,097,600	48,240,900	37,437,000	36,472,900
Restricted Fund					
Balance Forward	2,061,900				
Current Receipts	123,000	573,000	573,000	573,000	573,000
Non-Revenue Receipts	1,137,000	1,044,900	1,044,900	1,044,900	1,044,900
Total Restricted Fund	3,321,900	1,617,900	1,617,900	1,617,900	1,617,900
Federal Fund					
Current Receipts	18,813,400	20,497,400	20,497,400	20,497,400	20,497,400
ARRA Receipts	1,684,000				
Total Federal Fund	20,497,400	20,497,400	20,497,400	20,497,400	20,497,400
TOTAL SOURCE OF FUNDS	61,938,100	67,212,900	70,356,200	59,552,300	58,588,200
EXPENDITURES BY CLASS					
Personnel Costs	3,795,900	3,240,100	3,444,900	2,916,200	2,953,000
Operating Expenses	318,900	318,900	318,900	267,300	296,700
Grants Loans Benefits	57,823,300	63,653,900	66,592,400	56,368,800	55,338,500
TOTAL EXPENDITURES	61,938,100	67,212,900	70,356,200	59,552,300	58,588,200
EXPENDITURES BY FUND SOURCE					
General Fund	38,118,800	45,097,600	48,240,900	37,437,000	36,472,900
Restricted Fund	3,321,900	1,617,900	1,617,900	1,617,900	1,617,900
Federal Fund	20,497,400	20,497,400	20,497,400	20,497,400	20,497,400
TOTAL EXPENDITURES	61,938,100	67,212,900	70,356,200	59,552,300	58,588,200

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through December 2006 and 45 CFR 1321, the Department is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, community preparedness, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the Department's State Plan on Aging.

The Department for Aging and Independent Living administers statewide programs; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging (AAA) as well as 14 Community Mental Health Centers (CMHCs) for the Hart Supported Living Program; and approves AAA program plans, amendments, budgets, and contracts for local provision of aging and disabilities services. It provides education, training, benefits counseling, information and assistance to respond to

the needs of senior citizens and those with disabilities.

The programs the Department administers to achieve these goals include:

- Nutritional Services provided through agreements with the AAA's include the Nutritional Services Incentive Program: congregate meals to persons age 60 and over at senior centers in each Kentucky County and home-delivered meals to the homebound elderly ages 60 and over.
- Senior Community Service Employment Program (Title V): Employs persons age 55 and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goals of training and eventual placement in unsubsidized employment.
- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits counseling and assistance to aged and disabled Medicare eligible persons through a federal Health Care Financing Administration Grant.
- Nursing Home Diversion: provides a consumer directed approach to community based care by incorporating a consumer directed model to the state funded Homecare Program.
- Long-Term Care Ombudsman Program: On behalf of long-term care residents and their families, this program receives and investigates all complaints and problems of residents of nursing homes and personal care homes in Kentucky.
- Aging and Disability Resource Center (ADRC): (Sec 1110 SS Act and 42 USC 3031-3037B) provides a single point of entry to services and supports for individuals who require assistance due to need or disability, regardless of age.
- Homecare Program (KRS 205.445-465): A state-funded alternative in-home program for frail and vulnerable persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Homecare provides essential services designed to delay or prevent institutionalization, including homemaker/personal care, homemaker/home management, home health aide, home-delivered meals, home-repair, chore, respite, and escort services.
- Hart Supported Living (KRS 210.770-795): provides services which enables a person with disabilities to live in a home of the person's choice which is typical of those living arrangements in which persons without disabilities reside, encourages the individual's integrated participation in the community, promotes the individual's rights and autonomy, enhances the individual's skills and competencies in living in the community and enables the individual's acceptance in the community by promoting home ownership or leasing arrangements in the name of the individual or the individual's family or guardian.
- Personnel Care Attendant Program (PCAP) for Physically Disabled Adults (KRS 205.900): Provides personal care assistant services and case management services to severely physically disabled adults, age 18 and over, who have functional loss of two or more limbs and need the services to prevent institutionalization or to leave an institutional setting.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 and over who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- Kentucky Caregiver Program (910 KAR 1:260): provides assistance to Grandparents caring for grandchildren under the age of 18. The program provides information services, individual counseling, caregiver training, and funds (limited to not more than \$750 per grandchild per year) for defraying the costs of caring for the grandchild that could include purchase of clothing, educational supplies or assistance, certain legal services, medical services not related to co-pays and premiums, and other services as authorized by the Area Agency on Aging.
- Traumatic Brain Injury Trust Fund Program (KRS 42.320): provides assistance to children and adults with brain injuries. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund is administered by a Board of Directors to assure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- Traumatic Brain Injury Behavioral Program (KRS 189A.050): serves persons affected by Traumatic Brain Injury who are in need of behavioral services. Services are provided through crisis intervention, residential treatment, targeted case management, and other wrap services.
- The Consumer Directed Option (CDO) program gives Medicaid waiver members more choices in the way some Medicaid services are provided. The client can choose who will provide services they need as well as how, when, and where these services will be provided
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations.

**Health and Family Services
Aging and Independent Living
Guardianship**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,460,900	5,089,000	5,649,800	3,460,900	3,460,900
Total General Fund	3,460,900	5,089,000	5,649,800	3,460,900	3,460,900
Restricted Fund					
Current Receipts	350,000	350,000	350,000	350,000	350,000
Non-Revenue Receipts	286,000	287,000	287,000	287,000	287,000
Total Restricted Fund	636,000	637,000	637,000	637,000	637,000
TOTAL SOURCE OF FUNDS	4,096,900	5,726,000	6,286,800	4,097,900	4,097,900
EXPENDITURES BY CLASS					
Personnel Costs	3,906,000	4,528,800	4,921,600	3,878,100	3,913,000
Operating Expenses	190,900	258,700	258,700	219,800	184,900
Grants Loans Benefits		938,500	938,500		
Debt Service			168,000		
TOTAL EXPENDITURES	4,096,900	5,726,000	6,286,800	4,097,900	4,097,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,460,900	5,089,000	5,649,800	3,460,900	3,460,900
Restricted Fund	636,000	637,000	637,000	637,000	637,000
TOTAL EXPENDITURES	4,096,900	5,726,000	6,286,800	4,097,900	4,097,900

Kentucky's Adult Guardianship Services Program, outlined in KRS 210.290 and 387.500-387.900, is administered by the Division of Guardianship within the Department for Aging and Independent Living. Individuals are served by staff in both central office and regional offices. This Program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for a ward. A ward is a person who has been declared "legally disabled" by the court and is no longer able to care for his or her personal and/or financial needs.

Appointed guardians may be a friend or family member who is willing to care for the disabled individual. If there is no one willing to care for the disabled person, the court will appoint the Cabinet for Health and Family Services as the state guardian. The duties of the state guardian include:

- Full Guardianship/Full Conservator - In this category the Cabinet will be responsible for both the personal and financial needs of the ward. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions, the right to determine where to live, the right to sell property, and the right to sign legal documents such as checks, marriage licenses or wills.
- Limited Guardian - A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others.
- Conservator - A conservator may be appointed if the disabled person needs help only with managing financial or fiduciary affairs.
- Conservator/Guardian - This category allows for a combination of a conservator who manages financial and fiduciary affairs with a guardian who manages living and personal needs arrangements.

Justice and Public Safety

Justice and Public Safety

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	649,107,800	749,138,900	792,550,000	619,088,200	655,628,400
Salary and Health Insurance Adjustments	5,293,300				
Special Appropriation	1,727,100				
Continuing Approp.-General Fund	24,416				
Budget Reduction-General Fund	-107,015,500				
Mandated Expenditure Reductions	-4,618,700				
Total General Fund	544,518,416	749,138,900	792,550,000	619,088,200	655,628,400
Tobacco Fund					
Tobacco Settlement - Phase I	1,923,400	1,929,100	1,935,900	1,923,400	1,923,400
Continuing Approp.-Tobacco Settlement	118,600				
Total Tobacco Fund	2,042,000	1,929,100	1,935,900	1,923,400	1,923,400
Restricted Fund					
Regular Appropriation		314,700	579,400		
Balance Forward	11,412,269	5,862,500	3,278,500	5,862,500	2,713,100
Current Receipts	36,760,817	39,554,200	41,800,700	39,360,600	41,573,800
Non-Revenue Receipts	76,293,100	79,651,000	80,666,800	76,601,200	77,331,500
Fund Transfers				-980,000	
Total Restricted Fund	124,466,186	125,382,400	126,325,400	120,844,300	121,618,400
Federal Fund					
Regular Appropriation		6,427,800	4,721,300		
Balance Forward	1,760,712	4,442,400	5,306,200	4,442,400	5,150,100
Current Receipts	51,393,800	48,502,200	47,834,100	49,643,200	49,350,200
ARRA Receipts	14,212,500	7,667,500	2,298,600	12,021,100	5,079,500
SFSF Receipts	90,199,300			28,344,900	
Total Federal Fund	157,566,312	67,039,900	60,160,200	94,451,600	59,579,800
Road Fund					
Regular Appropriation	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
Total Road Fund	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
TOTAL SOURCE OF FUNDS	902,474,414	1,019,200,300	1,057,138,400	913,907,000	918,701,500
EXPENDITURES BY CLASS					
Personnel Costs	497,997,300	565,690,000	604,851,500	512,244,300	512,991,300
Operating Expenses	117,930,200	134,017,100	130,320,800	116,779,200	116,198,700
Grants Loans Benefits	270,292,816	294,789,800	296,764,500	271,480,800	273,926,900
Debt Service	3,337,400	5,239,000	4,485,300	3,300,500	4,580,800
Capital Outlay	2,345,600	10,879,700	10,526,800	2,239,000	2,244,000
TOTAL EXPENDITURES	891,903,316	1,010,615,600	1,046,948,900	906,043,800	909,941,700
EXPENDITURES BY FUND SOURCE					
General Fund	544,518,416	749,138,900	792,550,000	619,088,200	655,628,400
Tobacco Fund	1,775,800	1,929,100	1,935,900	1,923,400	1,923,400
Restricted Fund	118,603,700	122,103,900	123,109,800	118,131,200	119,676,400
Federal Fund	153,123,900	61,733,700	53,186,300	89,301,500	52,762,000
Road Fund	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
TOTAL EXPENDITURES	891,903,316	1,010,615,600	1,046,948,900	906,043,800	909,941,700

EXPENDITURES BY UNIT

Justice Administration	37,416,700	39,216,200	31,912,600	36,040,800	30,000,800
Criminal Justice Training	50,274,500	53,545,400	54,352,600	50,522,500	51,035,300
Juvenile Justice	108,347,100	116,716,600	126,836,500	106,259,400	106,016,400
State Police	182,334,200	234,359,300	246,927,800	191,106,200	191,570,000
Corrections	468,816,416	513,460,200	527,206,000	477,755,500	487,333,300
Public Advocacy	44,714,400	53,317,900	59,713,400	44,359,400	43,985,900
TOTAL EXPENDITURES	891,903,316	1,010,615,600	1,046,948,900	906,043,800	909,941,700

The Kentucky Justice Cabinet was established in 1974. It was renamed the Justice and Public Safety Cabinet in 2007. In 2009 the Department of Vehicle Enforcement was brought under the Kentucky State Police.

The Cabinet is comprised of six departments:

- Department of Justice Administration
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

Justice and Public Safety

Justice Administration

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,884,200	14,322,600	13,160,000	11,152,900	11,152,900
Salary and Health Insurance Adjustments	155,800				
Budget Reduction-General Fund	-885,700				
Mandated Expenditure Reductions	-28,600				
Total General Fund	11,125,700	14,322,600	13,160,000	11,152,900	11,152,900
Tobacco Fund					
Tobacco Settlement - Phase I	1,923,400	1,929,100	1,935,900	1,923,400	1,923,400
Continuing Approp.-Tobacco Settlement	118,600				
Total Tobacco Fund	2,042,000	1,929,100	1,935,900	1,923,400	1,923,400
Restricted Fund					
Balance Forward	2,213,900	1,082,100	408,500	1,082,100	376,200
Current Receipts	595,200	554,000	556,300	554,000	556,300
Non-Revenue Receipts	4,486,200	4,501,300	4,518,800	4,469,000	4,486,500
Total Restricted Fund	7,295,300	6,137,400	5,483,600	6,105,100	5,419,000
Federal Fund					
Balance Forward	714,800	2,135,100	4,143,600	2,135,100	4,143,600
Current Receipts	12,839,000	12,693,200	12,997,700	12,693,200	12,997,700
ARRA Receipts	6,883,300	6,550,900	1,182,000	6,550,900	1,182,000
Total Federal Fund	20,437,100	21,379,200	18,323,300	21,379,200	18,323,300
TOTAL SOURCE OF FUNDS	40,900,100	43,768,300	38,902,800	40,560,600	36,818,600
EXPENDITURES BY CLASS					
Personnel Costs	14,506,600	15,804,300	16,023,100	14,452,900	14,217,100
Operating Expenses	2,096,100	2,057,200	2,049,000	1,943,200	1,943,200
Grants Loans Benefits	20,366,500	19,231,900	13,427,700	19,231,900	13,427,700
Debt Service		1,710,000			
Capital Outlay	447,500	412,800	412,800	412,800	412,800
TOTAL EXPENDITURES	37,416,700	39,216,200	31,912,600	36,040,800	30,000,800
EXPENDITURES BY FUND SOURCE					
General Fund	11,125,700	14,322,600	13,160,000	11,152,900	11,152,900
Tobacco Fund	1,775,800	1,929,100	1,935,900	1,923,400	1,923,400
Restricted Fund	6,213,200	5,728,900	5,311,200	5,728,900	5,419,000
Federal Fund	18,302,000	17,235,600	11,505,500	17,235,600	11,505,500
TOTAL EXPENDITURES	37,416,700	39,216,200	31,912,600	36,040,800	30,000,800
EXPENDITURES BY UNIT					
Secretary	4,351,300	6,750,300	5,273,400	4,378,500	4,376,900
Office of Drug Control Policy	6,499,600	6,038,500	6,060,200	6,012,000	6,012,000
Medical Examiner Program	4,410,500	4,925,000	5,058,800	4,386,500	4,386,500
Parole Board	2,050,700	2,242,000	2,391,100	2,050,300	2,050,300
Grants	18,965,400	18,106,900	12,358,100	18,060,000	12,296,300
Criminal Justice Council	286,200	301,300	318,800	301,300	318,800
Asset Forfeiture Program	1,000	200	200	200	200
Motorcycle Training Program	852,000	852,000	452,000	852,000	559,800
TOTAL EXPENDITURES	37,416,700	39,216,200	31,912,600	36,040,800	30,000,800

The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Investigations, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board. The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches.

The Office of the Secretary includes the Secretary, Deputy Secretary, Office of Investigations, Office of Legal Services, and Office of Management and Administrative Services for the Justice and Public Safety Cabinet. The Office of the Secretary is responsible for the administration of the Cabinet, provision of legal services, development of legislation, regulation, policy, and coordination of activities within and among the Cabinet departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Cabinet, such as the Justice Assistance Grants (JAG) program, the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA) programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council. The Council carries out criminal justice planning for the Executive, Legislative, and Judicial Branches of government.

The Office of Drug Control Policy, established in July of 2004, is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

The Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The seven-member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Office of the Kentucky State Medical Examiner, in accordance with KRS 72.210-275, provides forensic specialists who assist the county coroners' offices (120 counties) and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, a forensic anthropologist, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

Policy

The Executive Budget includes Restricted Funds of \$2,000,000 in both years of the biennium for Operation UNITE, funded from the Local Government Economic Development Fund, Multi-county fund.

The Executive Budget provides Restricted Fund resources of \$1,800,000 in each fiscal year for regional drug courts in Kentucky's coal-producing counties funded from the Local Government Economic Development Fund, Multi-county fund.

The Executive Budget suspends 501 KAR 1:30 Section 3(1)(a), relating to the Review of Cases by the Parole Board, to allow a nonviolent offender convicted of a Class D felony with an aggregate sentence of one to five years to have their case reviewed by the Parole Board after serving 15 percent or two months of the original sentence, whichever is longer, rather than 20 percent. It also suspends KRS 439.320(1), providing that the Parole Board shall consist of 9 members.

The Executive Budget includes \$750,000 in each year of the biennium for civil legal services to indigents.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	837,100				
Current Receipts	179,400	469,900	478,800	464,500	464,500
Non-Revenue Receipts	49,051,900	52,869,400	53,667,700	49,851,900	50,364,700
Total Restricted Fund	50,068,400	53,339,300	54,146,500	50,316,400	50,829,200
Federal Fund					
Balance Forward	31,700				
Current Receipts	174,400	206,100	206,100	206,100	206,100
Total Federal Fund	206,100	206,100	206,100	206,100	206,100
TOTAL SOURCE OF FUNDS	50,274,500	53,545,400	54,352,600	50,522,500	51,035,300
EXPENDITURES BY CLASS					
Personnel Costs	16,530,700	19,318,800	19,825,600	17,540,400	18,032,900
Operating Expenses	2,506,300	3,078,700	2,589,700	2,504,400	2,504,400
Grants Loans Benefits	27,888,100	28,916,900	29,711,000	28,246,700	28,271,700
Debt Service	3,337,400	2,216,000	2,211,300	2,216,000	2,211,300
Capital Outlay	12,000	15,000	15,000	15,000	15,000
TOTAL EXPENDITURES	50,274,500	53,545,400	54,352,600	50,522,500	51,035,300
EXPENDITURES BY FUND SOURCE					
Restricted Fund	50,068,400	53,339,300	54,146,500	50,316,400	50,829,200
Federal Fund	206,100	206,100	206,100	206,100	206,100
TOTAL EXPENDITURES	50,274,500	53,545,400	54,352,600	50,522,500	51,035,300
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	48,982,800	52,229,900	53,005,700	49,218,000	49,723,300
Peace Officer Professional Standards	621,100	639,500	662,000	633,900	641,400
Special Training Programs	670,600	676,000	684,900	670,600	670,600
TOTAL EXPENDITURES	50,274,500	53,545,400	54,352,600	50,522,500	51,035,300

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, child sexual abuse, domestic violence, bias-related crimes, legal and constitutional law, police tactical training, professional development, executive and staff training, leadership development, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs with the Peace Officers Professional Standards office. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-service training for approximately 12,000 students each year.

Policy

The Executive Budget provides funding for approximately 7,600 training incentive stipend recipients each year.

The Executive Budget includes \$49,218,000 in fiscal year 2011 and \$49,723,300 in fiscal year 2012 for the Kentucky Law Enforcement Foundation Program Fund.

Justice and Public Safety

Juvenile Justice

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	87,468,800	87,534,300	97,856,100	76,467,900	76,467,900
Salary and Health Insurance Adjustments	1,209,100				
Budget Reduction-General Fund	-9,591,000				
Mandated Expenditure Reductions	-1,386,200				
Total General Fund	77,700,700	87,534,300	97,856,100	76,467,900	76,467,900
Restricted Fund					
Balance Forward	2,883,786	714,500	836,000	714,500	382,900
Current Receipts	2,077,700	2,077,700	2,077,700	2,077,700	2,077,700
Non-Revenue Receipts	12,701,100	12,226,100	12,226,100	12,226,100	12,226,100
Total Restricted Fund	17,662,586	15,018,300	15,139,800	15,018,300	14,686,700
Federal Fund					
Balance Forward	1,014,212	2,307,300	1,162,600	2,307,300	1,006,500
Current Receipts	14,991,400	13,855,300	13,855,300	13,855,300	13,855,300
Total Federal Fund	16,005,612	16,162,600	15,017,900	16,162,600	14,861,800
TOTAL SOURCE OF FUNDS	111,368,898	118,715,200	128,013,800	107,648,800	106,016,400
EXPENDITURES BY CLASS					
Personnel Costs	76,097,000	83,229,500	91,791,900	75,836,900	75,843,600
Operating Expenses	11,096,800	11,138,800	11,500,300	11,299,200	11,299,200
Grants Loans Benefits	21,153,300	21,035,300	21,270,300	19,123,300	18,873,600
Debt Service		1,313,000	2,274,000		
TOTAL EXPENDITURES	108,347,100	116,716,600	126,836,500	106,259,400	106,016,400
EXPENDITURES BY FUND SOURCE					
General Fund	77,700,700	87,534,300	97,856,100	76,467,900	76,467,900
Restricted Fund	16,948,100	14,182,300	14,118,600	14,635,400	14,686,700
Federal Fund	13,698,300	15,000,000	14,861,800	15,156,100	14,861,800
TOTAL EXPENDITURES	108,347,100	116,716,600	126,836,500	106,259,400	106,016,400
EXPENDITURES BY UNIT					
Program Management	1,340,900	1,412,400	1,500,900	1,340,900	1,340,900
Program Operations	99,355,800	107,214,000	116,736,000	97,268,100	97,025,100
Support Services	7,650,400	8,090,200	8,599,600	7,650,400	7,650,400
TOTAL EXPENDITURES	108,347,100	116,716,600	126,836,500	106,259,400	106,016,400

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into four separate regions.

Day Treatment Services is comprised of six state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 26 centers is 919 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	10
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 82

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 82 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	70
Mayfield Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 476

The 11 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 11 facilities is 476 youths.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	30
Warren Regional Juvenile Detention Center	Warren	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	48

Detention Beds = 354

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. The Laurel Detention Center is currently closed. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 40-45 juveniles are in these programs on any given day. Additional funds are provided directly to the Mary Kendall Home in Owensboro and the Gateway Juvenile Diversion program in Mt. Sterling.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 3,000 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

Justice and Public Safety

State Police

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,926,400	113,286,800	126,731,400	57,970,300	68,805,300
Salary and Health Insurance Adjustments	2,332,600				
Budget Reduction-General Fund	-20,023,500				
Mandated Expenditure Reductions	-2,486,600				
Total General Fund	53,748,900	113,286,800	126,731,400	57,970,300	68,805,300
Restricted Fund					
Regular Appropriation		314,700	579,400		
Balance Forward	4,227,500	4,065,900	2,034,000	4,065,900	1,954,000
Current Receipts	10,261,000	11,366,900	13,295,700	11,178,700	13,083,100
Non-Revenue Receipts	7,720,900	7,720,900	7,920,900	7,720,900	7,920,900
Fund Transfers				-980,000	
Total Restricted Fund	22,209,400	23,468,400	23,830,000	21,985,500	22,958,000
Federal Fund					
Regular Appropriation		4,911,800	3,205,200		
Current Receipts	17,899,700	17,899,700	17,899,700	17,899,700	17,899,700
ARRA Receipts	3,828,900	1,116,600	1,116,600	5,470,200	3,897,500
SFSF Receipts	14,831,700			12,135,000	
Total Federal Fund	36,560,300	23,928,100	22,221,500	35,504,900	21,797,200
Road Fund					
Regular Appropriation	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
Total Road Fund	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
TOTAL SOURCE OF FUNDS	186,400,100	236,393,300	248,949,800	193,060,200	193,512,000
EXPENDITURES BY CLASS					
Personnel Costs	139,286,800	167,580,400	183,762,900	146,806,700	147,581,100
Operating Expenses	40,132,500	56,324,300	52,740,300	42,052,900	41,742,300
Grants Loans Benefits	1,178,700	510,400	510,400	510,400	510,400
Capital Outlay	1,736,200	9,944,200	9,914,200	1,736,200	1,736,200
TOTAL EXPENDITURES	182,334,200	234,359,300	246,927,800	191,106,200	191,570,000
EXPENDITURES BY FUND SOURCE					
General Fund	53,748,900	113,286,800	126,731,400	57,970,300	68,805,300
Restricted Fund	18,143,500	21,434,400	21,808,000	20,031,500	21,016,000
Federal Fund	36,560,300	23,928,100	22,221,500	35,504,900	21,797,200
Road Fund	73,881,500	75,710,000	76,166,900	77,599,500	79,951,500
TOTAL EXPENDITURES	182,334,200	234,359,300	246,927,800	191,106,200	191,570,000
EXPENDITURES BY UNIT					
Administration	23,134,400	38,705,600	40,586,900	23,194,600	23,345,700
Technical Services	33,640,800	42,410,700	39,873,500	34,183,400	33,512,900
Operations	103,440,000	128,737,300	141,638,700	110,910,600	111,451,900
Commercial Vehicle Enforcement	22,119,000	24,505,700	24,828,700	22,817,600	23,259,500
TOTAL EXPENDITURES	182,334,200	234,359,300	246,927,800	191,106,200	191,570,000

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of three divisions: Administrative, Operations, and Technical Services.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll, employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to other departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is supported by the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

The Commercial Vehicle Enforcement Division is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division encompasses the entire Commonwealth divided into 6 Regions. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

Policy

The Executive Budget includes Restricted Funds of \$5,033,400 in fiscal year 2011 and \$5,237,600 in fiscal year 2012 for a \$3,100 training incentive stipend for state troopers, hazardous devices investigators, legislative security specialists, Vehicle Enforcement officers and Kentucky State Police dispatchers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Executive Budget provides sufficient General Fund appropriation for a \$3,100 annual training incentive stipend for dispatchers.

Justice and Public Safety

Corrections

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	440,149,000	486,893,300	500,931,600	435,353,700	461,058,900
Salary and Health Insurance Adjustments	952,800				
Continuing Approp.-General Fund	24,416				
Budget Reduction-General Fund	-76,515,300				
Mandated Expenditure Reductions	-717,300				
Total General Fund	363,893,616	486,893,300	500,931,600	435,353,700	461,058,900
Restricted Fund					
Balance Forward	1,246,183				
Current Receipts	21,980,517	23,399,000	23,681,500	23,399,000	23,681,500
Total Restricted Fund	23,226,700	23,399,000	23,681,500	23,399,000	23,681,500
Federal Fund					
Current Receipts	2,828,200	3,167,900	2,592,900	2,792,900	2,592,900
ARRA Receipts	3,500,300				
SFSF Receipts	75,367,600			16,209,900	
Total Federal Fund	81,696,100	3,167,900	2,592,900	19,002,800	2,592,900
TOTAL SOURCE OF FUNDS	468,816,416	513,460,200	527,206,000	477,755,500	487,333,300
EXPENDITURES BY CLASS					
Personnel Costs	219,613,000	240,802,800	248,232,200	225,708,300	225,790,900
Operating Expenses	55,376,000	53,932,300	53,821,800	52,547,900	52,278,100
Grants Loans Benefits	193,677,516	218,217,400	224,967,200	198,339,800	206,814,800
Debt Service				1,084,500	2,369,500
Capital Outlay	149,900	507,700	184,800	75,000	80,000
TOTAL EXPENDITURES	468,816,416	513,460,200	527,206,000	477,755,500	487,333,300
EXPENDITURES BY FUND SOURCE					
General Fund	363,893,616	486,893,300	500,931,600	435,353,700	461,058,900
Restricted Fund	23,226,700	23,399,000	23,681,500	23,399,000	23,681,500
Federal Fund	81,696,100	3,167,900	2,592,900	19,002,800	2,592,900
TOTAL EXPENDITURES	468,816,416	513,460,200	527,206,000	477,755,500	487,333,300
EXPENDITURES BY UNIT					
Corrections Management	6,608,000	10,127,400	10,471,800	9,622,300	10,707,300
Adult Correctional Institutions	293,721,800	312,352,500	320,349,800	297,569,000	298,556,300
Community Services and Local Facilities	153,848,400	173,654,500	179,058,600	156,242,700	163,748,200
Local Jail Support	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
TOTAL EXPENDITURES	468,816,416	513,460,200	527,206,000	477,755,500	487,333,300

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The enacted budget for the Department of Corrections incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

Policy

The Department of Corrections is permitted to adjust appropriations between the Community Services and Local Facilities budget unit and the Adult Correctional Institutions budget unit with the prior concurrence of the State Budget Director. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases or decreases shall be permitted. No adjustments may be made except upon the prior written concurrence of the State Budget Director.

The Executive Budget includes several initiatives to increase the amount of substance abuse treatment, maximize institutional capacity, and gain efficiencies in the location of inmates, that combine to reduce the costs to the Department of Corrections by \$4,568,600 in fiscal year 2011 and \$7,149,300 in fiscal year 2012.

**Justice and Public Safety
Corrections
Corrections Management**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,618,900	9,286,400	9,830,800	9,212,200	10,497,200
Salary and Health Insurance Adjustments	119,800				
Budget Reduction-General Fund Reorganization Adjustment	-538,800	430,900	430,900		
Total General Fund	6,199,900	9,717,300	10,261,700	9,212,200	10,497,200
Restricted Fund					
Balance Forward	96,222				
Current Receipts	38,878	135,100	135,100	135,100	135,100
Total Restricted Fund	135,100	135,100	135,100	135,100	135,100
Federal Fund					
Current Receipts	273,000	275,000	75,000	275,000	75,000
Total Federal Fund	273,000	275,000	75,000	275,000	75,000
TOTAL SOURCE OF FUNDS	6,608,000	10,127,400	10,471,800	9,622,300	10,707,300
EXPENDITURES BY CLASS					
Personnel Costs	6,266,300	8,178,800	8,521,000	6,504,500	6,304,500
Operating Expenses	341,700	1,893,600	1,895,800	2,033,300	2,033,300
Debt Service				1,084,500	2,369,500
Capital Outlay		55,000	55,000		
TOTAL EXPENDITURES	6,608,000	10,127,400	10,471,800	9,622,300	10,707,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,199,900	9,717,300	10,261,700	9,212,200	10,497,200
Restricted Fund	135,100	135,100	135,100	135,100	135,100
Federal Fund	273,000	275,000	75,000	275,000	75,000
TOTAL EXPENDITURES	6,608,000	10,127,400	10,471,800	9,622,300	10,707,300
EXPENDITURES BY UNIT					
Commissioner	2,753,600	5,678,600	5,746,200	5,172,300	6,257,300
Corrections Training	1,282,000	1,653,100	1,770,000	1,773,400	1,773,400
Administrative Services	1,344,400	1,623,500	1,697,000	1,553,200	1,553,200
Division of Personnel	958,000	1,172,200	1,258,600	1,123,400	1,123,400
Debt Service	270,000				
TOTAL EXPENDITURES	6,608,000	10,127,400	10,471,800	9,622,300	10,707,300

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, Debt Service, and Division of Correctional Industries.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information

Technology and Offender Records Branch as well as the Victim Notification/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility for administering the contracts for the Commonwealth's privately operated correctional facilities. These private facilities include three contracted adult institutions (authorized and governed by KRS 197.500-525) - the Lee Adjustment Center, a 250-bed medium security institution located near Beattyville, the Marion Adjustment Center, an 826-bed minimum security institution located at St. Mary's, and the Otter Creek Correctional Complex, a 476-bed facility located near Wheelwright which is in the process of providing for male inmates instead of female inmates. This branch also oversees contracts with 19 halfway houses located across the state which provide housing for approximately 1,419 community custody inmates and parolees, which includes community placements with the Recovery Kentucky substance abuse programs.

Policy

The Executive Budget provides debt service in the amount of \$1,084,500 in fiscal year 2011 and \$2,369,500 in fiscal year 2012 to support new bonds for capital projects.

**Justice and Public Safety
Corrections
Adult Correctional Institutions**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	268,179,800	290,823,300	298,538,100	259,399,000	276,313,700
Salary and Health Insurance Adjustments	603,900				
Budget Reduction-General Fund Reorganization Adjustment	-75,367,600	-430,900	-430,900		
Total General Fund	193,416,100	290,392,400	298,107,200	259,399,000	276,313,700
Restricted Fund					
Balance Forward	850,400				
Current Receipts	18,683,700	19,706,400	19,988,900	19,706,400	19,988,900
Total Restricted Fund	19,534,100	19,706,400	19,988,900	19,706,400	19,988,900
Federal Fund					
Current Receipts	1,903,700	2,253,700	2,253,700	2,253,700	2,253,700
ARRA Receipts	3,500,300				
SFSF Receipts	75,367,600			16,209,900	
Total Federal Fund	80,771,600	2,253,700	2,253,700	18,463,600	2,253,700
TOTAL SOURCE OF FUNDS	293,721,800	312,352,500	320,349,800	297,569,000	298,556,300
EXPENDITURES BY CLASS					
Personnel Costs	178,747,400	194,957,300	198,884,700	184,408,300	184,690,900
Operating Expenses	49,229,400	46,115,000	45,845,600	45,518,600	45,248,800
Grants Loans Benefits	65,595,100	71,205,200	75,539,500	67,567,100	68,536,600
Capital Outlay	149,900	75,000	80,000	75,000	80,000
TOTAL EXPENDITURES	293,721,800	312,352,500	320,349,800	297,569,000	298,556,300
EXPENDITURES BY FUND SOURCE					
General Fund	193,416,100	290,392,400	298,107,200	259,399,000	276,313,700
Restricted Fund	19,534,100	19,706,400	19,988,900	19,706,400	19,988,900
Federal Fund	80,771,600	2,253,700	2,253,700	18,463,600	2,253,700
TOTAL EXPENDITURES	293,721,800	312,352,500	320,349,800	297,569,000	298,556,300
EXPENDITURES BY UNIT					
Institutions Operations	2,806,700	3,256,200	3,352,100	2,725,800	2,725,800
Medical Services	52,200,000	54,959,200	56,725,200	54,744,000	56,110,300
Education	1,276,200	1,282,000	1,287,600	6,624,300	6,624,300
Correctional Industries	14,000,000	14,172,300	14,454,800	14,172,300	14,454,800
Correctional Facilities	188,000,100	200,033,300	202,522,800	184,349,800	184,349,800
Mental Health	11,886,500	12,559,400	13,213,900	11,886,500	11,886,500
Private Prisons	23,552,300	26,090,100	28,793,400	23,066,300	22,404,800
TOTAL EXPENDITURES	293,721,800	312,352,500	320,349,800	297,569,000	298,556,300

Adult Correctional Institutions is comprised of 13 state correctional facilities and three privately contracted facilities for adult felon offenders. Five additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education programs, Inmate Medical Services, and the Division of Correctional Facilities.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following

activities: classification and placement of inmates, coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of four units: alcohol and other substance abuse treatment programs, sex offender treatment programs (which are governed by KRS 197.400-440), the Sex Offender Risk Assessment Unit, and psychiatric and psychological out patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with House Bill 191.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-three separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 2,000 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 904 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 717 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Frankfort Career Development Center (FCDC) is a minimum security institution with an operational capacity of 205 inmates located in Frankfort in Franklin County. The institution primarily provides inmate labor to state government agencies in Frankfort at approximately 30 governmental work locations.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 670 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm

operation on approximately 2,800 acres.

Luther Luckett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,102 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 943 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is the state's newest correctional institution. The new institution, which opened in June 2005, is located near Sandy Hook in Elliott County and has an operational capacity of 1,022 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

Policy

The Executive Budget includes several initiatives to maximize institutional capacity and gain efficiencies in the location of inmates within the Correctional system that combine to reduce the cost of Adult Institutions by \$2,273,000 in fiscal year 2011 and \$3,003,500 in fiscal year 2012.

The Executive Budget maximizes institutional capacity by housing 400 more inmates in the Roederer Correctional Complex and Kentucky State Reformatory by fully utilizing available capacity and existing capabilities of these two institutions. This action is a common practice in corrections public policy. The cost savings of \$2,123,000 in each fiscal year of the biennium will occur due to the lower marginal costs of increased inmates in these institutions compared to the costs of housing inmates in contracted and other facilities.

The Executive Budget provides for the conversion of the Western Kentucky Correctional Complex from a male population to a female population. This transition will primarily increase the medium custody beds for the female inmate population and provide a separate minimum custody unit for the female inmates. Female inmates will be removed from the privately operated Otter Creek facility and placed at the Western Kentucky Correctional Complex in Fredonia, Kentucky. The Otter Creek facility will in turn, house male inmates. Upon full implementation, this initiative will result in over \$2,580,600 in savings in fiscal year 2012.

The Executive Budget proposes to again suspend KRS 197.045(1) so that the Department of Corrections may provide an educational good time credit of 90 days to any prisoner who successfully receives a graduate equivalency diploma or a high school diploma, a two or four year certification in applied sciences, or a technical education diploma as provided and defined by the department, or completes a drug treatment program or other treatment program as defined by the department that requires participation in the program of six months or more.

The Executive Budget also proposes to again suspend KRS 197.045(3) so that an inmate may at the discretion of the Commissioner of the Department of Corrections, be allowed a deduction from a sentence not to exceed seven days per month served for meritorious behavior, and may be allowed an additional deduction up to seven days per month served for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs.

The education program and funding previously administered by the Kentucky Community and Technical College System (KCTCS) is transferred to the Department of Corrections, Adult Institutions budget in the amount of \$5,348,100 from the General Fund in each fiscal year 2011 and fiscal year 2012. The faculty and staff funded by this appropriation and employed by KCTCS to provide educational services and support to inmates will be transferred to the Department of Corrections in fiscal year 2011.

Justice and Public Safety
Corrections
Community Services and Local Facilities

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	149,410,300	169,457,800	175,236,900	152,421,000	159,926,500
Salary and Health Insurance Adjustments	229,100				
Total General Fund	149,639,400	169,457,800	175,236,900	152,421,000	159,926,500
Restricted Fund					
Balance Forward	299,561				
Current Receipts	3,257,939	3,557,500	3,557,500	3,557,500	3,557,500
Total Restricted Fund	3,557,500	3,557,500	3,557,500	3,557,500	3,557,500
Federal Fund					
Current Receipts	651,500	639,200	264,200	264,200	264,200
Total Federal Fund	651,500	639,200	264,200	264,200	264,200
TOTAL SOURCE OF FUNDS	153,848,400	173,654,500	179,058,600	156,242,700	163,748,200
EXPENDITURES BY CLASS					
Personnel Costs	34,564,600	37,632,000	40,791,800	34,760,800	34,760,800
Operating Expenses	5,357,900	5,476,700	5,633,400	4,549,000	4,549,000
Grants Loans Benefits	113,925,900	130,168,100	132,583,600	116,932,900	124,438,400
Capital Outlay		377,700	49,800		
TOTAL EXPENDITURES	153,848,400	173,654,500	179,058,600	156,242,700	163,748,200
EXPENDITURES BY FUND SOURCE					
General Fund	149,639,400	169,457,800	175,236,900	152,421,000	159,926,500
Restricted Fund	3,557,500	3,557,500	3,557,500	3,557,500	3,557,500
Federal Fund	651,500	639,200	264,200	264,200	264,200
TOTAL EXPENDITURES	153,848,400	173,654,500	179,058,600	156,242,700	163,748,200
EXPENDITURES BY UNIT					
Probation and Parole Program	38,067,000	40,620,500	43,526,500	37,448,900	37,448,900
Local Facilities Operations	977,500	1,227,200	1,235,200	977,500	977,500
Local Facilities - Jail Program	93,502,200	108,498,500	110,085,200	95,532,700	102,380,900
Community Corrections Commission	1,056,000	1,059,200	1,063,800	1,056,000	1,056,000
Halfway Houses	18,557,800	19,669,300	20,617,600	19,746,200	20,150,700
Electronic Monitoring	1,687,900	2,579,800	2,530,300	1,481,400	1,734,200
TOTAL EXPENDITURES	153,848,400	173,654,500	179,058,600	156,242,700	163,748,200

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 19 districts, provides supervision of approximately 38,933 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 74 full service jails and 3 regional jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 283.

Policy

The Executive Budget includes several initiatives to improve efficiency of current facilities and services by expanding the Home Incarceration Program, and substance abuse program slots. These policy initiatives are estimated to reduce the costs to Corrections, Community Services and Local Facilities by \$2,295,600 in fiscal year 2011 and \$4,145,800 in fiscal year 2012.

The Home Incarceration Program will be expanded to other parts of the state by maximizing available technology to include GPS and radio frequency devices.

There are nearly 1,000 inmates that have received parole conditioned upon the successful completion of a substance abuse program operated within the correctional facilities, but there are not enough institutional placements to meet that need. The Executive Budget provides authority to the Commissioner to allow these conditional parolees to be placed in community-based substance abuse programs, including additional placements at Recovery Kentucky Centers, that have been contracted for and certified by the Department. The Executive Budget increases the number of placements by 280 in these substance abuse programs. This initiative will enhance the rehabilitation of the inmates and reduce the likelihood of recidivism while reserving institutional substance abuse treatment slots for other inmates requiring those rehabilitative services.

The Executive Budget provides the authority to establish a maximum threshold for parole deferment or serve out date by the Parole Board of 24 months for inmates who are serving Class C or D felonies for nonviolent, nonsexual offenses. This initiative will continue to protect public safety and is intended to reduce the costs of Corrections. The maximum deferment or serve out date for an inmate is set at no greater than the amount of time an inmate with a life sentence would have to serve to be considered for parole or deferment.

The Executive Budget provides limited authority for a Parole Officer to place intermediate sanctions on an inmate in technical violation of the terms of supervision. This intermediate sanction is limited to placement in a county jail for up to 90 days.

KRS 532.260(1)(b) is again suspended so that the Department of Corrections may place eligible nonviolent, nonsexual Class C or D felons who are serving a sentence in a state-operated prison, contract facility, or county jail who are within 180 days or less from completing their sentence on home incarceration using an electronic monitoring device at the discretion of the Commissioner and approval of the Secretary of the Justice and Public Safety Cabinet. This language was also included in the 2008-2010 budget.

KRS 439.344 provides that the period of time spent on parole shall count as a part of the prisoner's remaining unexpired sentence when it is used to determine a parolee's eligibility for a final discharge from parole or when a parolee is returned as a parole violator for a violation other than a new felony conviction. This language was also included in the 2008-2010 budget.

The Executive Budget includes General Fund in the amount of \$2,858,500 in fiscal year 2011 and fiscal year 2012 to provide substance abuse treatment for state felons housed in county jails and for the development and establishment of a secured substance abuse recovery program for persons suffering from substance abuse who have been charged with a felony offense.

The Department of Corrections estimates a 4.5 percent growth in the number of probationers and parolees over the biennium, from 38,933 to 40,673.

Justice and Public Safety

Corrections

Local Jail Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,940,000	17,325,800	17,325,800	14,321,500	14,321,500
Continuing Approp.-General Fund	24,416				
Budget Reduction-General Fund	-608,900				
Mandated Expenditure Reductions	-717,300				
Total General Fund	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
TOTAL SOURCE OF FUNDS	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
EXPENDITURES BY CLASS					
Personnel Costs	34,700	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000	447,000
Grants Loans Benefits	14,156,516	16,844,100	16,844,100	13,839,800	13,839,800
TOTAL EXPENDITURES	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
EXPENDITURES BY FUND SOURCE					
General Fund	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
TOTAL EXPENDITURES	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500
EXPENDITURES BY UNIT					
Local Jail Allotment	12,905,100	15,617,100	15,617,100	12,612,800	12,612,800
Restricted Medical	931,100	931,100	931,100	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	320,316	295,900	295,900	295,900	295,900
TOTAL EXPENDITURES	14,638,216	17,325,800	17,325,800	14,321,500	14,321,500

The Local Jail Support program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment program are distributed to each county based upon a statutory formula.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$2,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

Policy

Included in the Executive Budget is \$960,000 from the General Fund in each fiscal year of the biennium to provide a monthly payment of an annual amount of \$20,000 to each county with a life safety jail or a closed jail. The payment shall be in addition to the monthly payment required by KRS 441.206(2).

Justice and Public Safety

Public Advocacy

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,679,400	47,101,900	53,870,900	38,143,400	38,143,400
Salary and Health Insurance Adjustments	643,000				
Special Appropriation	1,727,100				
Total General Fund	38,049,500	47,101,900	53,870,900	38,143,400	38,143,400
Restricted Fund					
Balance Forward	3,800				
Current Receipts	1,667,000	1,686,700	1,710,700	1,686,700	1,710,700
Non-Revenue Receipts	2,333,000	2,333,300	2,333,300	2,333,300	2,333,300
Total Restricted Fund	4,003,800	4,020,000	4,044,000	4,020,000	4,044,000
Federal Fund					
Regular Appropriation		1,516,000	1,516,100		
Current Receipts	2,661,100	680,000	282,400	2,196,000	1,798,500
Total Federal Fund	2,661,100	2,196,000	1,798,500	2,196,000	1,798,500
TOTAL SOURCE OF FUNDS	44,714,400	53,317,900	59,713,400	44,359,400	43,985,900
EXPENDITURES BY CLASS					
Personnel Costs	31,963,200	38,954,200	45,215,800	31,899,100	31,525,700
Operating Expenses	6,722,500	7,485,800	7,619,700	6,431,600	6,431,500
Grants Loans Benefits	6,028,700	6,877,900	6,877,900	6,028,700	6,028,700
TOTAL EXPENDITURES	44,714,400	53,317,900	59,713,400	44,359,400	43,985,900
EXPENDITURES BY FUND SOURCE					
General Fund	38,049,500	47,101,900	53,870,900	38,143,400	38,143,400
Restricted Fund	4,003,800	4,020,000	4,044,000	4,020,000	4,044,000
Federal Fund	2,661,100	2,196,000	1,798,500	2,196,000	1,798,500
TOTAL EXPENDITURES	44,714,400	53,317,900	59,713,400	44,359,400	43,985,900
EXPENDITURES BY UNIT					
Office of the Public Advocate	1,101,500	1,297,200	1,252,300	1,156,800	1,066,800
Defense Services	40,031,100	47,951,800	54,144,400	39,628,900	39,345,300
Law Operations	1,600,900	1,796,600	1,902,100	1,600,000	1,600,000
Protection and Advocacy	1,980,900	2,272,300	2,414,600	1,973,700	1,973,800
TOTAL EXPENDITURES	44,714,400	53,317,900	59,713,400	44,359,400	43,985,900

The U. S. and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department of Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders, full-time contract public defenders, and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate & General Counsel, and all strategic planning and education functions.

The Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research,

archive services and management support for the Department.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030. The Division seeks legal, administrative, and other appropriate remedies to insure protection of Kentuckians with developmental disabilities and mental illness. The majority of funds in this division's budget are Federal Funds that have strict non-supplanting requirements.

Policy

The Public Advocate may institute a policy, when he determines that internal budgetary pressures warrant further austerity measures, to suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

Labor

	Labor				
	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,749,100	25,550,000	26,213,900	4,952,900	4,952,900
Salary and Health Insurance Adjustments	118,600				
Budget Reduction-General Fund	-534,000				
Mandated Expenditure Reductions	-433,700				
Total General Fund	4,900,000	25,550,000	26,213,900	4,952,900	4,952,900
Restricted Fund					
Balance Forward	8,117,000	451,100	35,500	451,100	63,100
Current Receipts	100,354,700	91,597,600	93,677,500	106,226,400	107,280,000
Non-Revenue Receipts	92,377,800	102,966,900	105,252,800	99,223,200	100,664,500
Total Restricted Fund	200,849,500	195,015,600	198,965,800	205,900,700	208,007,600
Federal Fund					
Balance Forward	15,600				
Current Receipts	3,761,700	3,570,600	3,553,800	3,535,500	3,508,800
Non-Revenue Receipts	-274,200	-265,700	-266,800	-261,900	-261,900
Total Federal Fund	3,503,100	3,304,900	3,287,000	3,273,600	3,246,900
TOTAL SOURCE OF FUNDS	209,252,600	223,870,500	228,466,700	214,127,200	216,207,400
EXPENDITURES BY CLASS					
Personnel Costs	129,380,400	143,467,700	148,138,000	134,688,100	136,626,100
Operating Expenses	7,382,300	8,416,200	8,625,800	7,708,600	7,896,100
Grants Loans Benefits	71,468,400	71,468,400	71,468,400	71,468,400	71,468,400
Capital Outlay	570,400	482,700	201,000	199,000	201,000
TOTAL EXPENDITURES	208,801,500	223,835,000	228,433,200	214,064,100	216,191,600
EXPENDITURES BY FUND SOURCE					
General Fund	4,900,000	25,550,000	26,213,900	4,952,900	4,952,900
Restricted Fund	200,398,400	194,980,100	198,932,300	205,837,600	207,991,800
Federal Fund	3,503,100	3,304,900	3,287,000	3,273,600	3,246,900
TOTAL EXPENDITURES	208,801,500	223,835,000	228,433,200	214,064,100	216,191,600
EXPENDITURES BY UNIT					
Secretary	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400
General Administration and Program Support	5,534,600	6,428,700	6,933,300	5,702,800	5,914,900
Workplace Standards	82,303,200	84,397,300	85,438,600	82,090,900	82,371,200
Workers' Claims	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
Occupational Safety and Health Review Commission	505,800	527,100	556,100	519,800	530,800
Workers' Compensation Funding Commission	101,041,800	110,632,000	112,867,500	106,134,700	107,315,700
TOTAL EXPENDITURES	208,801,500	223,835,000	228,433,200	214,064,100	216,191,600

The Labor Cabinet is created pursuant to KRS 336 and Executive Order 2009-537, which elevated the Labor Department to Cabinet status. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws

regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

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

**Labor
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	357,400				
Non-Revenue Receipts	3,969,800	4,870,800	4,864,800	4,288,000	4,290,200
Total Restricted Fund	4,327,200	4,870,800	4,864,800	4,288,000	4,290,200
Federal Fund					
Balance Forward	15,600				
Current Receipts	206,200	144,000	153,900	108,900	108,900
Non-Revenue Receipts	-21,800	-14,500	-15,600	-10,700	-10,700
Total Federal Fund	200,000	129,500	138,300	98,200	98,200
TOTAL SOURCE OF FUNDS	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400
EXPENDITURES BY CLASS					
Personnel Costs	3,500,800	4,148,400	4,211,100	3,572,300	3,596,400
Operating Expenses	744,900	689,900	639,000	651,900	639,000
Capital Outlay	281,500	162,000	153,000	162,000	153,000
TOTAL EXPENDITURES	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400
EXPENDITURES BY FUND SOURCE					
Restricted Fund	4,327,200	4,870,800	4,864,800	4,288,000	4,290,200
Federal Fund	200,000	129,500	138,300	98,200	98,200
TOTAL EXPENDITURES	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400
EXPENDITURES BY UNIT					
Secretary	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400
TOTAL EXPENDITURES	4,527,200	5,000,300	5,003,100	4,386,200	4,388,400

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

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

Labor
General Administration and Program Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,627,800	3,810,400	4,175,800	3,112,100	3,112,100
Salary and Health Insurance	79,200				
Adjustments					
Budget Reduction-General Fund	-347,100				
Mandated Expenditure Reductions	-338,300				
Total General Fund	3,021,600	3,810,400	4,175,800	3,112,100	3,112,100
Restricted Fund					
Balance Forward	245,600	234,600	35,500	234,600	63,100
Non-Revenue Receipts	2,433,300	2,350,500	2,686,800	2,350,500	2,686,800
Total Restricted Fund	2,678,900	2,585,100	2,722,300	2,585,100	2,749,900
Federal Fund					
Current Receipts	71,200	71,200	71,200	71,200	71,200
Non-Revenue Receipts	-2,500	-2,500	-2,500	-2,500	-2,500
Total Federal Fund	68,700	68,700	68,700	68,700	68,700
TOTAL SOURCE OF FUNDS	5,769,200	6,464,200	6,966,800	5,765,900	5,930,700
EXPENDITURES BY CLASS					
Personnel Costs	4,956,900	5,878,800	6,318,900	5,129,100	5,280,800
Operating Expenses	549,700	549,900	614,400	573,700	634,100
Capital Outlay	28,000				
TOTAL EXPENDITURES	5,534,600	6,428,700	6,933,300	5,702,800	5,914,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,021,600	3,810,400	4,175,800	3,112,100	3,112,100
Restricted Fund	2,444,300	2,549,600	2,688,800	2,522,000	2,734,100
Federal Fund	68,700	68,700	68,700	68,700	68,700
TOTAL EXPENDITURES	5,534,600	6,428,700	6,933,300	5,702,800	5,914,900
EXPENDITURES BY UNIT					
Office of General Admin & Program Support Shared Services	4,797,100	5,562,000	6,006,900	4,905,600	5,096,600
Inspector General Shared Services	737,500	866,700	926,400	797,200	818,300
TOTAL EXPENDITURES	5,534,600	6,428,700	6,933,300	5,702,800	5,914,900

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

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

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

Labor
Workplace Standards

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,121,300	2,739,600	3,038,100	1,840,800	1,840,800
Salary and Health Insurance Adjustments	39,400				
Budget Reduction-General Fund	-186,900				
Mandated Expenditure Reductions	-95,400				
Total General Fund	1,878,400	2,739,600	3,038,100	1,840,800	1,840,800
Restricted Fund					
Balance Forward	4,367,700	216,500		216,500	
Current Receipts	2,173,400	1,500,000	1,500,000	1,452,900	1,408,300
Non-Revenue Receipts	70,865,800	76,834,500	77,820,500	75,474,000	76,042,100
Total Restricted Fund	77,406,900	78,551,000	79,320,500	77,143,400	77,450,400
Federal Fund					
Current Receipts	3,484,300	3,355,400	3,328,700	3,355,400	3,328,700
Non-Revenue Receipts	-249,900	-248,700	-248,700	-248,700	-248,700
Total Federal Fund	3,234,400	3,106,700	3,080,000	3,106,700	3,080,000
TOTAL SOURCE OF FUNDS	82,519,700	84,397,300	85,438,600	82,090,900	82,371,200
EXPENDITURES BY CLASS					
Personnel Costs	8,620,200	10,353,200	11,353,100	8,501,800	8,690,600
Operating Expenses	2,086,000	2,548,700	2,579,100	2,093,700	2,174,200
Grants Loans Benefits	71,468,400	71,468,400	71,468,400	71,468,400	71,468,400
Capital Outlay	128,600	27,000	38,000	27,000	38,000
TOTAL EXPENDITURES	82,303,200	84,397,300	85,438,600	82,090,900	82,371,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,878,400	2,739,600	3,038,100	1,840,800	1,840,800
Restricted Fund	77,190,400	78,551,000	79,320,500	77,143,400	77,450,400
Federal Fund	3,234,400	3,106,700	3,080,000	3,106,700	3,080,000
TOTAL EXPENDITURES	82,303,200	84,397,300	85,438,600	82,090,900	82,371,200
EXPENDITURES BY UNIT					
Employment Standards	1,878,400	2,789,600	3,038,100	1,890,800	1,840,800
Special Fund	72,089,200	72,066,800	72,133,700	72,044,800	72,082,700
Occupational Safety and Health	8,074,300	9,262,800	9,977,400	7,927,600	8,207,700
Commissioner's Office	261,300	278,100	289,400	227,700	240,000
TOTAL EXPENDITURES	82,303,200	84,397,300	85,438,600	82,090,900	82,371,200

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, 343, 388, and Executive Order 2009-537.

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

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

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

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

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

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

**Labor
Workers' Claims**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	944,500				
Current Receipts	120,000	120,000	120,000	120,000	120,000
Non-Revenue Receipts	13,824,400	16,729,600	17,514,600	15,109,700	15,550,600
Total Restricted Fund	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
TOTAL SOURCE OF FUNDS	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
EXPENDITURES BY CLASS					
Personnel Costs	12,152,100	13,892,400	14,947,100	12,567,400	12,994,300
Operating Expenses	2,604,500	2,663,500	2,677,500	2,652,300	2,666,300
Capital Outlay	132,300	293,700	10,000	10,000	10,000
TOTAL EXPENDITURES	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
EXPENDITURES BY FUND SOURCE					
Restricted Fund	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
TOTAL EXPENDITURES	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
EXPENDITURES BY UNIT					
Workers' Claims	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600
TOTAL EXPENDITURES	14,888,900	16,849,600	17,634,600	15,229,700	15,670,600

The Department of Workers' Claims operates under the authority of KRS Chapter 11, 342, 336, and Executive Order 2009-537. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

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

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

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

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

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

Labor
Occupational Safety and Health Review Commission

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	57,500				
Non-Revenue Receipts	448,300	527,100	556,100	519,800	530,800
Total Restricted Fund	505,800	527,100	556,100	519,800	530,800
TOTAL SOURCE OF FUNDS	505,800	527,100	556,100	519,800	530,800
EXPENDITURES BY CLASS					
Personnel Costs	462,900	484,700	513,700	477,400	488,400
Operating Expenses	42,900	42,400	42,400	42,400	42,400
TOTAL EXPENDITURES	505,800	527,100	556,100	519,800	530,800
EXPENDITURES BY FUND SOURCE					
Restricted Fund	505,800	527,100	556,100	519,800	530,800
TOTAL EXPENDITURES	505,800	527,100	556,100	519,800	530,800
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	505,800	527,100	556,100	519,800	530,800
TOTAL EXPENDITURES	505,800	527,100	556,100	519,800	530,800

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

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

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

Labor
Workers' Compensation Funding Commission

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000		
Total General Fund		19,000,000	19,000,000		
Restricted Fund					
Balance Forward	2,144,300				
Current Receipts	98,061,300	89,977,600	92,057,500	104,653,500	105,751,700
Non-Revenue Receipts	836,200	1,654,400	1,810,000	1,481,200	1,564,000
Total Restricted Fund	101,041,800	91,632,000	93,867,500	106,134,700	107,315,700
TOTAL SOURCE OF FUNDS	101,041,800	110,632,000	112,867,500	106,134,700	107,315,700
EXPENDITURES BY CLASS					
Personnel Costs	99,687,500	108,710,200	110,794,100	104,440,100	105,575,600
Operating Expenses	1,354,300	1,921,800	2,073,400	1,694,600	1,740,100
TOTAL EXPENDITURES	101,041,800	110,632,000	112,867,500	106,134,700	107,315,700
EXPENDITURES BY FUND SOURCE					
General Fund		19,000,000	19,000,000		
Restricted Fund	101,041,800	91,632,000	93,867,500	106,134,700	107,315,700
TOTAL EXPENDITURES	101,041,800	110,632,000	112,867,500	106,134,700	107,315,700
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,805,700	1,847,400	2,006,000	1,674,200	1,760,000
Benefit Reserve	96,594,900	106,371,900	108,432,600	102,047,800	103,126,800
KCWP Fund	2,641,200	2,412,700	2,428,900	2,412,700	2,428,900
TOTAL EXPENDITURES	101,041,800	110,632,000	112,867,500	106,134,700	107,315,700

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

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

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

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the

Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

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

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

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

Policy

The Benefit Reserve Fund has a sufficient balance to meet all claims, expected growth, and reserves for the upcoming biennium. Therefore, the Executive Budget does not include the \$19,000,000 required in KRS 342.122(1)(3).

The Executive Budget includes \$952,000 in each year of the biennium for Coal Workers' Pneumoconiosis Funds to support Mine Safety Training in the Office of Mine Safety and Licensing.

Personnel

	Personnel				
	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,642,900	1,934,100	2,505,400	49,214,900	75,314,900
Salary and Health Insurance Adjustments	-17,524,900				
Budget Reduction-General Fund	-12,248,000				
Mandated Expenditure Reductions	-93,600				
Total General Fund	1,776,400	1,934,100	2,505,400	49,214,900	75,314,900
Restricted Fund					
Balance Forward	16,296,100	16,658,700	10,080,500	15,450,200	10,078,600
Current Receipts	45,595,000	43,559,400	46,828,100	44,559,900	46,828,600
Non-Revenue Receipts	5,576,200	6,939,100	7,665,900	7,370,600	7,278,900
Total Restricted Fund	67,467,300	67,157,200	64,574,500	67,380,700	64,186,100
TOTAL SOURCE OF FUNDS	69,243,700	69,091,300	67,079,900	116,595,600	139,501,000
EXPENDITURES BY CLASS					
Personnel Costs	46,642,800	52,114,100	56,392,000	95,793,500	125,057,400
Operating Expenses	5,304,300	4,985,100	4,928,100	5,328,300	4,695,200
Grants Loans Benefits	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
Debt Service				3,574,000	3,574,000
Capital Outlay	70,000	80,300	10,300	80,300	10,300
TOTAL EXPENDITURES	53,793,500	59,010,800	63,161,700	106,517,000	135,077,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,776,400	1,934,100	2,505,400	49,214,900	75,314,900
Restricted Fund	52,017,100	57,076,700	60,656,300	57,302,100	59,762,900
TOTAL EXPENDITURES	53,793,500	59,010,800	63,161,700	106,517,000	135,077,800
EXPENDITURES BY UNIT					
General Operations	21,280,900	23,189,500	24,804,900	26,934,500	26,984,200
Public Employees Deferred Compensation Authority	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300
Workers' Compensation Benefits and Reserve	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400
State Salary and Compensation Fund				43,900,000	70,000,000
State Group Health Insurance Fund	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
TOTAL EXPENDITURES	53,793,500	59,010,800	63,161,700	106,517,000	135,077,800

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

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

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

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

Executive Order 2009-542, dated June 12, 2009, reorganized the Personnel Cabinet and its organizational structure.

**Personnel
General Operations**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		102,800	674,100	3,574,000	3,574,000
Total General Fund		102,800	674,100	3,574,000	3,574,000
Restricted Fund					
Balance Forward	2,656,200	2,492,600	971,400	1,284,100	921,100
Current Receipts	14,217,600	14,506,400	16,087,100	15,506,900	16,087,600
Non-Revenue Receipts	5,691,200	7,059,100	7,790,900	7,490,600	7,403,900
Total Restricted Fund	22,565,000	24,058,100	24,849,400	24,281,600	24,412,600
TOTAL SOURCE OF FUNDS	22,565,000	24,160,900	25,523,500	27,855,600	27,986,600
EXPENDITURES BY CLASS					
Personnel Costs	16,451,900	18,625,800	20,356,900	18,449,900	19,192,300
Operating Expenses	4,770,300	4,496,300	4,439,300	4,843,200	4,209,200
Debt Service				3,574,000	3,574,000
Capital Outlay	58,700	67,400	8,700	67,400	8,700
TOTAL EXPENDITURES	21,280,900	23,189,500	24,804,900	26,934,500	26,984,200
EXPENDITURES BY FUND SOURCE					
General Fund		102,800	674,100	3,574,000	3,574,000
Restricted Fund	21,280,900	23,086,700	24,130,800	23,360,500	23,410,200
TOTAL EXPENDITURES	21,280,900	23,189,500	24,804,900	26,934,500	26,984,200
EXPENDITURES BY UNIT					
General Administration	3,065,900	3,297,900	3,508,700	6,732,100	6,785,300
Governmental Service Center	1,368,400	1,377,000	1,434,000	1,416,900	1,419,600
Employee Relations	1,397,900	1,414,800	1,507,700	1,419,600	1,462,100
Employee Insurance	6,236,900	6,643,300	7,028,800	6,676,600	6,584,900
Personnel Administration	9,211,800	10,456,500	11,325,700	10,689,300	10,732,300
TOTAL EXPENDITURES	21,280,900	23,189,500	24,804,900	26,934,500	26,984,200

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

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

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

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

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

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

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

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

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

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

Policy

Included in the above General Fund appropriation is \$3,574,000 in fiscal year 2011 and \$3,574,000 in fiscal year 2012 for debt service on new bonds for the Kentucky Human Resources Information System (KHRIS). The new bond issue provides additional funding to the project to ensure its successful implementation.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	6,280,800	5,073,600	3,356,600	5,073,600	3,392,100
Current Receipts	6,086,500	6,953,000	7,741,000	6,953,000	7,741,000
Non-Revenue Receipts	-57,500	-60,000	-62,500	-60,000	-62,500
Total Restricted Fund	12,309,800	11,966,600	11,035,100	11,966,600	11,070,600
TOTAL SOURCE OF FUNDS	12,309,800	11,966,600	11,035,100	11,966,600	11,070,600
EXPENDITURES BY CLASS					
Personnel Costs	6,790,900	8,182,400	8,695,900	8,149,700	8,570,200
Operating Expenses	436,700	417,800	418,000	415,000	416,900
Capital Outlay	8,600	9,800	1,200	9,800	1,200
TOTAL EXPENDITURES	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300
EXPENDITURES BY FUND SOURCE					
Restricted Fund	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300
TOTAL EXPENDITURES	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300
TOTAL EXPENDITURES	7,236,200	8,610,000	9,115,100	8,574,500	8,988,300

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

Personnel
Workers' Compensation Benefits and Reserve

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	7,359,100	9,092,500	5,752,500	9,092,500	5,765,400
Current Receipts	25,290,900	22,100,000	23,000,000	22,100,000	23,000,000
Non-Revenue Receipts	-57,500	-60,000	-62,500	-60,000	-62,500
Total Restricted Fund	32,592,500	31,132,500	28,690,000	31,132,500	28,702,900
TOTAL SOURCE OF FUNDS	32,592,500	31,132,500	28,690,000	31,132,500	28,702,900
EXPENDITURES BY CLASS					
Personnel Costs	23,400,000	25,305,900	27,339,200	25,293,900	27,294,900
Operating Expenses	97,300	71,000	70,800	70,100	69,100
Capital Outlay	2,700	3,100	400	3,100	400
TOTAL EXPENDITURES	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400
EXPENDITURES BY FUND SOURCE					
Restricted Fund	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400
TOTAL EXPENDITURES	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400
TOTAL EXPENDITURES	23,500,000	25,380,000	27,410,400	25,367,100	27,364,400

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

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

Personnel
State Salary and Compensation Fund

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,562,200			43,900,000	70,000,000
Salary and Health Insurance Adjustments	-17,524,900				
Budget Reduction-General Fund	-12,037,300				
Total General Fund				43,900,000	70,000,000
TOTAL SOURCE OF FUNDS				43,900,000	70,000,000
EXPENDITURES BY CLASS					
Personnel Costs				43,900,000	70,000,000
TOTAL EXPENDITURES				43,900,000	70,000,000
EXPENDITURES BY FUND SOURCE					
General Fund				43,900,000	70,000,000
TOTAL EXPENDITURES				43,900,000	70,000,000
EXPENDITURES BY UNIT					
State Salary Compensation Fund				43,900,000	70,000,000
TOTAL EXPENDITURES				43,900,000	70,000,000

The State Salary and Compensation Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees.

Policy

Included in the General Fund appropriation is \$8,900,000 in fiscal year 2011 and \$18,000,000 in fiscal year 2012 to support an increase in the cost of the health insurance program.

House Bill 1 from the 2008 Special Session of the General Assembly included a goal to phase in the full actuarially required contribution rates for the Kentucky Employees Retirement System and the State Police Retirement System. The Executive Budget fully funds that goal in both years of the biennium. Included in the General Fund appropriation is \$35,000,000 in fiscal year 2011 and \$52,000,000 in fiscal year 2012 to support increases in the employer contribution rates for retirement. The employer contribution rates are as follows:

KERS Non-Hazardous	
Fiscal Year 2010	11.61%
Fiscal Year 2011	16.98%
Fiscal Year 2012	19.82%
KERS Hazardous Duty	
Fiscal Year 2010	24.69%
Fiscal Year 2011	26.12%
Fiscal Year 2012	28.98%
State Police	
Fiscal Year 2010	33.08%
Fiscal Year 2011	45.54%
Fiscal Year 2012	52.13%

Personnel					
State Group Health Insurance Fund					
	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,080,700	1,831,300	1,831,300	1,740,900	1,740,900
Budget Reduction-General Fund	-210,700				
Mandated Expenditure Reductions	-93,600				
Total General Fund	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
TOTAL SOURCE OF FUNDS	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
EXPENDITURES BY CLASS					
Grants Loans Benefits	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
TOTAL EXPENDITURES	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
TOTAL EXPENDITURES	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900
TOTAL EXPENDITURES	1,776,400	1,831,300	1,831,300	1,740,900	1,740,900

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

Policy

The Executive Budget provides General Fund support of \$1,740,900 in each year of the biennium to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

Postsecondary Education

Postsecondary Education

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,318,002,400	1,432,246,200	1,641,402,200	1,044,750,500	1,126,361,100
Salary and Health Insurance Adjustments	186,700				
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	4,251,400	1,139,300	1,000,000	1,000,000	500,000
Budget Reduction-General Fund	-110,014,000				
Mandated Expenditure Reductions	-1,369,000				
Current Receipts		5,067,500	5,067,500		
Total General Fund	1,211,057,500	1,440,247,300	1,649,946,000	1,045,750,500	1,126,861,100
Tobacco Fund					
Tobacco Settlement - Phase I	6,930,600	6,417,100	5,987,600	6,417,100	5,987,600
Continuing Approp.-Tobacco Settlement	140,600				
Total Tobacco Fund	7,071,200	6,417,100	5,987,600	6,417,100	5,987,600
Restricted Fund					
Balance Forward	2,959,900	387,400	155,900	1,215,500	308,500
Current Receipts	3,621,014,400	3,699,307,700	3,845,981,900	3,699,191,800	3,846,230,300
Non-Revenue Receipts	16,337,200	11,120,400	14,983,000	9,394,800	13,185,500
Fund Transfers				-794,600	-517,800
Total Restricted Fund	3,640,311,500	3,710,815,500	3,861,120,800	3,709,007,500	3,859,206,500
Federal Fund					
Current Receipts	754,533,800	767,665,900	806,017,000	793,188,500	821,596,000
ARRA Receipts	3,753,200	3,365,000	3,000,000	3,365,000	3,000,000
SFSF Receipts	70,000,000			57,272,600	
Total Federal Fund	828,287,000	771,030,900	809,017,000	853,826,100	824,596,000
Bond Funds					
Current Receipts				203,000,000	209,000,000
Total Bond Funds				203,000,000	209,000,000
TOTAL SOURCE OF FUNDS	5,686,727,200	5,928,510,800	6,326,071,400	5,818,001,200	6,025,651,200
EXPENDITURES BY CLASS					
Personnel Costs	2,721,788,700	2,831,795,800	2,916,229,900	2,719,137,600	2,727,241,400
Operating Expenses	1,690,848,900	1,803,216,200	1,895,887,800	1,832,033,600	1,974,936,500
Grants Loans Benefits	924,024,200	1,036,813,800	1,081,723,600	914,967,200	926,241,500
Debt Service	121,451,200	126,531,000	263,988,800	126,232,700	171,925,100
Capital Outlay	225,962,700	130,548,100	138,911,800	224,821,600	224,761,700
TOTAL EXPENDITURES	5,684,075,700	5,928,904,900	6,296,741,900	5,817,192,700	6,025,106,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,210,057,500	1,439,497,300	1,649,196,000	1,045,250,500	1,126,861,100
Tobacco Fund	6,635,200	6,167,100	5,737,600	6,417,100	5,987,600
Restricted Fund	3,639,096,000	3,710,659,600	3,859,014,500	3,708,699,000	3,858,661,500
Federal Fund	828,287,000	771,030,900	811,122,800	853,826,100	824,596,000
Bond Funds				203,000,000	209,000,000
TOTAL EXPENDITURES	5,684,075,700	5,927,354,900	6,325,070,900	5,817,192,700	6,025,106,200
EXPENDITURES BY UNIT					
Council on Postsecondary Education	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700
Kentucky Higher Education Assistance Authority	219,878,700	321,691,600	333,960,900	242,635,000	275,028,300
Postsecondary Education Institutions	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
TOTAL EXPENDITURES	5,684,075,700	5,927,354,900	6,325,070,900	5,817,192,700	6,025,106,200

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,153,800	50,215,400	221,724,400	52,462,900	78,051,400
Salary and Health Insurance Adjustments	186,700				
Budget Reduction-General Fund	-6,488,500				
Mandated Expenditure Reductions	-1,369,000				
Total General Fund	46,483,000	50,215,400	221,724,400	52,462,900	78,051,400
Tobacco Fund					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
Total Tobacco Fund	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund					
Balance Forward	138,700				
Current Receipts	1,821,700	2,150,700	2,168,200	1,850,700	1,850,700
Non-Revenue Receipts	6,793,900	6,450,000	6,450,000	6,450,000	6,450,000
Total Restricted Fund	8,754,300	8,600,700	8,618,200	8,300,700	8,300,700
Federal Fund					
Current Receipts	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
Total Federal Fund	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
TOTAL SOURCE OF FUNDS	80,017,300	81,335,200	253,432,200	83,282,700	109,441,700
EXPENDITURES BY CLASS					
Personnel Costs	11,455,500	12,129,400	12,725,700	11,346,600	11,464,100
Operating Expenses	1,202,900	2,881,600	2,885,800	2,855,800	2,858,400
Grants Loans Benefits	66,922,900	67,874,200	68,077,700	69,080,300	66,831,700
Debt Service			141,414,000		28,287,500
TOTAL EXPENDITURES	79,581,300	82,885,200	225,103,200	83,282,700	109,441,700
EXPENDITURES BY FUND SOURCE					
General Fund	46,483,000	50,215,400	221,724,400	52,462,900	78,051,400
Tobacco Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund	8,754,300	8,600,700	8,618,200	8,300,700	8,300,700
Federal Fund	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
TOTAL EXPENDITURES	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700
EXPENDITURES BY UNIT					
Agency Operations	6,769,700	9,226,600	9,707,000	13,098,000	10,248,000
Pass Through Programs	12,412,800	12,475,900	12,626,900	11,729,000	11,880,000
Federal Programs	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
Strategic Investment & Incentive Funding Program	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700
TOTAL EXPENDITURES	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The Council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education

enterprise. The primary focus of the Council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. The Council also has responsibility to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- A premier, nationally-recognized metropolitan research university at the University of Louisville.
- Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the Council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; providing the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

Policy

The Executive Budget includes \$3,130,000 in fiscal year 2011 and \$1,630,000 in fiscal year 2012 from the General Fund to support initiatives outlined in Senate Bill 1 from the 2009 Regular Session. These initiatives include professional development of faculty to assist the revision of the pedagogic curriculum and revision of postsecondary institution colleges of education assessment standards.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,740,400	8,427,900	8,890,800	12,599,300	9,749,300
Salary and Health Insurance Adjustments	186,700				
Budget Reduction-General Fund	-2,408,300				
Mandated Expenditure Reductions	-235,600				
Total General Fund	6,283,200	8,427,900	8,890,800	12,599,300	9,749,300
Restricted Fund					
Balance Forward	16,800				
Current Receipts	469,700	798,700	816,200	498,700	498,700
Total Restricted Fund	486,500	798,700	816,200	498,700	498,700
TOTAL SOURCE OF FUNDS	6,769,700	9,226,600	9,707,000	13,098,000	10,248,000
EXPENDITURES BY CLASS					
Personnel Costs	7,132,100	7,912,600	8,391,400	7,129,800	7,129,800
Operating Expenses	-362,400	1,314,000	1,315,600	1,288,200	1,288,200
Grants Loans Benefits		1,550,000	200,000	4,680,000	1,830,000
TOTAL EXPENDITURES	6,769,700	10,776,600	9,907,000	13,098,000	10,248,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,283,200	8,427,900	8,890,800	12,599,300	9,749,300
Restricted Fund	486,500	798,700	816,200	498,700	498,700
TOTAL EXPENDITURES	6,769,700	9,226,600	9,707,000	13,098,000	10,248,000

The Agency Operations program is the support unit of the Council on Postsecondary Education. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the Council is found in KRS 164.013, 164.0203, and 164.020. The Agency Operations program is the support unit of the Council. As such, employees included in the Agency Operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The Council licenses private postsecondary education institutions, a regulatory function.

Agency Operations include staff and operating expenses necessary to manage the agency and programs of the Council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with Agency Operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit includes support staff providing governmental and legislative services, media relations, and communications planning.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. "New economy" responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the Council in 2003. This unit provides governmental relations, communications, information, technology, and business office support to the adult education program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency: budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the Council.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,428,500	5,975,900	6,126,900	5,229,000	5,380,000
Budget Reduction-General Fund	230,900				
Mandated Expenditure Reductions	-90,700				
Total General Fund	5,568,700	5,975,900	6,126,900	5,229,000	5,380,000
Restricted Fund					
Balance Forward	200				
Current Receipts	50,000	50,000	50,000	50,000	50,000
Non-Revenue Receipts	6,793,900	6,450,000	6,450,000	6,450,000	6,450,000
Total Restricted Fund	6,844,100	6,500,000	6,500,000	6,500,000	6,500,000
TOTAL SOURCE OF FUNDS	12,412,800	12,475,900	12,626,900	11,729,000	11,880,000
EXPENDITURES BY CLASS					
Operating Expenses	12,000	12,000	12,000	12,000	12,000
Grants Loans Benefits	12,400,800	12,463,900	12,873,400	11,717,000	11,868,000
TOTAL EXPENDITURES	12,412,800	12,475,900	12,885,400	11,729,000	11,880,000
EXPENDITURES BY FUND SOURCE					
General Fund	5,568,700	5,975,900	6,126,900	5,229,000	5,380,000
Restricted Fund	6,844,100	6,500,000	6,500,000	6,500,000	6,500,000
TOTAL EXPENDITURES	12,412,800	12,475,900	12,626,900	11,729,000	11,880,000
EXPENDITURES BY UNIT					
Contract Spaces	4,686,100	4,785,100	4,936,100	4,785,100	4,936,100
Professional Education Preparation Program	322,600	327,800	327,800	176,300	176,300
Minority Student College Prep Program	330,800	334,500	334,500	79,100	79,100
State Autism Training Center	161,000	163,600	163,600	14,800	14,800
SREB Doctoral Scholars Program	274,300	276,900	276,900	85,700	85,700
Pass Through - Other	138,000	88,000	88,000	88,000	88,000
Cancer Research Insts Mtchg Fd	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
TOTAL EXPENDITURES	12,412,800	12,475,900	12,626,900	11,729,000	11,880,000

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

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

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education. The University of Louisville Research Foundation and the University of Kentucky Research Foundations will each be eligible for state funds under this program. The program is funded by a one-cent cigarette surtax. To receive the funding from this program, the two research institutions must provide a dollar for dollar match from external sources. The purpose of these funds is to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program supports collaborative business and academic ventures in support of the cancer research programs at their respective university cancer centers (Brown and Markey).

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use.

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

The **Telecommunications Consortium** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. In fiscal year 2005-2006, 33 undergraduate courses are scheduled for delivery. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle and junior high school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board Doctoral Scholars Program** is a cooperative interstate venture that seeks to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

Policy

The Executive Budget provides additional funding in the Contract Spaces program for ten more veterinary medicine slots for Kentucky students, bringing to 164 the total number of slots. The additional ten veterinary medicine slots will include a post-graduate Kentucky residency requirement along with other requirements.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
Total Federal Fund	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
TOTAL SOURCE OF FUNDS	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
EXPENDITURES BY CLASS					
Personnel Costs	1,477,200	1,390,000	1,507,500	1,390,000	1,507,500
Operating Expenses	1,037,600	1,039,900	1,042,500	1,039,900	1,042,500
Grants Loans Benefits	3,885,200	3,070,100	3,950,000	3,070,100	3,950,000
TOTAL EXPENDITURES	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
EXPENDITURES BY FUND SOURCE					
Federal Fund	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
TOTAL EXPENDITURES	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000

The Council on Postsecondary Education administers three federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant program, Gaining Early Awareness and Readiness for Undergraduate programs (GEAR UP) Kentucky, and the Fund for the Improvement of Postsecondary Education (FIPSE).

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

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

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds the system referred to as U-CAN, the university coordinated advising network. Key partners include the Kentucky Community and Technical College System, the Kentucky Department of Education, the Kentucky Higher Education Assistance Authority, a number of postsecondary institutions, school districts, and adult education learning centers. Through matching funds, improvements are being made to and activities expanded in the Kentucky Virtual University call center.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,984,900	35,811,600	206,706,700	34,634,600	62,922,100
Budget Reduction-General Fund	-4,311,100				
Mandated Expenditure Reductions	-1,042,700				
Total General Fund	34,631,100	35,811,600	206,706,700	34,634,600	62,922,100
Tobacco Fund					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
Total Tobacco Fund	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund					
Balance Forward	121,700				
Current Receipts	1,302,000	1,302,000	1,302,000	1,302,000	1,302,000
Total Restricted Fund	1,423,700	1,302,000	1,302,000	1,302,000	1,302,000
Federal Fund					
Current Receipts	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
Total Federal Fund	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
TOTAL SOURCE OF FUNDS	54,434,800	54,132,700	224,598,300	52,955,700	80,813,700
EXPENDITURES BY CLASS					
Personnel Costs	2,846,200	2,826,800	2,826,800	2,826,800	2,826,800
Operating Expenses	515,700	515,700	515,700	515,700	515,700
Grants Loans Benefits	50,636,900	50,790,200	51,054,300	49,613,200	49,183,700
Debt Service			141,414,000		28,287,500
TOTAL EXPENDITURES	53,998,800	54,132,700	195,810,800	52,955,700	80,813,700
EXPENDITURES BY FUND SOURCE					
General Fund	34,631,100	35,811,600	206,706,700	34,634,600	62,922,100
Tobacco Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund	1,423,700	1,302,000	1,302,000	1,302,000	1,302,000
Federal Fund	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
TOTAL EXPENDITURES	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Technology Initiative Trust Fund	6,484,900	6,876,100	6,986,200	6,340,700	6,340,700
Physical Facilities Trust Fund			170,201,500		28,287,500
Adult Education and Literacy Funding Program	35,638,700	35,027,800	35,479,500	34,689,000	34,689,000
Science and Technology Funding Program	5,289,600	7,061,700	7,193,500	6,758,900	6,758,900
Regional Stewardship Funding Program	1,341,000				
TOTAL EXPENDITURES	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds: the Research Challenge Trust Fund, the Regional University Excellence Trust Fund, the Technology Initiative Trust

Fund, the Physical Facilities Trust Fund, the Postsecondary Workforce Development Trust Fund, and the Student Financial Aid and Advancement Trust Fund. The Council has also established through the budget process three Strategic Investment and Incentive Funding Programs: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

	<u>FY 2011</u>	<u>FY 2012</u>
Research Challenge Trust Fund		
Lung Cancer Research Phase I Tobacco Settlement Funding	5,167,100	4,737,600
Physical Facilities Trust Fund		
Debt Service for \$584,221,000 in Bond Funded Projects		28,287,500
Technology Initiatives Trust Fund	6,340,700	6,340,000
Adult Education and Literacy Funding Program	34,689,000	34,689,000
Science and Technology Funding Program	8,160,800	8,160,800
TOTAL FUNDING PROGRAM APPROPRIATIONS	54,357,600	82,214,900

Physical Facilities Trust Fund - \$28,287,500 from the General Fund are provided in fiscal year 2012 for debt service for \$584,221,000 in bond funded projects for the public postsecondary education institutions.

Technology Initiatives Trust Fund

Funding is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Kentucky Postsecondary Education Network (KPEN) is an Internet protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access Internet users and provides an easy mechanism for expansion of network services. Expanded KPEN services extend to all postsecondary education institutions through the Master Agreement developed between the University of Kentucky and the vendor, Alltel, Inc. The Council on Postsecondary Education, working through the University of Kentucky, financially supports a baseline network for the state-supported postsecondary education institutions. Institutions may purchase additional services and bandwidth directly from the Master Agreement with the vendor.
2. Faculty Development is provided in collaboration with one or more institutions to sponsor statewide initiatives. These initiatives serve an agenda-setting function, drawing attention to important dimensions of faculty development linked to system goals.
3. The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The Agency Operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit. The technology contracts to operate these systems are included in the program.
4. College Access Initiative - The purpose of the College Access Initiative is to support the Council's Double the Numbers efforts to increase educational attainment to the national average by providing motivational, streamlined and relevant college-going information that will encourage people to inquire and enroll in college. Previous research makes clear that many Kentuckians do not see the benefit of postsecondary education, significantly overestimate the cost of college, and often lack the necessary information to know how to prepare and financially plan for college.
5. College Level Learning Assessment - The Council is working with college and university representatives on the best way to measure improvements in academic outcomes. The Council is currently preparing a statewide assessment plan to measure general education outcomes that builds on the ACT Evaluation and Planning and Assessment System (EPAS) implementation in K-12 to report gains in student educational progress by institution. The Council will be responsible for dissemination of the results, identification of areas for improvement and for continued performance monitoring at all public postsecondary institutions.

Adult Education and Literacy Funding Program

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

Science and Technology Funding Program

The Science and Technology Funding program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: **the Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, and the **Rural Innovation** program that provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding program provides funding each year for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Policy

The Regional Stewardship Funding Program which provides financing in the amount of \$1,341,000 in fiscal year 2010 to the comprehensive postsecondary education institutions to promote regional and statewide economic development, livable communities, and civic participation through public engagement activities initiated by university faculty and staff will be appropriated in each institution for fiscal year 2011, fiscal year 2012 and future biennia.

The universities design and implement programs that align institutional priorities, resources, and infrastructure to support their missions as stewards of place, and to create partnerships that address regional and state needs.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	183,809,000	291,981,300	299,552,200	13,325,800	36,429,500
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	4,251,400	1,139,300	1,000,000	1,000,000	500,000
Total General Fund	188,060,400	294,914,900	303,028,500	14,325,800	36,929,500
Tobacco Fund					
Tobacco Settlement - Phase I	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Continuing Approp.-Tobacco Settlement	140,600				
Total Tobacco Fund	1,140,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Fund					
Balance Forward	2,821,200	387,400	155,900	1,215,500	308,500
Current Receipts	18,068,400	19,281,400	19,640,300	19,281,400	19,640,300
Non-Revenue Receipts	9,543,300	4,670,400	8,533,000	2,944,800	6,735,500
Fund Transfers				-794,600	-517,800
Total Restricted Fund	30,432,900	24,339,200	28,329,200	22,647,100	26,166,500
Federal Fund					
Current Receipts	2,460,300	2,593,400	2,603,700	2,470,600	2,477,300
Total Federal Fund	2,460,300	2,593,400	2,603,700	2,470,600	2,477,300
Bond Funds					
Current Receipts				203,000,000	209,000,000
Total Bond Funds				203,000,000	209,000,000
TOTAL SOURCE OF FUNDS	222,094,200	322,847,500	334,961,400	243,443,500	275,573,300
EXPENDITURES BY CLASS					
Personnel Costs	16,375,500	15,729,000	16,286,700	16,447,800	16,517,200
Operating Expenses	2,273,500	3,328,900	3,380,900	3,136,900	3,165,200
Grants Loans Benefits	200,469,400	301,871,300	313,531,600	210,889,900	220,053,200
Debt Service	742,700	744,800	744,100	12,142,800	35,275,100
Capital Outlay	17,600	17,600	17,600	17,600	17,600
TOTAL EXPENDITURES	219,878,700	321,691,600	333,960,900	242,635,000	275,028,300
EXPENDITURES BY FUND SOURCE					
General Fund	187,060,400	293,914,900	302,028,500	13,825,800	36,929,500
Tobacco Fund	1,140,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Fund	29,217,400	24,183,300	28,328,700	22,338,600	25,621,500
Federal Fund	2,460,300	2,593,400	2,603,700	2,470,600	2,477,300
Bond Funds				203,000,000	209,000,000
TOTAL EXPENDITURES	219,878,700	321,691,600	333,960,900	242,635,000	275,028,300
EXPENDITURES BY UNIT					
General Administration and Support	18,007,200	19,160,300	19,514,300	30,290,500	53,547,900
College Access Program	63,578,500	131,408,200	137,786,400	73,316,500	75,574,800
Work Study Program	889,300	750,000	750,000	910,600	910,600
Kentucky Tuition Grant	33,386,800	44,607,500	45,779,400	32,586,400	33,601,100
Teacher Scholarships	2,067,000	2,307,000	2,307,000	2,309,500	2,309,500
Ky National Guard Tuition	4,877,500	37,900	37,900	5,560,900	5,587,900
Osteopathic Medicine Scholarship	854,400	901,800	872,500	901,800	872,500
Ky Educational Excellence Scholarships	93,048,400	93,851,400	99,714,700	93,851,400	99,714,700
Early Childhood Development Scholarships	1,433,100	1,224,900	1,224,900	1,224,900	1,224,900
Kentucky's Affordable Prepaid Tuition	547,700	552,800	560,300	552,800	554,700

(KAPT)					
Robert C Byrd Honors Scholarship	568,000	575,600	583,300	568,000	568,000
Mary Jo Young Scholarship	385,700	385,700	385,700	385,700	385,700
Go Higher Grant Program	235,100	500,000	500,000	176,000	176,000
Borrower Benefits		25,428,500	23,944,500		
TOTAL EXPENDITURES	219,878,700	321,691,600	333,960,900	242,635,000	275,028,300

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information.

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

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

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

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

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

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

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Pharmacy Scholarship Program provides tuition equalization awards to eligible students who choose to attend a private Kentucky school of pharmacy located in an Appalachian Regional Commission county. Recipients must agree to provide pharmacy services in Kentucky one year for each year they receive a scholarship.

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

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

The Go Higher Grant Program provides needs-based scholarships from coal severance dollars to students from coal producing counties to pursue a certificate, diploma, or degree in one of Kentucky's participating public and private colleges, universities, technical colleges and vocational training institutions.

Policy

The Executive Budget includes appropriations for the College Access program, the Kentucky Tuition Grant program, the Kentucky Educational Excellence Scholarship program, the Teacher Scholarship, and the National Guard Tuition Scholarship program supported by a bond issue in each year of the biennium. Bonds will be issued in the amount of \$203,000,000 in fiscal year 2011 and \$209,000,000 in fiscal year 2012. The bond funds will replace the same amount of net lottery revenues that are earmarked for student financial aid programs by KRS 154A.130(4).

Included in the Executive Budget for the College Access Program (CAP) is \$73,316,500 in fiscal year 2011 and \$75,574,800 in fiscal year 2012. These amounts represent an increase of 24% over the biennium.

Included in the Executive Budget for the Kentucky Tuition Grant program is \$32,586,400 in fiscal year 2011 and \$33,601,100 in fiscal year 2012.

The KEES program funding is \$93,851,400 in fiscal year 2011 and \$99,714,700 in fiscal year 2012 which fully funds the program.

Included in the Executive Budget for the Teacher Scholarship Program is \$2,309,500 in each fiscal year of the 2010-2012 biennium.

The Executive Budget includes \$5,560,900 in fiscal year 2011 and \$5,587,900 in fiscal year 2012 for the National Guard Tuition Assistance program. Unexpended coal severance funds in the amount of \$1,000,000 will be spent over the biennium in support of the National Guard Tuition Assistance Program for eligible National Guard members from coal-producing counties.

Included in the General Fund for the Osteopathic Medicine Scholarships is \$901,800 in fiscal year 2011 and \$872,500 in fiscal year 2012 from Coal Severance Tax revenues.

The Early Childhood Development Scholarship program is funded with \$1,000,000 in each fiscal year from Tobacco Settlement funds.

The Work Study program is funded with \$850,000 each year from the General Fund.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,080,039,600	1,090,049,500	1,120,125,600	978,961,800	1,011,880,200
Budget Reduction-General Fund	-103,525,500				
Current Receipts		5,067,500	5,067,500		
Total General Fund	976,514,100	1,095,117,000	1,125,193,100	978,961,800	1,011,880,200
Tobacco Fund					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
Total Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Fund					
Current Receipts	3,601,124,300	3,677,875,600	3,824,173,400	3,678,059,700	3,824,739,300
Total Restricted Fund	3,601,124,300	3,677,875,600	3,824,173,400	3,678,059,700	3,824,739,300
Federal Fund					
Current Receipts	732,974,100	747,720,500	785,061,300	773,365,900	800,766,700
ARRA Receipts	3,753,200	3,365,000	3,000,000	3,365,000	3,000,000
SFSF Receipts	70,000,000			57,272,600	
Total Federal Fund	806,727,300	751,085,500	788,061,300	834,003,500	803,766,700
TOTAL SOURCE OF FUNDS	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
EXPENDITURES BY CLASS					
Personnel Costs	2,693,957,700	2,803,937,400	2,887,217,500	2,691,343,200	2,699,260,100
Operating Expenses	1,687,372,500	1,797,005,700	1,889,621,100	1,826,040,900	1,968,912,900
Grants Loans Benefits	656,631,900	667,068,300	700,114,300	634,997,000	639,356,600
Debt Service	120,708,500	125,786,200	121,830,700	114,089,900	108,362,500
Capital Outlay	225,945,100	130,530,500	138,894,200	224,804,000	224,744,100
TOTAL EXPENDITURES	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
EXPENDITURES BY FUND SOURCE					
General Fund	976,514,100	1,095,367,000	1,125,443,100	978,961,800	1,011,880,200
Tobacco Fund	250,000			250,000	250,000
Restricted Fund	3,601,124,300	3,677,875,600	3,822,067,600	3,678,059,700	3,824,739,300
Federal Fund	806,727,300	751,085,500	790,167,100	834,003,500	803,766,700
TOTAL EXPENDITURES	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
EXPENDITURES BY UNIT					
Eastern Kentucky University	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
Kentucky State University	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
Morehead State University	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
Murray State University	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
Northern Kentucky University	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
University of Kentucky	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
University of Louisville	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
Western Kentucky University	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
Kentucky Community and Technical College System	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
TOTAL EXPENDITURES	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200

Postsecondary Education
Postsecondary Education Institutions
Eastern Kentucky University

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	77,999,500	71,645,200	76,689,400	69,913,300	72,620,600
Budget Reduction-General Fund	-7,306,800				
Current Receipts		5,067,500	5,067,500		
Total General Fund	70,692,700	76,712,700	81,756,900	69,913,300	72,620,600
Restricted Fund					
Current Receipts	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
Total Restricted Fund	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
Federal Fund					
Current Receipts	70,662,700	74,195,800	77,905,600	74,195,800	77,905,600
SFSF Receipts	5,067,500			4,085,900	
Total Federal Fund	75,730,200	74,195,800	77,905,600	78,281,700	77,905,600
TOTAL SOURCE OF FUNDS	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
EXPENDITURES BY CLASS					
Personnel Costs	149,954,100	150,040,500	154,548,200	149,559,000	153,585,200
Operating Expenses	57,840,200	66,223,200	69,274,800	64,770,700	64,999,500
Grants Loans Benefits	75,652,100	75,452,800	77,484,000	75,452,800	77,484,000
Debt Service	2,029,000				
Capital Outlay	2,340,500	3,113,700	6,295,300	2,334,200	2,397,300
TOTAL EXPENDITURES	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
EXPENDITURES BY FUND SOURCE					
General Fund	70,692,700	76,712,700	81,756,900	69,913,300	72,620,600
Restricted Fund	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
Federal Fund	75,730,200	74,195,800	77,905,600	78,281,700	77,905,600
TOTAL EXPENDITURES	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
EXPENDITURES BY UNIT					
Instruction	82,531,200	83,022,900	85,365,400	82,070,500	85,194,600
Research	1,796,300	1,877,900	1,966,000	1,877,900	1,966,000
Public Service	39,291,100	41,152,900	43,138,900	45,238,800	43,138,900
Libraries	3,285,500	3,344,800	3,438,600	3,344,800	3,438,600
Academic Support	17,865,600	18,186,000	18,694,300	18,186,000	18,694,300
Student Services	17,264,900	17,595,100	18,101,700	17,595,100	18,101,700
Institutional Support	35,097,000	35,836,400	36,917,500	35,836,400	36,917,500
Operation and Maintenance of Plant	20,282,900	25,603,400	29,417,700	24,823,900	25,519,700
Scholarships and Fellowships	50,177,400	51,799,400	53,692,600	46,731,900	48,625,100
Mandatory Transfers	4,100,900				
Auxilliary Enterprises	16,123,100	16,411,400	16,869,600	16,411,400	16,869,600
TOTAL EXPENDITURES	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and passed an enabling act permitting the university to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966.

The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship, and natural areas, using resources such as the Lilley Cornett Woods program. As such, the university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, the workforce, justice and safety, and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes federal funds of \$4,085,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$3,149,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky State University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,180,100	29,089,600	29,154,200	25,245,800	25,285,100
Budget Reduction-General Fund	-2,540,600				
Total General Fund	24,639,500	29,089,600	29,154,200	25,245,800	25,285,100
Restricted Fund					
Current Receipts	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
Total Restricted Fund	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
Federal Fund					
Current Receipts	16,918,700	16,918,700	16,918,700	18,605,600	18,405,600
SFSF Receipts	1,766,300			1,479,400	
Total Federal Fund	18,685,000	16,918,700	16,918,700	20,085,000	18,405,600
TOTAL SOURCE OF FUNDS	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
EXPENDITURES BY CLASS					
Personnel Costs	37,605,500	40,087,700	41,664,700	36,842,000	36,842,000
Operating Expenses	19,684,200	20,362,600	20,658,700	23,404,700	23,954,900
Grants Loans Benefits	6,672,900	6,672,900	6,672,900	6,672,900	6,672,900
Debt Service	908,900	960,100		960,100	
Capital Outlay	3,327,500	3,327,500	3,327,500	3,037,700	3,037,700
TOTAL EXPENDITURES	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
EXPENDITURES BY FUND SOURCE					
General Fund	24,639,500	29,089,600	29,154,200	25,245,800	25,285,100
Restricted Fund	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
Federal Fund	18,685,000	16,918,700	16,918,700	20,085,000	18,405,600
TOTAL EXPENDITURES	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
EXPENDITURES BY UNIT					
Instruction	13,637,800	14,929,200	16,166,100	13,840,400	12,822,100
Research	6,308,000	6,961,300	7,137,400	6,280,400	6,308,000
Public Service	6,780,900	7,393,800	7,557,800	6,741,800	6,769,400
Academic Support	3,680,800	3,913,300	4,145,800	3,302,500	3,513,800
Student Services	6,507,000	6,507,000	6,507,000	6,479,400	6,507,000
Institutional Support	11,553,900	11,335,200	11,335,200	10,631,100	10,658,700
Operation and Maintenance of Plant	6,075,200	6,664,400	6,728,000	5,796,500	6,370,600
Scholarships and Fellowships	6,802,700	6,802,700	6,802,700	9,969,000	8,289,600
Mandatory Transfers	908,900	960,100		932,500	1,094,300
Auxilliary Enterprises	5,943,800	5,943,800	5,943,800	6,943,800	8,174,000
TOTAL EXPENDITURES	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution

and agency of the Commonwealth consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's (KSU) goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, master's, and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics, and economics of aquaculture. As such, KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes federal funds of \$1,479,400 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$379,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
Morehead State University

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	47,002,000	49,091,400	50,654,600	43,396,500	44,604,100
Budget Reduction-General Fund	-4,408,700				
Total General Fund	42,593,300	49,091,400	50,654,600	43,396,500	44,604,100
Restricted Fund					
Current Receipts	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
Total Restricted Fund	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
Federal Fund					
Current Receipts	78,663,900	75,257,800	77,383,400	75,257,800	77,383,400
ARRA Receipts	753,200	365,000		365,000	
SFSF Receipts	3,053,200			2,542,000	
Total Federal Fund	82,470,300	75,622,800	77,383,400	78,164,800	77,383,400
TOTAL SOURCE OF FUNDS	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
EXPENDITURES BY CLASS					
Personnel Costs	84,010,000	84,870,100	88,760,800	84,870,100	88,760,800
Operating Expenses	30,428,200	30,956,900	33,154,900	30,971,400	30,385,700
Grants Loans Benefits	72,463,100	75,089,500	77,531,800	71,922,100	74,250,500
Debt Service	5,783,000	5,806,800	5,309,300	5,806,800	5,309,300
Capital Outlay	10,832,800	10,485,800	10,362,800	10,485,800	10,362,800
TOTAL EXPENDITURES	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
EXPENDITURES BY FUND SOURCE					
General Fund	42,593,300	49,091,400	50,654,600	43,396,500	44,604,100
Restricted Fund	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
Federal Fund	82,470,300	75,622,800	77,383,400	78,164,800	77,383,400
TOTAL EXPENDITURES	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
EXPENDITURES BY UNIT					
Instruction	44,354,800	46,206,400	48,064,600	46,674,100	47,565,000
Research	3,205,200	1,098,900	1,057,400	1,070,500	1,241,800
Public Service	7,904,100	6,217,800	5,755,700	6,189,800	5,940,400
Libraries	3,074,200	3,193,400	3,305,700	3,166,000	3,490,400
Academic Support	13,179,600	13,300,700	14,020,500	12,931,100	13,549,200
Student Services	13,630,000	13,345,600	14,075,900	12,976,300	13,576,000
Institutional Support	14,116,300	13,937,700	14,415,000	13,910,200	14,599,700
Operation and Maintenance of Plant	8,271,500	10,596,400	11,818,700	8,565,100	9,079,000
Scholarships and Fellowships	72,463,100	75,089,500	77,531,800	74,433,600	74,435,200
Mandatory Transfers	3,944,000	4,097,000	4,241,000	4,069,500	4,389,700
Non-Mandatory Transfers	4,818,000	5,004,900	5,180,800	4,976,800	5,365,500
Auxilliary Enterprises	14,556,300	15,120,800	15,652,500	15,093,200	15,837,200
TOTAL EXPENDITURES	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100

Morehead State University (MSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is

vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the eastern Kentucky Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the eastern Kentucky Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes federal funds of \$2,542,000 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$2,562,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
Murray State University

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	53,460,200	54,259,600	55,595,800	49,266,900	51,178,900
Budget Reduction-General Fund	-5,046,400				
Total General Fund	48,413,800	54,259,600	55,595,800	49,266,900	51,178,900
Restricted Fund					
Current Receipts	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
Total Restricted Fund	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
Federal Fund					
Current Receipts	14,155,900	15,842,800	15,642,800	15,842,800	15,642,800
SFSF Receipts	3,470,500			2,885,600	
Total Federal Fund	17,626,400	15,842,800	15,642,800	18,728,400	15,642,800
TOTAL SOURCE OF FUNDS	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
EXPENDITURES BY CLASS					
Personnel Costs	98,644,600	106,332,800	110,789,700	98,644,600	98,644,600
Operating Expenses	42,721,700	44,712,400	46,245,100	54,218,600	60,356,400
Grants Loans Benefits	6,857,400	7,129,600	7,947,600	3,663,400	3,663,400
Debt Service	4,508,300	4,508,300	6,048,300	4,508,300	4,508,300
Capital Outlay	2,241,100	2,700,000	2,800,000	2,241,100	2,241,100
TOTAL EXPENDITURES	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
EXPENDITURES BY FUND SOURCE					
General Fund	48,413,800	54,259,600	55,595,800	49,266,900	51,178,900
Restricted Fund	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
Federal Fund	17,626,400	15,842,800	15,642,800	18,728,400	15,642,800
TOTAL EXPENDITURES	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
EXPENDITURES BY UNIT					
Instruction	54,063,700	55,129,700	56,191,100	59,577,400	55,758,700
Research	1,524,800	1,812,900	2,352,900	1,492,400	1,732,900
Public Service	7,393,700	8,223,200	8,685,800	7,914,300	8,154,800
Libraries	3,604,500	3,833,000	4,573,000	3,572,100	3,812,600
Academic Support	6,302,200	6,663,600	7,724,200	6,269,800	6,510,300
Student Services	13,636,400	10,855,600	11,716,800	9,857,000	10,097,500
Institutional Support	15,512,500	15,762,500	16,047,600	15,480,100	15,720,500
Operation and Maintenance of Plant	16,931,400	17,694,000	17,994,000	16,899,000	17,139,400
Scholarships and Fellowships	9,918,000	15,699,600	17,017,200	9,812,600	10,534,000
Mandatory Transfers	4,508,300	4,508,300	6,048,300	4,508,300	4,508,300
Non-Mandatory Transfers	979,900	2,162,200	2,162,200	947,500	1,187,900
Auxilliary Enterprises	20,597,700	23,038,500	23,317,600	26,945,500	34,256,900
TOTAL EXPENDITURES	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800

Murray State University (MSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body

corporate with the powers usually vested in corporations and, as such, has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management, the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship, and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies, and other colleges and universities at home and abroad.

Murray State University provides or coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

Policy

The Executive Budget includes federal funds of \$2,885,600 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$1,452,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
Northern Kentucky University

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	55,442,300	58,134,400	58,784,200	51,025,300	50,989,400
Budget Reduction-General Fund	-5,161,400				
Total General Fund	50,280,900	58,134,400	58,784,200	51,025,300	50,989,400
Restricted Fund					
Current Receipts	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
Total Restricted Fund	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
Federal Fund					
Current Receipts	18,431,200	17,111,300	17,111,300	17,111,300	17,111,300
SFSF Receipts	3,604,300			2,987,900	
Total Federal Fund	22,035,500	17,111,300	17,111,300	20,099,200	17,111,300
TOTAL SOURCE OF FUNDS	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
EXPENDITURES BY CLASS					
Personnel Costs	123,359,400	131,548,300	137,913,900	123,359,400	123,359,400
Operating Expenses	51,724,400	52,911,000	56,618,800	60,726,400	69,143,200
Grants Loans Benefits	29,782,800	30,294,100	30,914,100	27,894,100	27,894,100
Debt Service	9,930,000	10,110,700	8,093,000	10,058,000	7,987,600
Capital Outlay	14,446,300	15,310,100	16,654,400	14,015,100	14,015,100
TOTAL EXPENDITURES	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
EXPENDITURES BY FUND SOURCE					
General Fund	50,280,900	58,134,400	58,784,200	51,025,300	50,989,400
Restricted Fund	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
Federal Fund	22,035,500	17,111,300	17,111,300	20,099,200	17,111,300
TOTAL EXPENDITURES	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
EXPENDITURES BY UNIT					
Instruction	70,290,400	74,617,400	78,159,300	78,787,800	87,452,300
Research	1,988,500	1,996,500	2,001,800	1,960,400	2,209,400
Public Service	9,713,200	9,813,000	9,985,600	9,500,800	9,829,800
Libraries	5,955,300	6,864,000	7,827,500	5,927,300	6,218,100
Academic Support	19,582,100	20,262,000	21,091,500	19,052,600	19,303,000
Student Services	14,776,700	14,973,500	15,590,200	14,248,600	14,497,600
Institutional Support	36,773,700	37,923,500	40,217,100	35,741,500	35,994,600
Operation and Maintenance of Plant	16,881,100	19,323,100	21,890,400	16,353,000	17,002,000
Scholarships and Fellowships	29,427,200	29,918,500	30,518,500	30,526,400	27,759,400
Mandatory Transfers	5,032,000	5,160,000	3,089,600	5,131,900	3,310,500
Non-Mandatory Transfers	7,117,800	7,117,800	7,117,800	7,117,800	7,117,800
Auxilliary Enterprises	11,704,900	12,204,900	12,704,900	11,704,900	11,704,900
TOTAL EXPENDITURES	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the

University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning, and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management, and civic literacy. Finally, NKU is committed to becoming a center for the performing and visual arts.

Policy

The Executive Budget includes federal funds of \$2,987,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$4,978,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
University of Kentucky

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	324,366,500	323,841,000	332,569,400	294,418,400	304,487,300
Budget Reduction-General Fund	-30,479,500				
Total General Fund	293,887,000	323,841,000	332,569,400	294,418,400	304,487,300
Tobacco Fund					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
Total Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Fund					
Current Receipts	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
Total Restricted Fund	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
Federal Fund					
Current Receipts	193,328,400	200,500,900	208,090,600	214,395,200	214,395,200
SFSF Receipts	21,066,800			17,223,600	
Total Federal Fund	214,395,200	200,500,900	208,090,600	231,618,800	214,395,200
TOTAL SOURCE OF FUNDS	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
EXPENDITURES BY CLASS					
Personnel Costs	1,114,016,100	1,150,983,400	1,185,853,100	1,114,016,100	1,114,016,100
Operating Expenses	1,001,144,200	1,072,113,100	1,124,223,400	1,024,995,000	1,092,379,900
Grants Loans Benefits	97,615,800	100,277,700	103,074,000	97,615,800	97,615,800
Debt Service	61,610,400	69,800,800	68,454,600	58,298,600	56,928,000
Capital Outlay	155,891,700	55,946,900	57,003,900	155,891,700	155,891,700
TOTAL EXPENDITURES	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
EXPENDITURES BY FUND SOURCE					
General Fund	293,887,000	324,091,000	332,819,400	294,418,400	304,487,300
Tobacco Fund	250,000			250,000	250,000
Restricted Fund	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
Federal Fund	214,395,200	200,500,900	208,090,600	231,618,800	214,395,200
TOTAL EXPENDITURES	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
EXPENDITURES BY UNIT					
Instruction	340,593,500	348,820,400	356,884,900	344,186,700	355,626,200
Research	292,592,500	302,282,400	312,102,900	310,066,100	292,842,500
Public Service	297,291,700	305,352,600	313,519,200	297,291,700	297,291,700
Libraries	25,980,600	26,413,500	27,833,200	25,980,600	25,980,600
Academic Support	89,569,400	96,553,300	103,731,400	89,569,400	89,569,400
Student Services	30,804,500	31,480,700	32,146,200	30,804,500	30,804,500
Institutional Support	116,546,200	118,588,600	120,812,000	116,546,200	116,546,200
Operation and Maintenance of Plant	64,228,800	71,059,100	75,836,600	64,228,800	64,228,800
Scholarships and Fellowships	97,615,800	100,277,700	103,074,000	97,615,800	97,615,800
Mandatory Transfers	25,170,000	21,858,200	20,487,600	21,858,200	20,487,600
Auxilliary Enterprises	142,570,000	150,096,300	158,241,700	142,570,000	142,570,000
Hospitals	907,315,200	876,339,100	913,939,300	910,099,200	983,268,200
TOTAL EXPENDITURES	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500

The University of Kentucky (UK) is a comprehensive land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

As noted in its Campus Action Plan for 2005-2010, the University of Kentucky's goal, mandated by House Bill 1, is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, master's, and doctoral programs that meet 21st century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities, and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied, and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine, and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top-20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment, and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research, and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

Policy

The Mining Engineering Scholarship program includes \$300,000 each year from the General Fund through coal severance tax revenues.

The Executive Budget includes \$1,000,000 each year from the General Fund through coal severance tax revenues for the Robinson Scholars program.

The Executive Budget includes federal funds of \$17,223,600 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$9,968,000 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

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Postsecondary Education
Postsecondary Education Institutions
University of Louisville

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	186,787,700	192,538,600	197,796,700	172,108,000	179,070,500
Budget Reduction-General Fund	-16,891,300				
Total General Fund	169,896,400	192,538,600	197,796,700	172,108,000	179,070,500
Restricted Fund					
Current Receipts	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
Total Restricted Fund	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
Federal Fund					
Current Receipts	124,381,800	114,317,600	116,467,900	124,381,800	124,381,800
SFSF Receipts	12,178,800			10,077,000	
Total Federal Fund	136,560,600	114,317,600	116,467,900	134,458,800	124,381,800
TOTAL SOURCE OF FUNDS	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
EXPENDITURES BY CLASS					
Personnel Costs	567,050,900	574,592,300	590,000,900	567,050,900	567,050,900
Operating Expenses	249,278,900	260,090,600	271,061,900	267,342,600	283,199,600
Grants Loans Benefits	85,438,700	85,438,700	85,438,700	85,438,700	85,438,700
Debt Service	22,123,100	22,198,100	21,921,900	22,198,100	21,921,900
Capital Outlay	26,632,800	26,632,800	26,632,800	26,632,800	26,632,800
TOTAL EXPENDITURES	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
EXPENDITURES BY FUND SOURCE					
General Fund	169,896,400	192,538,600	197,796,700	172,108,000	179,070,500
Restricted Fund	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
Federal Fund	136,560,600	114,317,600	116,467,900	134,458,800	124,381,800
TOTAL EXPENDITURES	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
EXPENDITURES BY UNIT					
Instruction	256,736,600	260,948,400	269,102,900	268,950,200	265,667,000
Research	142,807,200	145,149,900	149,685,600	142,807,200	142,807,200
Public Service	91,424,700	92,203,900	94,243,400	91,424,700	91,424,700
Libraries	18,920,600	19,231,000	19,831,900	18,920,600	18,920,600
Academic Support	113,014,600	114,868,600	118,458,100	113,014,600	113,014,600
Student Services	24,546,300	24,949,000	25,728,600	24,546,300	24,546,300
Institutional Support	62,228,800	62,761,100	64,154,400	62,228,800	62,228,800
Operation and Maintenance of Plant	43,652,200	50,040,700	51,917,300	43,652,200	43,652,200
Scholarships and Fellowships	93,364,400	94,895,900	97,861,300	81,185,600	81,185,600
Mandatory Transfers	22,123,100	22,198,100	21,921,900	22,198,100	21,921,900
Auxilliary Enterprises	61,484,500	61,484,500	61,484,500	79,513,400	98,208,700
Hospitals	20,221,400	20,221,400	20,666,300	20,221,400	20,666,300
TOTAL EXPENDITURES	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of

the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's goal, mandated by House Bill 1, is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary, and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities, and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions, and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied, and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science, and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

Policy

The Executive Budget includes \$20,221,400 in fiscal year 2011 and \$20,665,300 in fiscal year 2012 from the General Fund for the Quality and Charity Care Trust Fund agreement.

The Executive Budget includes federal funds of \$10,077,000 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$3,631,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
Western Kentucky University

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	83,371,600	84,073,400	86,486,700	75,420,900	77,804,700
Budget Reduction-General Fund	-7,815,800				
Total General Fund	75,555,800	84,073,400	86,486,700	75,420,900	77,804,700
Restricted Fund					
Current Receipts	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
Total Restricted Fund	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
Federal Fund					
Current Receipts	38,497,000	40,751,000	42,472,800	40,751,000	42,472,800
ARRA Receipts	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
SFSF Receipts	5,416,100			4,410,900	
Total Federal Fund	46,913,100	43,751,000	45,472,800	48,161,900	45,472,800
TOTAL SOURCE OF FUNDS	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
EXPENDITURES BY CLASS					
Personnel Costs	157,954,300	169,041,900	175,210,800	157,954,300	157,954,300
Operating Expenses	105,226,800	109,894,800	113,085,900	122,374,100	131,404,700
Grants Loans Benefits	63,968,900	64,044,700	66,869,900	58,552,800	58,552,800
Debt Service	13,815,800	12,401,400	12,003,600	12,260,000	11,707,400
Capital Outlay	6,079,500	6,079,500	7,210,500	6,079,500	6,079,500
TOTAL EXPENDITURES	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
EXPENDITURES BY FUND SOURCE					
General Fund	75,555,800	84,073,400	86,486,700	75,420,900	77,804,700
Restricted Fund	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
Federal Fund	46,913,100	43,751,000	45,472,800	48,161,900	45,472,800
TOTAL EXPENDITURES	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
EXPENDITURES BY UNIT					
Instruction	103,511,300	109,878,800	114,306,900	120,382,200	129,412,800
Research	11,942,000	12,075,700	12,202,100	11,942,000	11,942,000
Public Service	17,908,200	18,408,900	18,616,600	18,184,700	18,184,700
Libraries	7,372,000	7,813,000	8,203,100	7,372,000	7,372,000
Academic Support	15,449,400	16,297,600	17,054,100	15,449,400	15,449,400
Student Services	30,970,600	31,769,200	32,291,600	30,970,600	30,970,600
Institutional Support	39,498,700	42,287,000	42,734,800	39,498,700	39,498,700
Operation and Maintenance of Plant	30,338,900	33,467,900	35,238,000	30,338,900	30,338,900
Scholarships and Fellowships	57,182,000	57,705,300	60,995,900	51,765,900	51,765,900
Mandatory Transfers	2,108,400	552,500		552,500	
Non-Mandatory Transfers	10,091,800	10,091,800	10,091,700	10,091,800	10,091,700
Auxilliary Enterprises	20,672,000	21,114,600	22,645,900	20,672,000	20,672,000
TOTAL EXPENDITURES	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State

Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

As noted in its Campus Action Plan for 2005-2010, Western Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature, and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality, and applied engineering. As such, Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

Policy

The Executive Budget includes federal funds of \$4,410,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$581,000 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

Postsecondary Education
Postsecondary Education Institutions
Kentucky Community and Technical College System

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	224,429,700	227,376,300	232,394,600	198,166,700	205,839,600
Budget Reduction-General Fund	-23,875,000				
Total General Fund	200,554,700	227,376,300	232,394,600	198,166,700	205,839,600
Restricted Fund					
Current Receipts	320,154,100	345,583,100	365,098,500	345,583,100	365,098,500
Total Restricted Fund	320,154,100	345,583,100	365,098,500	345,583,100	365,098,500
Federal Fund					
Current Receipts	177,934,500	192,824,600	213,068,200	192,824,600	213,068,200
SFSF Receipts	14,376,500			11,580,300	
Total Federal Fund	192,311,000	192,824,600	213,068,200	204,404,900	213,068,200
TOTAL SOURCE OF FUNDS	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
EXPENDITURES BY CLASS					
Personnel Costs	361,362,800	396,440,400	402,475,400	359,046,800	359,046,800
Operating Expenses	129,323,900	139,741,100	155,297,600	177,237,400	213,089,000
Grants Loans Benefits	218,180,200	222,668,300	244,181,300	207,784,400	207,784,400
Capital Outlay	4,152,900	6,934,200	8,607,000	4,086,100	4,086,100
TOTAL EXPENDITURES	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
EXPENDITURES BY FUND SOURCE					
General Fund	200,554,700	227,376,300	232,394,600	198,166,700	205,839,600
Restricted Fund	320,154,100	345,583,100	362,992,700	345,583,100	365,098,500
Federal Fund	192,311,000	192,824,600	215,174,000	204,404,900	213,068,200
TOTAL EXPENDITURES	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
EXPENDITURES BY UNIT					
Instruction	240,460,900	258,038,600	270,285,300	235,651,600	243,324,500
Public Service	43,903,300	51,374,100	53,060,200	43,760,200	43,760,200
Libraries	7,680,000	8,036,200	8,237,800	7,674,500	7,674,500
Academic Support	34,167,400	36,819,700	38,479,800	33,702,800	33,702,800
Student Services	50,554,300	53,754,400	57,060,600	49,640,500	49,640,500
Institutional Support	55,794,300	60,146,700	61,763,600	55,725,500	55,725,500
Operation and Maintenance of Plant	62,905,300	75,524,900	78,073,800	62,894,800	62,894,800
Scholarships and Fellowships	217,554,300	222,089,400	243,600,200	233,675,900	242,339,200
Auxilliary Enterprises				25,428,900	44,944,300
TOTAL EXPENDITURES	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. As noted in its Campus Action Plan for 2005-2010, KCTCS's goal, mandated by House Bill 1, is to assure, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

Policy

The Executive Budget transfers the Corrections Education program to the Department of Corrections; this change reduces the base General Fund by \$5,348,100.

The Executive Budget transfers \$163,900 in General Fund from the Education and Workforce Development Cabinet, Office of the Secretary to KCTCS for the East Kentucky Science Center.

The Executive Budget includes federal funds of \$11,580,300 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$1,261,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

The Executive Budget includes \$30,433,400 in fiscal year 2011 and \$31,283,500 in fiscal year 2012 for the Firefighters Foundation Program Fund.

Public Protection

Public Protection

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,210,600	12,072,600	13,494,000	7,365,100	7,365,100
Salary and Health Insurance Adjustments	80,500				
Special Appropriation	2,663,100				
Budget Reduction-General Fund	-392,300				
Mandated Expenditure Reductions	-96,500				
Total General Fund	7,465,400	12,072,600	13,494,000	7,365,100	7,365,100
Tobacco Fund					
Tobacco Settlement - Phase I	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
Total Tobacco Fund	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund					
Balance Forward	48,659,700	35,724,500	43,258,300	35,646,300	32,862,900
Current Receipts	73,067,400	74,405,300	74,396,200	74,299,900	74,400,200
Non-Revenue Receipts	19,867,100	21,692,700	21,620,600	18,891,000	18,471,400
Fund Transfers	-22,310,000			-10,000,000	-15,000,000
Total Restricted Fund	119,284,200	131,822,500	139,275,100	118,837,200	110,734,500
Federal Fund					
Current Receipts	4,328,700	508,700	508,700	508,700	508,700
ARRA Receipts	668,500	1,150,100	157,900	1,150,100	157,900
Total Federal Fund	4,997,200	1,658,800	666,600	1,658,800	666,600
TOTAL SOURCE OF FUNDS	151,628,700	163,638,500	170,017,100	145,945,800	135,347,600
EXPENDITURES BY CLASS					
Personnel Costs	73,455,800	78,548,900	81,150,200	75,389,900	75,253,100
Operating Expenses	11,583,600	13,032,900	12,920,000	12,491,800	12,374,600
Grants Loans Benefits	28,879,100	28,189,900	27,637,800	24,752,700	24,200,600
Capital Outlay	538,000	608,500	64,500	448,500	64,500
TOTAL EXPENDITURES	114,456,500	120,380,200	121,772,500	113,082,900	111,892,800
EXPENDITURES BY FUND SOURCE					
General Fund	7,465,400	12,072,600	13,494,000	7,365,100	7,365,100
Tobacco Fund	18,356,000	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund	83,637,900	88,564,200	91,030,500	85,974,300	87,279,700
Federal Fund	4,997,200	1,658,800	666,600	1,658,800	666,600
TOTAL EXPENDITURES	114,456,500	120,380,200	121,772,500	113,082,900	111,892,800
EXPENDITURES BY UNIT					
Secretary	4,643,400	5,168,500	5,475,400	4,960,900	5,035,800
Boxing and Wrestling Authority	135,000	192,600	204,200	138,300	140,100
Alcoholic Beverage Control	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
Charitable Gaming	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
Board of Claims/Crime Victims' Compensation	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
Financial Institutions	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
Horse Racing Commission	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
Housing, Buildings and Construction	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
Insurance	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
Tax Appeals	397,900	426,300	453,700	389,900	389,900
TOTAL EXPENDITURES	114,456,500	120,380,200	121,772,500	113,082,900	111,892,800

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

**Public Protection
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	301,100	362,400	578,100	269,200	269,200
Salary and Health Insurance Adjustments	6,200				
Budget Reduction-General Fund	-32,600				
Total General Fund	274,700	362,400	578,100	269,200	269,200
Restricted Fund					
Balance Forward	801,200	311,800	81,800	311,800	47,000
Current Receipts	843,000	1,001,700	1,001,700	893,300	1,001,700
Non-Revenue Receipts	3,836,300	3,574,400	3,899,200	3,533,600	3,717,900
Fund Transfers	-800,000				
Total Restricted Fund	4,680,500	4,887,900	4,982,700	4,738,700	4,766,600
TOTAL SOURCE OF FUNDS	4,955,200	5,250,300	5,560,800	5,007,900	5,035,800
EXPENDITURES BY CLASS					
Personnel Costs	4,115,200	4,589,000	4,927,000	4,386,000	4,491,500
Operating Expenses	528,200	579,500	548,400	574,900	544,300
TOTAL EXPENDITURES	4,643,400	5,168,500	5,475,400	4,960,900	5,035,800
EXPENDITURES BY FUND SOURCE					
General Fund	274,700	362,400	578,100	269,200	269,200
Restricted Fund	4,368,700	4,806,100	4,897,300	4,691,700	4,766,600
TOTAL EXPENDITURES	4,643,400	5,168,500	5,475,400	4,960,900	5,035,800
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	3,634,400	4,011,300	4,248,600	3,923,300	3,987,100
Occupations and Professions	1,009,000	1,157,200	1,226,800	1,037,600	1,048,700
TOTAL EXPENDITURES	4,643,400	5,168,500	5,475,400	4,960,900	5,035,800

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

**Public Protection
Boxing and Wrestling Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	77,000	95,700	56,800	95,700	111,100
Current Receipts	153,700	153,700	153,700	153,700	153,700
Total Restricted Fund	230,700	249,400	210,500	249,400	264,800
TOTAL SOURCE OF FUNDS	230,700	249,400	210,500	249,400	264,800
EXPENDITURES BY CLASS					
Personnel Costs	107,500	163,200	173,400	110,200	111,700
Operating Expenses	27,500	29,400	30,800	28,100	28,400
TOTAL EXPENDITURES	135,000	192,600	204,200	138,300	140,100
EXPENDITURES BY FUND SOURCE					
Restricted Fund	135,000	192,600	204,200	138,300	140,100
TOTAL EXPENDITURES	135,000	192,600	204,200	138,300	140,100
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	135,000	192,600	204,200	138,300	140,100
TOTAL EXPENDITURES	135,000	192,600	204,200	138,300	140,100

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

**Public Protection
Alcoholic Beverage Control**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	965,000	870,000	896,400	815,300	815,300
Salary and Health Insurance Adjustments	12,500				
Budget Reduction-General Fund	-102,200				
Mandated Expenditure Reductions	-43,400				
Total General Fund	831,900	870,000	896,400	815,300	815,300
Restricted Fund					
Balance Forward	931,100	1,067,000	795,800	1,067,000	822,300
Current Receipts	5,274,700	5,274,700	5,274,700	5,274,700	5,274,700
Non-Revenue Receipts	-276,200	-622,600	-732,100	-622,600	-732,100
Fund Transfers	-350,000				
Total Restricted Fund	5,579,600	5,719,100	5,338,400	5,719,100	5,364,900
TOTAL SOURCE OF FUNDS	6,411,500	6,589,100	6,234,800	6,534,400	6,180,200
EXPENDITURES BY CLASS					
Personnel Costs	4,547,500	4,895,900	5,252,700	4,831,200	4,939,100
Operating Expenses	797,000	897,400	915,800	880,900	900,300
TOTAL EXPENDITURES	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
EXPENDITURES BY FUND SOURCE					
General Fund	831,900	870,000	896,400	815,300	815,300
Restricted Fund	4,512,600	4,923,300	5,272,100	4,896,800	5,024,100
TOTAL EXPENDITURES	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,965,400	5,400,100	5,748,700	5,323,300	5,436,700
Tobacco Enforcement	379,100	393,200	419,800	388,800	402,700
TOTAL EXPENDITURES	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400

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

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

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

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

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

**Public Protection
Charitable Gaming**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		197,700	391,500		
Total General Fund		197,700	391,500		
Restricted Fund					
Balance Forward	865,500	497,100	245,300	497,100	284,600
Current Receipts	2,924,500	3,147,000	3,147,000	3,147,000	3,147,000
Non-Revenue Receipts	-200,000	-278,600	-277,300	-278,600	-277,300
Total Restricted Fund	3,590,000	3,365,500	3,115,000	3,365,500	3,154,300
TOTAL SOURCE OF FUNDS	3,590,000	3,563,200	3,506,500	3,365,500	3,154,300
EXPENDITURES BY CLASS					
Personnel Costs	2,555,600	2,781,700	2,969,700	2,600,800	2,673,700
Operating Expenses	537,300	536,200	536,800	480,100	480,600
TOTAL EXPENDITURES	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
EXPENDITURES BY FUND SOURCE					
General Fund		197,700	391,500		
Restricted Fund	3,092,900	3,120,200	3,115,000	3,080,900	3,154,300
TOTAL EXPENDITURES	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
EXPENDITURES BY UNIT					
Charitable Gaming	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
TOTAL EXPENDITURES	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300

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

Public Protection
Board of Claims/Crime Victims' Compensation Board

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	740,000	683,700	710,800	630,300	630,300
Salary and Health Insurance Adjustments	7,700				
Budget Reduction-General Fund	-71,200				
Mandated Expenditure Reductions	-33,300				
Total General Fund	643,200	683,700	710,800	630,300	630,300
Restricted Fund					
Balance Forward	1,829,400	1,064,100	640,500	1,064,100	705,500
Current Receipts	1,450,000	1,400,000	1,400,000	1,400,000	1,400,000
Fund Transfers	-500,000				
Total Restricted Fund	2,779,400	2,464,100	2,040,500	2,464,100	2,105,500
Federal Fund					
Current Receipts	450,600	508,700	508,700	508,700	508,700
ARRA Receipts	89,500				
Total Federal Fund	540,100	508,700	508,700	508,700	508,700
TOTAL SOURCE OF FUNDS	3,962,700	3,656,500	3,260,000	3,603,100	3,244,500
EXPENDITURES BY CLASS					
Personnel Costs	1,090,400	1,202,800	1,277,100	1,155,400	1,182,800
Operating Expenses	1,208,200	1,213,200	1,213,000	1,142,200	1,142,000
Grants Loans Benefits	600,000	600,000	600,000	600,000	600,000
TOTAL EXPENDITURES	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
EXPENDITURES BY FUND SOURCE					
General Fund	643,200	683,700	710,800	630,300	630,300
Restricted Fund	1,715,300	1,823,600	1,870,600	1,758,600	1,785,800
Federal Fund	540,100	508,700	508,700	508,700	508,700
TOTAL EXPENDITURES	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
EXPENDITURES BY UNIT					
Board of Claims	525,500	566,000	593,100	522,100	528,300
Crime Victims' Board	2,373,100	2,450,000	2,497,000	2,375,500	2,396,500
TOTAL EXPENDITURES	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800

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

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

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

**Public Protection
Financial Institutions**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	424,000	321,000	1,305,200	321,000	1,435,700
Current Receipts	13,269,900	13,269,900	13,269,900	13,269,900	13,269,900
Non-Revenue Receipts	-1,136,700	-724,200	-881,600	-724,200	-881,600
Fund Transfers	-3,500,000				-1,000,000
Total Restricted Fund	9,057,200	12,866,700	13,693,500	12,866,700	12,824,000
TOTAL SOURCE OF FUNDS	9,057,200	12,866,700	13,693,500	12,866,700	12,824,000
EXPENDITURES BY CLASS					
Personnel Costs	7,023,100	8,943,000	9,562,400	8,819,400	9,047,200
Operating Expenses	1,713,100	2,618,500	2,618,800	2,611,600	2,610,900
TOTAL EXPENDITURES	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
EXPENDITURES BY FUND SOURCE					
Restricted Fund	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
TOTAL EXPENDITURES	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
EXPENDITURES BY UNIT					
Administrative Services	1,830,400	2,067,600	2,164,900	2,047,200	2,082,500
Financial Institutions	5,361,000	6,875,200	7,263,900	6,790,700	6,932,600
Securities	1,544,800	2,618,700	2,752,400	2,593,100	2,643,000
TOTAL EXPENDITURES	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100

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

The Commissioner's Office is responsible for the overall management of the agency. Two branches report directly to the Commissioner's office. The Technology Branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Information Officer is also a part of the Commissioner's office and is responsible for all communications with the media and handling the departments public relations efforts through coordination of educational seminars, brochures, and newsletters.

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

The Division of Financial Institutions examines and licenses commercial banks, bank holding companies, loan production offices, bank trust departments, independent trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and sale of check licensees.

**Public Protection
Horse Racing Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	443,700	3,239,600	3,550,100	3,044,700	3,044,700
Special Appropriation	2,663,100				
Total General Fund	3,106,800	3,239,600	3,550,100	3,044,700	3,044,700
Restricted Fund					
Balance Forward	31,463,300	25,638,600	20,817,700	25,536,400	20,996,500
Current Receipts	3,471,000	3,413,600	3,411,600	3,413,600	3,411,600
Non-Revenue Receipts	18,637,400	18,186,100	18,165,900	18,186,100	18,165,900
Total Restricted Fund	53,571,700	47,238,300	42,395,200	47,136,100	42,574,000
TOTAL SOURCE OF FUNDS	56,678,500	50,477,900	45,945,300	50,180,800	45,618,700
EXPENDITURES BY CLASS					
Personnel Costs	3,501,900	4,241,600	4,951,700	3,658,000	4,150,600
Operating Expenses	1,219,000	1,328,700	1,326,500	1,436,400	1,436,700
Grants Loans Benefits	25,931,200	24,089,900	23,537,800	24,089,900	23,537,800
Capital Outlay	490,000				
TOTAL EXPENDITURES	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,106,800	3,239,600	3,550,100	3,044,700	3,044,700
Restricted Fund	28,035,300	26,420,600	26,265,900	26,139,600	26,080,400
TOTAL EXPENDITURES	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	4,496,700	4,723,700	4,924,900	4,350,000	4,355,500
Equine Drug Research Fund	267,000	297,000	784,400	297,000	784,400
Thoroughbred Development Fund	6,400,000	4,752,400	4,500,000	4,752,400	4,500,000
Standardbred Development Fund	220,000	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	700,000	699,700	400,000	699,700	400,000
County Fair Purse Fund	138,500	127,500	127,500	127,500	127,500
Thoroughbred Owners and Breeders	137,700	137,700	137,700	137,700	137,700
Backside Improvement Commission	150,000	70,000	70,000	70,000	70,000
Ky Thoroughbred Breeder Incentive Fund	15,102,200	15,102,200	15,121,500	15,000,000	15,000,000
Ky Standardbred Breeder Incentive Fund	2,480,000	2,480,000	2,480,000	2,480,000	2,480,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL EXPENDITURES	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100

The Kentucky Horse Racing Commission, pursuant to KRS 230.225 and the Governor's Executive Order 2008-668, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Commission's charge is to:

- Recommend tax incentives and other options to promote the strength and growth of the thoroughbred industry and to preserve the economic viability of Kentucky's horse farms;

- Design and implement programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;
- Developing and supporting programs which ensure that Kentucky remains a national leader in equine research;
- Develop and implement programs designed to ensure the safety and well being of jockeys, drivers and horses; and
- Develop programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues.

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

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

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

The Thoroughbred Development Fund, KRS 230.400, was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund, KRS 230.770, supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. It receives one percent of the pari-mutuel handle from the harness horse racing tracks

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

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

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

Public Protection
Housing, Buildings and Construction

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,321,000	2,792,900	3,413,400	2,215,700	2,215,700
Salary and Health Insurance	46,300				
Adjustments					
Budget Reduction-General Fund	-156,400				
Total General Fund	2,210,900	2,792,900	3,413,400	2,215,700	2,215,700
Restricted Fund					
Balance Forward	2,358,100	1,444,900	1,371,400	1,468,900	2,373,400
Current Receipts	14,411,800	14,987,600	15,524,500	14,990,600	15,528,500
Non-Revenue Receipts	-230,000	-45,000	-45,000	-45,000	-119,400
Fund Transfers	-1,800,000				
Total Restricted Fund	14,739,900	16,387,500	16,850,900	16,414,500	17,782,500
Federal Fund					
ARRA Receipts	579,000	1,150,100	157,900	1,150,100	157,900
Total Federal Fund	579,000	1,150,100	157,900	1,150,100	157,900
TOTAL SOURCE OF FUNDS	17,529,800	20,330,500	20,422,200	19,780,300	20,156,100
EXPENDITURES BY CLASS					
Personnel Costs	13,223,300	15,230,700	16,336,800	14,194,600	14,367,600
Operating Expenses	2,837,600	3,184,400	3,079,400	2,828,300	2,717,300
Capital Outlay		544,000		384,000	
TOTAL EXPENDITURES	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,210,900	2,792,900	3,413,400	2,215,700	2,215,700
Restricted Fund	13,271,000	15,016,100	15,844,900	14,041,100	14,711,300
Federal Fund	579,000	1,150,100	157,900	1,150,100	157,900
TOTAL EXPENDITURES	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
EXPENDITURES BY UNIT					
General Administration and Management	1,176,300	1,238,100	1,319,200	1,226,100	1,256,800
Fire Prevention	385,900	401,700	426,600	380,900	382,500
Boiler Inspections	752,400	807,000	858,700	776,600	782,300
Hazardous Materials Inspections	741,100	777,800	824,500	714,300	713,200
Manufactured Housing Inspections	511,000	680,800	681,900	533,500	546,200
General Inspections	1,575,000	1,653,500	1,756,000	1,547,500	1,547,800
Electrical Licensing	637,300	1,284,800	1,201,000	671,800	689,300
Electrical Inspections	551,500	614,100	628,400	610,400	604,500
Sprinkler/Alarm Inspections	71,500	74,500	78,700	74,200	75,800
Elevator Inspections	747,600	782,900	833,400	771,600	790,800
Plumbing	5,009,300	5,372,700	5,714,900	5,003,600	5,003,600
Safe Cigarette Program	34,700	51,800	55,700	50,700	52,300
HVAC	1,488,700	2,683,900	2,344,800	2,554,100	2,092,800
Building Codes Enforcement	2,378,600	2,535,500	2,692,400	2,491,600	2,547,000
TOTAL EXPENDITURES	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards. Formerly an Office within the Environmental and Public Protection Cabinet, the agency was reorganized in EO 2009-535 to be a Department managed by the Public Protection Cabinet.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety.

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

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the of heating, ventilation, and air conditioning contractors, journeymen, and apprentices. The HVAC Board promulgates administrative regulations relating to all aspects of the HVAC industry, conducts examinations, maintains all licensure information, registers apprentices and may pursue sanctions against licensees and criminal penalties against unlicensed persons engaging in activities requiring an HVAC license. The Board approves continuing education providers, programs and scheduling for HVAC masters and journeymen. With the passage of SB 10, the Division is mandated to develop and execute a statewide HVAC inspection program to begin January 1, 2011.

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

Policy

The Executive Budget includes funding for implementation of KRS 198B.6671-6678 for statewide Heating, Ventilation and Air Conditioning permitting and inspection program.

**Public Protection
Insurance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		3,500,000	3,500,000		
Total General Fund		3,500,000	3,500,000		
Tobacco Fund					
Tobacco Settlement - Phase I	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
Total Tobacco Fund	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund					
Balance Forward	9,910,100	5,284,300	17,943,800	5,284,300	6,086,800
Current Receipts	31,268,800	31,757,100	31,213,100	31,757,100	31,213,100
Non-Revenue Receipts	-763,700	1,602,600	1,491,500	-1,158,300	-1,402,000
Fund Transfers	-15,360,000			-10,000,000	-14,000,000
Total Restricted Fund	25,055,200	38,644,000	50,648,400	25,883,100	21,897,900
Federal Fund					
Current Receipts	3,878,100				
Total Federal Fund	3,878,100				
TOTAL SOURCE OF FUNDS	48,815,200	60,228,600	70,729,800	43,967,800	38,479,300
EXPENDITURES BY CLASS					
Personnel Costs	36,937,100	36,121,400	35,292,400	35,285,100	33,939,700
Operating Expenses	2,672,000	2,598,900	2,603,800	2,468,600	2,473,400
Grants Loans Benefits	2,347,900	3,500,000	3,500,000	62,800	62,800
Capital Outlay	48,000	64,500	64,500	64,500	64,500
TOTAL EXPENDITURES	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
EXPENDITURES BY FUND SOURCE					
General Fund		3,500,000	3,500,000		
Tobacco Fund	18,356,000	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund	19,770,900	20,700,200	21,379,300	19,796,300	19,959,000
Federal Fund	3,878,100				
TOTAL EXPENDITURES	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
EXPENDITURES BY UNIT					
Executive Director and Administration	3,979,000	4,084,800	4,260,500	3,683,700	3,697,700
Small Business Insurance Subsidy	159,000	3,665,800	3,674,500	200,000	200,000
Property and Casualty	881,300	921,500	975,900	907,800	931,500
Financial Standards and Examination	3,114,300	3,158,000	3,206,200	3,124,400	3,142,100
Agent Licensing	1,411,800	1,455,500	1,523,700	1,432,200	1,456,900
Consumer Protection	2,304,000	2,688,100	2,770,100	2,513,200	2,519,700
Insurance Fraud Investigation	1,451,900	1,596,300	1,696,800	1,493,300	1,530,100
Health and Life	2,770,900	2,794,900	2,904,400	2,622,900	2,658,500
Mine Subsidence Program	251,800	265,400	274,000	258,000	258,800
Kentucky Access Program	25,681,000	21,654,500	20,174,600	21,645,500	20,145,100
TOTAL EXPENDITURES	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400

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

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

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

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

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

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

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

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Department of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Department and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

Policy

The ICARE program, originally established in Part XXIII of the 2006 Kentucky Acts Chapter 252, provides small businesses with a Health Insurance Subsidy. Eligible businesses can have no fewer than two but no more than 25 employees. Participating businesses will continue to receive an immediate, fixed, monthly reimbursement of \$40-\$60 that will decline by \$10-15 each year of participation for each employee eligible through May 15, 2010.

**Public Protection
Tax Appeals**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	439,800	426,300	453,700	389,900	389,900
Salary and Health Insurance Adjustments	7,800				
Budget Reduction-General Fund	-29,900				
Mandated Expenditure Reductions	-19,800				
Total General Fund	397,900	426,300	453,700	389,900	389,900
TOTAL SOURCE OF FUNDS	397,900	426,300	453,700	389,900	389,900
EXPENDITURES BY CLASS					
Personnel Costs	354,200	379,600	407,000	349,200	349,200
Operating Expenses	43,700	46,700	46,700	40,700	40,700
TOTAL EXPENDITURES	397,900	426,300	453,700	389,900	389,900
EXPENDITURES BY FUND SOURCE					
General Fund	397,900	426,300	453,700	389,900	389,900
TOTAL EXPENDITURES	397,900	426,300	453,700	389,900	389,900
EXPENDITURES BY UNIT					
Tax Appeals	397,900	426,300	453,700	389,900	389,900
TOTAL EXPENDITURES	397,900	426,300	453,700	389,900	389,900

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

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

Tourism, Arts and Heritage

Tourism, Arts and Heritage

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	52,167,800	76,250,300	86,917,100	51,660,000	50,739,000
Salary and Health Insurance Adjustments	387,800				
Special Appropriation	4,943,200				
Budget Reduction-General Fund	-2,111,400				
Mandated Expenditure Reductions	-1,028,200				
Reorganization Adjustment	-81,400				
Total General Fund	54,277,800	76,250,300	86,917,100	51,660,000	50,739,000
Restricted Fund					
Balance Forward	69,344,600	65,993,200	59,261,500	64,684,500	64,211,500
Current Receipts	158,309,600	166,183,300	170,708,400	166,148,500	170,835,700
Non-Revenue Receipts	-7,600,000	-18,690,000	-18,940,000	-17,250,000	-17,500,000
Total Restricted Fund	220,054,200	213,486,500	211,029,900	213,583,000	217,547,200
Federal Fund					
Balance Forward	10,551,200	10,051,200	5,701,200	10,075,300	6,976,400
Current Receipts	19,500,500	20,552,200	20,966,600	20,577,500	20,993,100
Non-Revenue Receipts	-500,000	-4,350,000	-600,000	-4,350,000	-600,000
ARRA Receipts	310,500				
Total Federal Fund	29,862,200	26,253,400	26,067,800	26,302,800	27,369,500
Road Fund					
Regular Appropriation	350,000	350,000	350,000	350,000	350,000
Total Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL SOURCE OF FUNDS	304,544,200	316,340,200	324,364,800	291,895,800	296,005,700
EXPENDITURES BY CLASS					
Personnel Costs	138,061,300	147,370,900	156,244,900	134,713,900	137,504,600
Operating Expenses	67,051,400	69,947,300	68,502,200	62,907,700	61,616,300
Grants Loans Benefits	15,862,800	14,010,300	14,278,800	12,989,200	12,901,200
Debt Service	4,427,400	15,624,300	21,888,000	5,280,600	5,808,300
Capital Outlay	4,381,500	4,424,700	4,693,000	4,816,500	4,366,500
TOTAL EXPENDITURES	229,784,400	251,377,500	265,606,900	220,707,900	222,196,900
EXPENDITURES BY FUND SOURCE					
General Fund	54,277,800	76,250,300	86,917,100	51,660,000	50,739,000
Restricted Fund	155,369,700	154,225,000	157,373,200	149,371,500	151,893,700
Federal Fund	19,786,900	20,552,200	20,966,600	19,326,400	19,214,200
Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL EXPENDITURES	229,784,400	251,377,500	265,606,900	220,707,900	222,196,900
EXPENDITURES BY UNIT					
Secretary	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
Artisans Center	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
Travel	3,531,800	4,021,300	4,254,700	3,442,800	3,442,800
Parks	91,416,200	96,620,600	102,705,500	83,648,800	85,068,900
Horse Park Commission	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
State Fair Board	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
Fish and Wildlife Resources	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000

Historical Society	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
Arts Council	4,828,900	4,522,500	4,615,700	4,082,300	4,082,300
Heritage Council	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
Kentucky Center for the Arts	949,900	1,738,500	2,125,000	930,900	930,900
TOTAL EXPENDITURES	229,784,400	251,377,500	265,606,900	220,707,900	222,196,900

Senate Bill 185, enacted by the 2009 Regular Session of the General Assembly renamed the Commerce Cabinet the Tourism, Arts and Heritage Cabinet. The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

**Tourism, Arts and Heritage
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,357,300	4,429,200	7,515,300	2,803,800	2,803,800
Salary and Health Insurance Adjustments	56,000				
Budget Reduction-General Fund	-357,100				
Mandated Expenditure Reductions	-187,200				
Total General Fund	2,869,000	4,429,200	7,515,300	2,803,800	2,803,800
Restricted Fund					
Balance Forward	4,734,700	3,017,800	2,234,200	1,572,500	1,091,400
Current Receipts	9,885,000	10,607,800	10,993,600	10,107,800	10,493,600
Total Restricted Fund	14,619,700	13,625,600	13,227,800	11,680,300	11,585,000
TOTAL SOURCE OF FUNDS	17,488,700	18,054,800	20,743,100	14,484,100	14,388,800
EXPENDITURES BY CLASS					
Personnel Costs	6,476,000	7,130,300	7,419,100	6,030,300	6,053,300
Operating Expenses	1,949,900	2,365,300	2,356,300	1,537,400	1,537,400
Grants Loans Benefits	7,490,300	6,325,000	6,325,000	5,825,000	5,825,000
Debt Service			2,848,000		
TOTAL EXPENDITURES	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,869,000	4,429,200	7,515,300	2,803,800	2,803,800
Restricted Fund	13,047,200	11,391,400	11,433,100	10,588,900	10,611,900
TOTAL EXPENDITURES	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
EXPENDITURES BY UNIT					
Executive Policy and Management	2,027,800	3,189,100	6,195,500	2,037,500	2,037,500
Capital Plaza Operations	710,500	1,116,200	1,155,400	664,000	682,000
Creative Services	861,200	1,078,900	1,142,100	869,000	874,000
Sports Authority	346,200	430,500	449,500	316,300	316,300
Tourism Meeting & Convention Marketing	10,671,200	9,005,900	9,005,900	9,005,900	9,005,900
Coal Severance Tourism	1,299,300	1,000,000	1,000,000	500,000	500,000
TOTAL EXPENDITURES	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700

Senate Bill 185 enacted by the 2009 Regular Session of the General Assembly, renamed the Commerce Cabinet to the Tourism, Arts and Heritage Cabinet. In addition to renaming the Cabinet, this reorganization moved the funding and administration for the Office of the Sports Authority from the Department of Travel to the Office of the Secretary, along with moving the funding for the Tourism, Meeting, and Convention Marketing Fund, and the Coal Severance Funds from the Department of Travel (formerly Tourism) to the Office of the Secretary.

The Office of the Secretary's appropriation unit comprises of:

Executive Policy and Management - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

Creative Services - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

Frankfort Convention Center - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

Sports Authority - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams.

Tourism, Meeting, and Convention Marketing Fund - This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Coal Severance Fund - Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, which receives coal severance funds from the Multi-county fund. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority and the Adventure Tourism Program are funded through the Coal Severance funds. The purposes of the Recreational Trail Authority and the Adventure Tourism Program are to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, and other outdoor activities, which are opportunities available throughout the Commonwealth, including in the coal producing counties.

Policy

The Executive Budget includes Restricted funds of \$500,000 in each fiscal year of the 2010-2012 biennium for tourism marketing and development on behalf of coal producing counties. The agency receipts originate from the Local Government Economic Development Fund, Multi-county Fund.

**Tourism, Arts and Heritage
Artisans Center**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	358,200	404,900	506,100	305,400	305,400
Salary and Health Insurance Adjustments	3,500				
Budget Reduction-General Fund	-34,000				
Mandated Expenditure Reductions	-16,100				
Total General Fund	311,600	404,900	506,100	305,400	305,400
Restricted Fund					
Balance Forward	208,600	208,600	108,600	208,600	382,200
Current Receipts	1,795,700	1,901,700	1,862,100	1,901,700	1,862,100
Total Restricted Fund	2,004,300	2,110,300	1,970,700	2,110,300	2,244,300
Road Fund					
Regular Appropriation	350,000	350,000	350,000	350,000	350,000
Total Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL SOURCE OF FUNDS	2,665,900	2,865,200	2,826,800	2,765,700	2,899,700
EXPENDITURES BY CLASS					
Personnel Costs	1,290,700	1,378,200	1,456,500	1,216,900	1,239,700
Operating Expenses	1,166,600	1,378,400	1,261,700	1,166,600	1,166,600
TOTAL EXPENDITURES	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
EXPENDITURES BY FUND SOURCE					
General Fund	311,600	404,900	506,100	305,400	305,400
Restricted Fund	1,795,700	2,001,700	1,862,100	1,728,100	1,750,900
Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL EXPENDITURES	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
EXPENDITURES BY UNIT					
Berea Artisans Center	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
TOTAL EXPENDITURES	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 265,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Tourism Arts and Heritage Cabinet for administrative purposes.

Policy

The Executive Budget includes Road Fund resources in the amount of \$350,000 in each fiscal year of the 2010-2012 biennium to support operations as a Travel Center.

Tourism, Arts and Heritage

Travel

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,982,000	3,921,300	4,154,700	3,342,800	3,342,800
Salary and Health Insurance Adjustments	62,700				
Budget Reduction-General Fund	-379,500				
Mandated Expenditure Reductions	-179,400				
Reorganization Adjustment	-81,400				
Total General Fund	3,404,400	3,921,300	4,154,700	3,342,800	3,342,800
Restricted Fund					
Balance Forward	97,500	75,100	75,100	75,100	75,100
Current Receipts	105,000	100,000	100,000	100,000	100,000
Total Restricted Fund	202,500	175,100	175,100	175,100	175,100
TOTAL SOURCE OF FUNDS	3,606,900	4,096,400	4,329,800	3,517,900	3,517,900
EXPENDITURES BY CLASS					
Personnel Costs	2,977,000	3,357,100	3,588,100	2,917,200	2,917,200
Operating Expenses	554,800	664,200	666,600	525,600	525,600
TOTAL EXPENDITURES	3,531,800	4,021,300	4,254,700	3,442,800	3,442,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,404,400	3,921,300	4,154,700	3,342,800	3,342,800
Restricted Fund	127,400	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	3,531,800	4,021,300	4,254,700	3,442,800	3,442,800
EXPENDITURES BY UNIT					
Executive Policy and Management	973,500	1,111,900	1,158,300	952,200	952,200
Tourism Services	565,900	668,800	713,000	529,300	529,300
Marketing and Advertising	1,500,300	1,655,500	1,761,700	1,481,700	1,481,700
Communications and Promotions	492,100	585,100	621,700	479,600	479,600
TOTAL EXPENDITURES	3,531,800	4,021,300	4,254,700	3,442,800	3,442,800

The Department of Travel was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

Executive Policy and Management - The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

Tourism Services - The Division of Tourism Services provides technical and design support to the overall marketing and promotions activities of the department. These activities provide graphic design support for development of both print and website promotions as well as technical support for website maintenance. Additionally, the division disseminates tourism information to tourists and potential visitors via a telephone system and fulfills visitor information through direct mail. Tourism Services provides assistance to travel planners calling the toll-free phone line requesting information as well as fulfilling requests for the Official Visitors Guide.

Marketing and Administration - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the

state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

The Tourism Marketing Incentive Program is a collaborative effort to utilize the one percent transient room tax funds, dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, efficiently and effectively.

The Division of Marketing and Administration staffs eight Welcome Centers throughout the state. The travel hosts at the Centers, located in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville and Williamsburg offer helpful travel information and a positive image of Kentucky to tourists seeking assistance when they visit the state.

Communications and Promotions - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

Policy

The Executive Budget includes General Fund resources in the amount of \$50,000 in each fiscal year of the 2010-2012 biennium for grants to the Bluegrass State Games.

Tourism, Arts and Heritage

Parks

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,971,700	43,589,200	49,674,100	30,352,600	30,881,600
Salary and Health Insurance Adjustments	170,300				
Special Appropriation	4,943,200				
Total General Fund	35,085,200	43,589,200	49,674,100	30,352,600	30,881,600
Restricted Fund					
Balance Forward	20,400		1,739,200		2,914,400
Current Receipts	56,310,600	56,210,600	56,210,600	56,210,600	56,210,600
Non-Revenue Receipts		-1,440,000	-1,440,000		
Total Restricted Fund	56,331,000	54,770,600	56,509,800	56,210,600	59,125,000
TOTAL SOURCE OF FUNDS	91,416,200	98,359,800	106,183,900	86,563,200	90,006,600
EXPENDITURES BY CLASS					
Personnel Costs	59,265,700	61,444,500	64,933,900	55,763,100	56,654,200
Operating Expenses	32,150,500	32,185,900	32,185,900	27,610,700	27,610,700
Debt Service		2,990,200	5,585,700	275,000	804,000
TOTAL EXPENDITURES	91,416,200	96,620,600	102,705,500	83,648,800	85,068,900
EXPENDITURES BY FUND SOURCE					
General Fund	35,085,200	43,589,200	49,674,100	30,352,600	30,881,600
Restricted Fund	56,331,000	53,031,400	53,031,400	53,296,200	54,187,300
TOTAL EXPENDITURES	91,416,200	96,620,600	102,705,500	83,648,800	85,068,900
EXPENDITURES BY UNIT					
General Administration and Support	11,706,700	14,004,900	17,036,000	10,464,300	10,993,300
Resort Parks	59,483,400	61,489,000	63,756,400	54,202,700	54,910,700
Recreation Parks and Historic Sites	18,343,600	19,205,500	19,927,700	17,076,700	17,237,000
Cafeterias	1,691,500	1,730,200	1,794,400	1,714,100	1,736,900
Breaks Interstate Park	191,000	191,000	191,000	191,000	191,000
TOTAL EXPENDITURES	91,416,200	96,620,600	102,705,500	83,648,800	85,068,900

The Department of Parks administers and operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services which create memorable experiences and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 24 recreational parks, 11 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides

overnight lodging to 425,000 guests, food service for 1,275,000 meals for dining patrons, camping for 450,000 guests, golfing for 233,000 players, along with other park amenities and activities.

Policy

During the 2009 Special Session, House Bill 4 appropriated an additional one-time increase of \$4,943,200 to the Department of Parks for increasing expenses. The Executive Budget does not rely upon that one-time increase in part, due to a comprehensive study that resulted in a Park's plan that has made numerous recommendations to improve and enhance the operation.

Tourism, Arts and Heritage

Parks

General Administration and Support

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,383,900	16,471,100	19,502,200	12,930,500	13,459,500
Salary and Health Insurance Adjustments	170,300				
Special Appropriation	2,109,000				
Other	-996,500	-2,506,200	-2,506,200	-2,506,200	-2,506,200
Total General Fund	11,666,700	13,964,900	16,996,000	10,424,300	10,953,300
Restricted Fund					
Current Receipts	140,000	40,000	40,000	40,000	40,000
Non-Revenue Receipts	-100,000				
Total Restricted Fund	40,000	40,000	40,000	40,000	40,000
TOTAL SOURCE OF FUNDS	11,706,700	14,004,900	17,036,000	10,464,300	10,993,300
EXPENDITURES BY CLASS					
Personnel Costs	8,685,000	7,993,000	8,428,600	7,175,300	7,175,300
Operating Expenses	3,021,700	3,021,700	3,021,700	3,014,000	3,014,000
Debt Service		2,990,200	5,585,700	275,000	804,000
TOTAL EXPENDITURES	11,706,700	14,004,900	17,036,000	10,464,300	10,993,300
EXPENDITURES BY FUND SOURCE					
General Fund	11,666,700	13,964,900	16,996,000	10,424,300	10,953,300
Restricted Fund	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	11,706,700	14,004,900	17,036,000	10,464,300	10,993,300

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 52 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

Policy

Notwithstanding the provisions of KRS 148.810, the Executive Budget does not have a transfer to the Park Capital Maintenance and Renovation Fund.

Tourism, Arts and Heritage

Parks

Resort Parks

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,115,200	16,270,000	18,537,400	8,981,000	8,981,000
Special Appropriation	725,800				
Other	996,500	1,506,200	1,506,200	1,506,200	1,506,200
Total General Fund	13,837,500	17,776,200	20,043,600	10,487,200	10,487,200
Restricted Fund					
Balance Forward	16,300		373,400		1,570,700
Current Receipts	45,286,200	45,286,200	45,286,200	45,286,200	45,286,200
Non-Revenue Receipts	343,400	-1,200,000	-1,200,000		
Total Restricted Fund	45,645,900	44,086,200	44,459,600	45,286,200	46,856,900
TOTAL SOURCE OF FUNDS	59,483,400	61,862,400	64,503,200	55,773,400	57,344,100
EXPENDITURES BY CLASS					
Personnel Costs	36,907,300	38,879,300	41,146,700	35,332,200	36,040,200
Operating Expenses	22,576,100	22,609,700	22,609,700	18,870,500	18,870,500
TOTAL EXPENDITURES	59,483,400	61,489,000	63,756,400	54,202,700	54,910,700
EXPENDITURES BY FUND SOURCE					
General Fund	13,837,500	17,776,200	20,043,600	10,487,200	10,487,200
Restricted Fund	45,645,900	43,712,800	43,712,800	43,715,500	44,423,500
TOTAL EXPENDITURES	59,483,400	61,489,000	63,756,400	54,202,700	54,910,700

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

Barren River Resort Park - Barren County
 Blue Licks Battlefield State Park - Robertson County
 Buckhorn Lake Resort Park - Perry County
 Carter Caves Resort Park - Carter County
 Cumberland Falls Resort Park - Whitley County
 Dale Hollow Resort Park - Cumberland and Clinton Counties
 General Butler Resort Park - Carroll County
 Greenbo Lake Resort Park - Greenup County
 Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County
 Kentucky Dam Village Resort Park - Marshall County
 Lake Barkley Resort Park - Trigg County
 Lake Cumberland Resort Park - Russell County
 Natural Bridge Resort Park - Powell County
 Pennyrile Forest Resort Park - Christian County
 Pine Mountain Resort Park - Bell County
 Rough River Resort Park - Grayson County

Tourism, Arts and Heritage

Parks

Recreation Parks and Historic Sites

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,067,300	10,317,400	11,039,600	7,960,100	7,960,100
Special Appropriation	2,032,700				
Other		1,000,000	1,000,000	1,000,000	1,000,000
Total General Fund	9,100,000	11,317,400	12,039,600	8,960,100	8,960,100
Restricted Fund					
Balance Forward	4,100		1,295,400		1,306,900
Current Receipts	9,423,500	9,423,500	9,423,500	9,423,500	9,423,500
Non-Revenue Receipts	-184,000	-240,000	-240,000		
Total Restricted Fund	9,243,600	9,183,500	10,478,900	9,423,500	10,730,400
TOTAL SOURCE OF FUNDS	18,343,600	20,500,900	22,518,500	18,383,600	19,690,500
EXPENDITURES BY CLASS					
Personnel Costs	12,637,300	13,482,400	14,204,600	12,181,900	12,342,200
Operating Expenses	5,706,300	5,723,100	5,723,100	4,894,800	4,894,800
TOTAL EXPENDITURES	18,343,600	19,205,500	19,927,700	17,076,700	17,237,000
EXPENDITURES BY FUND SOURCE					
General Fund	9,100,000	11,317,400	12,039,600	8,960,100	8,960,100
Restricted Fund	9,243,600	7,888,100	7,888,100	8,116,600	8,276,900
TOTAL EXPENDITURES	18,343,600	19,205,500	19,927,700	17,076,700	17,237,000

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

Recreation Park Facilities

Ben Hawes State Park - Daviess County	Kingdom Come State Park - Harlan County
Big Bone Lick State Park - Boone County	Lake Malone State Park - Muhlenberg County
Carr Creek State Park - Knott County	Levi Jackson Wilderness Road State Park - Laurel County
Columbus-Belmont Battlefield State Park - Hickman County	Lincoln Homestead State Park - Washington County
E. P. "Tom" Sawyer State Park - Jefferson County	Mineral Mound State Park - Lyon County
Fish Trap Lake State Park - Pike County	My Old Kentucky Home State Park - Nelson County
Fort Boonesborough State Park - Madison County	Nolin Lake State Park - Edmonson County
General Burnside State Park - Pulaski County	Old Fort Harrod State Park - Mercer County
Grayson Lake State Park - Elliott and Carter Counties	Paintsville Lake State Park - Johnson County
Green River Lake State Park - Taylor County	Pine Mountain Trail State Park - Harlan & Bell Counties
John James Audubon State Park - Henderson County	Taylorsville Lake State Park - Spencer County
Kincaid Lake State Park - Pendleton County	Yatesville Lake State Park - Lawrence County

Historic Sites

Boone Station - Fayette County	Old Mulkey Meeting House State Shrine - Monroe County
Constitution Square State Shrine - Boyle County	Perryville Battlefield State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County	Waveland State Shrine - Fayette County
Isaac Shelby State Shrine - Lincoln County	White Hall State Shrine - Madison County
Jefferson Davis Monument State Shrine - Todd County	Wickliffe Mounds State Historic Site - Ballard County
	William Whitley House State Shrine - Lincoln County

Tourism, Arts and Heritage

Parks

Cafeterias

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	214,300	339,700	403,900	290,000	290,000
Special Appropriation	75,700				
Total General Fund	290,000	339,700	403,900	290,000	290,000
Restricted Fund					
Balance Forward			70,400		36,800
Current Receipts	1,460,900	1,460,900	1,460,900	1,460,900	1,460,900
Non-Revenue Receipts	-59,400				
Total Restricted Fund	1,401,500	1,460,900	1,531,300	1,460,900	1,497,700
TOTAL SOURCE OF FUNDS	1,691,500	1,800,600	1,935,200	1,750,900	1,787,700
EXPENDITURES BY CLASS					
Personnel Costs	845,100	898,800	963,000	882,700	905,500
Operating Expenses	846,400	831,400	831,400	831,400	831,400
TOTAL EXPENDITURES	1,691,500	1,730,200	1,794,400	1,714,100	1,736,900
EXPENDITURES BY FUND SOURCE					
General Fund	290,000	339,700	403,900	290,000	290,000
Restricted Fund	1,401,500	1,390,500	1,390,500	1,424,100	1,446,900
TOTAL EXPENDITURES	1,691,500	1,730,200	1,794,400	1,714,100	1,736,900

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events. The cafeterias served 373,000 meals generated sales of approximately \$ 1,377,000 in fiscal year 2009.

**Tourism, Arts and Heritage
Parks
Breaks Interstate Park**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	191,000	191,000	191,000	191,000	191,000
Total General Fund	191,000	191,000	191,000	191,000	191,000
TOTAL SOURCE OF FUNDS	191,000	191,000	191,000	191,000	191,000
EXPENDITURES BY CLASS					
Personnel Costs	191,000	191,000	191,000	191,000	191,000
TOTAL EXPENDITURES	191,000	191,000	191,000	191,000	191,000
EXPENDITURES BY FUND SOURCE					
General Fund	191,000	191,000	191,000	191,000	191,000
TOTAL EXPENDITURES	191,000	191,000	191,000	191,000	191,000

Breaks Interstate Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission. The Commission is composed of three members from each state appointed by their respective governors. Kentucky provides financial support for the park in the form of a grant to the Commission.

The park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 380,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**Tourism, Arts and Heritage
Horse Park Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,448,200	3,945,900	4,167,500	3,378,900	2,378,900
Budget Reduction-General Fund	-5,300				
Mandated Expenditure Reductions	-65,200				
Total General Fund	1,377,700	3,945,900	4,167,500	3,378,900	2,378,900
Restricted Fund					
Balance Forward		54,200	151,200	54,200	887,200
Current Receipts	7,377,100	8,325,000	7,922,000	8,325,000	7,922,000
Total Restricted Fund	7,377,100	8,379,200	8,073,200	8,379,200	8,809,200
TOTAL SOURCE OF FUNDS	8,754,800	12,325,100	12,240,700	11,758,100	11,188,100
EXPENDITURES BY CLASS					
Personnel Costs	4,991,600	5,810,200	6,172,600	5,305,700	5,426,400
Operating Expenses	3,677,100	4,958,300	3,751,400	4,951,300	3,947,200
Debt Service		1,373,500	2,165,000	582,000	582,000
Capital Outlay	31,900	31,900	31,900	31,900	31,900
TOTAL EXPENDITURES	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,377,700	3,945,900	4,167,500	3,378,900	2,378,900
Restricted Fund	7,322,900	8,228,000	7,953,400	7,492,000	7,608,600
TOTAL EXPENDITURES	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
EXPENDITURES BY UNIT					
Kentucky Horse Park	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
TOTAL EXPENDITURES	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. The expansion of the new indoor arena and outdoor stadium was completed in 2009.

Events-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Sixty annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

Campground-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in direct annual income.

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 11 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

Policy

The Executive Budget includes General Fund resources in the amount of \$500,000 in fiscal year 2011 to support the Fédération Equestre Internationale (FEI) World Equestrian Games.

The Executive Budget includes General Fund resources in the amount of \$1,500,000 in fiscal year 2011 and \$1,000,000 in fiscal year 2012 to cover increased rates and the costs of operating the new facilities. The additional \$1,500,000 appropriated in fiscal year 2011 will cover the cumulative shortfall from multiple fiscal years and the additional \$1,000,000 appropriated in fiscal year 2012 will cover the ongoing cost of the deficit.

**Tourism, Arts and Heritage
State Fair Board**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		6,796,000	6,796,000		
Total General Fund		6,796,000	6,796,000		
Restricted Fund					
Balance Forward	897,700	941,900	36,400	941,900	1,318,000
Current Receipts	42,889,200	44,253,500	48,816,900	44,718,700	49,444,200
Non-Revenue Receipts	-1,000,000		-1,500,000		-1,500,000
Total Restricted Fund	42,786,900	45,195,400	47,353,300	45,660,600	49,262,200
TOTAL SOURCE OF FUNDS	42,786,900	51,991,400	54,149,300	45,660,600	49,262,200
EXPENDITURES BY CLASS					
Personnel Costs	22,042,100	24,970,800	26,483,800	24,558,500	25,468,700
Operating Expenses	12,784,800	13,130,700	13,217,900	12,784,800	12,784,800
Grants Loans Benefits	1,646,400	1,646,400	1,646,400	1,646,400	1,646,400
Debt Service	4,427,400	11,219,600	11,218,300	4,423,600	4,422,300
Capital Outlay	944,300	987,500	1,255,800	929,300	929,300
TOTAL EXPENDITURES	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
EXPENDITURES BY FUND SOURCE					
General Fund		6,796,000	6,796,000		
Restricted Fund	41,845,000	45,159,000	47,026,200	44,342,600	45,251,500
TOTAL EXPENDITURES	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	32,232,400	33,909,000	35,183,100	32,825,800	33,184,500
Kentucky International Convention Center	4,985,200	5,284,300	5,557,400	5,085,900	5,154,000
Debt Service	4,427,400	11,219,600	11,218,300	4,423,600	4,422,300
Louisville Arena	200,000	1,542,100	1,863,400	2,007,300	2,490,700
TOTAL EXPENDITURES	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500

The Kentucky State Fair Board authorized in KRS 247 is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville as well as managing the Louisville Downtown Arena. A president is appointed by the Board to manage these centers and Fair Board properties.

Kentucky Exposition Center - The Kentucky Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Exposition Center is a completely air-conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Executive Bowl, and the 6 Flags/Kentucky Kingdom Amusement Park, all of which are long-term lessees of the State Fair Board.

Kentucky International Convention Center - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises.

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, and by the Hyatt Regency Hotel, which is a long-term lessee of the Board. The Cowger Garage also includes commercial space which is leased on a long-term basis.

Debt Service - The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted Funds in the amount of \$ 4.2 million each fiscal year are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for construction of South Wing C and the North Wing, respectively.

Louisville Arena - The Louisville Arena will open in October 2010. This multi-purpose arena will seat 22,000 people and be the future home of the University of Louisville men's and women's basketball teams. The Kentucky State Fair Board has entered into an operations management agreement with the Louisville Arena to manage day to day operations of the Arena and employ staff to carry out the management and operations of this facility.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	62,593,600	61,685,100	54,886,700	61,685,100	57,351,700
Current Receipts	38,610,000	43,610,000	43,610,000	43,610,000	43,610,000
Non-Revenue Receipts	-6,600,000	-17,250,000	-16,000,000	-17,250,000	-16,000,000
Total Restricted Fund	94,603,600	88,045,100	82,496,700	88,045,100	84,961,700
Federal Fund					
Balance Forward	10,551,200	10,051,200	5,701,200	10,051,200	6,884,000
Current Receipts	17,070,300	18,494,100	19,299,900	18,494,100	19,299,900
Non-Revenue Receipts	-500,000	-4,350,000	-600,000	-4,350,000	-600,000
Total Federal Fund	27,121,500	24,195,300	24,401,100	24,195,300	25,583,900
TOTAL SOURCE OF FUNDS	121,725,100	112,240,400	106,897,800	112,240,400	110,545,600
EXPENDITURES BY CLASS					
Personnel Costs	34,116,500	35,746,600	38,137,000	32,132,400	32,935,700
Operating Expenses	9,860,200	9,893,800	9,923,200	9,860,200	9,860,200
Grants Loans Benefits	2,606,800	2,606,800	2,606,800	2,606,800	2,606,800
Capital Outlay	3,405,300	3,405,300	3,405,300	3,405,300	3,405,300
TOTAL EXPENDITURES	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000
EXPENDITURES BY FUND SOURCE					
Restricted Fund	32,918,500	33,158,400	34,772,400	30,693,400	31,226,600
Federal Fund	17,070,300	18,494,100	19,299,900	17,311,300	17,581,400
TOTAL EXPENDITURES	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000
EXPENDITURES BY UNIT					
Administration and Support	6,071,400	6,222,100	6,557,700	5,500,300	5,595,700
Wildlife Management	14,270,000	14,773,300	15,403,900	13,701,300	13,903,800
Fisheries Management	9,600,400	9,922,000	10,323,700	9,367,100	9,504,900
Information and Education	6,505,800	6,651,800	6,969,400	6,313,500	6,422,400
Law Enforcement	13,541,200	14,083,300	14,817,600	13,122,500	13,381,200
TOTAL EXPENDITURES	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen and women in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 130,000 acres of land in Kentucky which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

Wildlife Management - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

Information and Education - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education; operates the Salato Wildlife Education Center; and administers three summer camps for children.

Law Enforcement - The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

Administration and Support - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

**Tourism, Arts and Heritage
Historical Society**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,154,200	6,850,200	7,214,300	6,642,500	6,192,500
Salary and Health Insurance Adjustments	82,900				
Budget Reduction-General Fund	-614,300				
Mandated Expenditure Reductions	-321,900				
Total General Fund	6,300,900	6,850,200	7,214,300	6,642,500	6,192,500
Restricted Fund					
Balance Forward	6,700	9,400	29,000	9,400	27,500
Current Receipts	738,000	720,800	726,700	720,800	726,700
Total Restricted Fund	744,700	730,200	755,700	730,200	754,200
Federal Fund					
Balance Forward				24,100	51,700
Current Receipts	477,000	447,000	50,500	472,300	77,000
Total Federal Fund	477,000	447,000	50,500	496,400	128,700
TOTAL SOURCE OF FUNDS	7,522,600	8,027,400	8,020,500	7,869,100	7,075,400
EXPENDITURES BY CLASS					
Personnel Costs	4,295,900	4,521,300	4,835,200	4,194,000	4,189,900
Operating Expenses	3,052,700	3,303,900	3,072,500	3,015,200	2,730,000
Grants Loans Benefits	140,500	173,200	85,200	130,700	42,700
Capital Outlay				450,000	
TOTAL EXPENDITURES	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
EXPENDITURES BY FUND SOURCE					
General Fund	6,300,900	6,850,200	7,214,300	6,642,500	6,192,500
Restricted Fund	735,300	701,200	728,100	702,700	724,900
Federal Fund	452,900	447,000	50,500	444,700	45,200
TOTAL EXPENDITURES	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	694,500	735,700	362,200	651,700	273,200
Research and Publications	166,100	199,100	199,100	166,100	166,100
Museums	128,700	148,700	148,700	128,700	128,700
Administration	6,499,800	6,914,900	7,282,900	6,843,400	6,394,600
TOTAL EXPENDITURES	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following

functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals- *The Register of the Kentucky Historical Society* and *Kentucky Ancestors*-and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities-the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, community services and the folklife program. Community Services consists of the local history program, the Lincoln Bicentennial Commission, and the Cemetery Preservation program. Per KRS 171.349, the Lincoln Bicentennial Commission expires on June 30, 2010. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and presentation. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

Policy

The Executive Budget includes \$450,000 from the General Fund in fiscal year 2011 to enable the Kentucky Show to be presented at the Thomas D. Clark Center for Kentucky History by support retrofitting space to create a small custom theatre for media and live theatre.

Tourism, Arts and Heritage

Arts Council

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,831,400	3,538,800	3,632,000	3,122,700	3,122,700
Budget Reduction-General Fund	-477,600				
Mandated Expenditure Reductions	-167,400				
Total General Fund	3,186,400	3,538,800	3,632,000	3,122,700	3,122,700
Restricted Fund					
Balance Forward	174,300	1,100	1,100	137,700	161,800
Current Receipts	179,200	178,000	178,000	178,000	178,000
Total Restricted Fund	353,500	179,100	179,100	315,700	339,800
Federal Fund					
Current Receipts	1,116,200	805,700	805,700	805,700	805,700
ARRA Receipts	310,500				
Total Federal Fund	1,426,700	805,700	805,700	805,700	805,700
TOTAL SOURCE OF FUNDS	4,966,600	4,523,600	4,616,800	4,244,100	4,268,200
EXPENDITURES BY CLASS					
Personnel Costs	1,250,100	1,446,500	1,537,700	1,195,200	1,195,200
Operating Expenses	976,200	995,900	997,900	709,100	709,100
Grants Loans Benefits	2,602,600	2,080,100	2,080,100	2,178,000	2,178,000
TOTAL EXPENDITURES	4,828,900	4,522,500	4,615,700	4,082,300	4,082,300
EXPENDITURES BY FUND SOURCE					
General Fund	3,186,400	3,538,800	3,632,000	3,122,700	3,122,700
Restricted Fund	215,800	178,000	178,000	153,900	153,900
Federal Fund	1,426,700	805,700	805,700	805,700	805,700
TOTAL EXPENDITURES	4,828,900	4,522,500	4,615,700	4,082,300	4,082,300
EXPENDITURES BY UNIT					
Arts Council	1,709,800	1,963,700	2,056,900	1,449,700	1,449,700
Support Grants	2,625,000	2,102,500	2,102,500	2,200,400	2,200,400
Programs and Education	202,200	140,300	140,300	140,300	140,300
Arts Marketing	291,900	316,000	316,000	291,900	291,900
TOTAL EXPENDITURES	4,828,900	4,522,500	4,615,700	4,082,300	4,082,300

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts, arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

**Tourism, Arts and Heritage
Heritage Council**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	952,100	1,036,300	1,132,100	780,400	780,400
Salary and Health Insurance Adjustments	12,400				
Budget Reduction-General Fund	-130,900				
Mandated Expenditure Reductions	-40,900				
Total General Fund	792,700	1,036,300	1,132,100	780,400	780,400
Restricted Fund					
Balance Forward	611,100				2,200
Current Receipts	419,800	275,900	288,500	275,900	288,500
Total Restricted Fund	1,030,900	275,900	288,500	275,900	290,700
Federal Fund					
Balance Forward					40,700
Current Receipts	837,000	805,400	810,500	805,400	810,500
Total Federal Fund	837,000	805,400	810,500	805,400	851,200
TOTAL SOURCE OF FUNDS	2,660,600	2,117,600	2,231,100	1,861,700	1,922,300
EXPENDITURES BY CLASS					
Personnel Costs	1,307,800	1,517,500	1,631,200	1,352,700	1,374,500
Operating Expenses	469,600	490,800	490,600	356,800	356,600
Grants Loans Benefits	883,200	109,300	109,300	109,300	109,300
TOTAL EXPENDITURES	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
EXPENDITURES BY FUND SOURCE					
General Fund	792,700	1,036,300	1,132,100	780,400	780,400
Restricted Fund	1,030,900	275,900	288,500	273,700	278,100
Federal Fund	837,000	805,400	810,500	764,700	781,900
TOTAL EXPENDITURES	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
EXPENDITURES BY UNIT					
Kentucky Heritage Council	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
TOTAL EXPENDITURES	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas; The Site Protection Program, The Site Identification and Evaluation Program and The Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state historic preservation tax credit programs and restoration grants programs, conducting archaeological investigations, and reviewing all federally funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,112,700	1,738,500	2,125,000	930,900	930,900
Budget Reduction-General Fund	-112,700				
Mandated Expenditure Reductions	-50,100				
Total General Fund	949,900	1,738,500	2,125,000	930,900	930,900
TOTAL SOURCE OF FUNDS	949,900	1,738,500	2,125,000	930,900	930,900
EXPENDITURES BY CLASS					
Personnel Costs	47,900	47,900	49,800	47,900	49,800
Operating Expenses	409,000	580,100	578,200	390,000	388,100
Grants Loans Benefits	493,000	1,069,500	1,426,000	493,000	493,000
Debt Service		41,000	71,000		
TOTAL EXPENDITURES	949,900	1,738,500	2,125,000	930,900	930,900
EXPENDITURES BY FUND SOURCE					
General Fund	949,900	1,738,500	2,125,000	930,900	930,900
TOTAL EXPENDITURES	949,900	1,738,500	2,125,000	930,900	930,900
EXPENDITURES BY UNIT					
Kentucky Center for the Arts	456,900	669,000	699,000	437,900	437,900
Governor's School for the Arts	493,000	1,069,500	1,426,000	493,000	493,000
TOTAL EXPENDITURES	949,900	1,738,500	2,125,000	930,900	930,900

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. The Kentucky Center serves over 400,000 people each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

The Kentucky Center provides a wide range of nationally recognized educational programs, including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

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Transportation

Transportation

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,178,200	5,908,200	5,998,400	5,027,100	5,861,100
Continuing Approp.-General Fund	131,600				
Budget Reduction-General Fund	-538,500				
Mandated Expenditure Reductions	-100,300				
Total General Fund	4,671,000	5,908,200	5,998,400	5,027,100	5,861,100
Restricted Funds					
Balance Forward	234,212,700	9,925,100	10,927,200	6,326,200	7,196,400
Current Receipts	111,215,700	107,357,700	107,371,200	107,396,900	107,406,900
Non-Revenue Receipts	549,371,500	-75,000	-75,000	130,925,000	-75,000
Fund Transfers	-16,737,200	-1,462,800	-1,464,000	-10,012,800	-10,014,000
Total Restricted Funds	878,062,700	115,745,000	116,759,400	234,635,300	104,514,300
Federal Funds					
Current Receipts	734,257,400	718,294,000	718,311,400	718,294,000	718,311,400
ARRA Receipts	398,283,700				
Total Federal Funds	1,132,541,100	718,294,000	718,311,400	718,294,000	718,311,400
Road Fund					
Regular Appropriation	1,323,196,900	1,208,163,400	1,295,129,200	1,189,830,300	1,265,054,500
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
Total Road Fund	1,117,193,500	1,208,163,400	1,295,129,200	1,189,830,300	1,265,054,500
Highway Bonds					
Non-Revenue Receipts				112,000,000	300,000,000
Total Highway Bonds				112,000,000	300,000,000
TOTAL SOURCE OF FUNDS	3,132,468,300	2,048,110,600	2,136,198,400	2,259,786,700	2,393,741,300
EXPENDITURES BY CLASS					
Personnel Costs	424,961,300	451,932,600	473,189,300	437,585,400	446,337,200
Operating Expenses	271,344,900	276,283,700	275,534,000	271,490,700	276,438,500
Grants Loans Benefits	265,532,900	229,796,300	243,704,500	232,116,500	241,469,500
Debt Service	132,979,000	197,860,700	217,608,100	148,711,200	185,469,900
Capital Outlay	1,028,500	4,178,000	4,228,000	928,000	928,000
Construction	2,030,295,500	877,132,100	910,144,300	1,151,923,500	1,223,412,900
TOTAL EXPENDITURES	3,126,142,100	2,037,183,400	2,124,408,200	2,242,755,300	2,374,056,000
EXPENDITURES BY FUND SOURCE					
General Fund	4,671,000	5,908,200	5,998,400	5,027,100	5,861,100
Restricted Funds	871,736,500	104,817,800	104,969,200	227,438,900	96,464,000
Federal Funds	1,132,541,100	718,294,000	718,311,400	718,294,000	718,311,400
Road Fund	1,117,193,500	1,208,163,400	1,295,129,200	1,179,995,300	1,253,419,500
Highway Bonds				112,000,000	300,000,000
TOTAL EXPENDITURES	3,126,142,100	2,037,183,400	2,124,408,200	2,242,755,300	2,374,056,000
EXPENDITURES BY UNIT					
General Administration and Support	69,797,900	74,393,000	76,329,900	71,425,200	72,051,100
Aviation	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
Debt Service	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
Highways	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
Public Transportation	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
Revenue Sharing	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800
Vehicle Regulation	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
TOTAL EXPENDITURES	3,126,142,100	2,037,183,400	2,124,408,200	2,242,755,300	2,374,056,000

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.

Executive Order 2008-529, dated June 16, 2008 reorganized the Transportation Cabinet to its current organizational structure and was ratified by the 2009 General Assembly.

Policy

On December 21, 2009, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2010-2012. The Road Fund revenue estimate is \$1,270,600,000 for fiscal year 2010-2011 and \$1,340,900,000 for fiscal year 2011-2012.

**Transportation
General Administration and Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	26,900	51,900	46,900	51,900	46,900
Current Receipts	45,000	15,000	15,000	15,000	15,000
Total Restricted Fund	71,900	66,900	61,900	66,900	61,900
Road Fund					
Regular Appropriation	70,214,400	74,373,000	76,309,900	71,405,200	72,031,100
Budget Reduction-Road Fund	-436,500				
Total Road Fund	69,777,900	74,373,000	76,309,900	71,405,200	72,031,100
TOTAL SOURCE OF FUNDS	69,849,800	74,439,900	76,371,800	71,472,100	72,093,000
EXPENDITURES BY CLASS					
Personnel Costs	28,544,500	32,303,700	33,980,000	30,081,400	30,678,300
Operating Expenses	33,286,500	34,119,200	34,369,700	33,373,700	33,392,600
Debt Service	7,287,900	7,291,100	7,301,200	7,291,100	7,301,200
Capital Outlay	628,000	628,000	628,000	628,000	628,000
Construction	51,000	51,000	51,000	51,000	51,000
TOTAL EXPENDITURES	69,797,900	74,393,000	76,329,900	71,425,200	72,051,100
EXPENDITURES BY FUND SOURCE					
Restricted Fund	20,000	20,000	20,000	20,000	20,000
Road Fund	69,777,900	74,373,000	76,309,900	71,405,200	72,031,100
TOTAL EXPENDITURES	69,797,900	74,393,000	76,329,900	71,425,200	72,051,100
EXPENDITURES BY UNIT					
Office of the Secretary	952,400	1,282,500	1,340,900	972,900	985,200
Office of Public Affairs	629,500	713,200	757,900	655,200	671,800
Inspector General	785,100	909,100	957,700	808,900	823,600
Budget & Fiscal Management	3,122,100	3,576,900	3,809,100	3,270,500	3,354,900
Legal Services	8,442,400	9,137,500	9,336,200	8,801,600	8,867,700
Office of Human Resource Management	3,765,600	4,380,800	4,600,100	3,881,900	3,961,200
Office of Support Services	19,924,300	20,744,400	21,321,700	20,203,100	20,345,200
Technology	27,718,900	28,573,600	28,830,800	28,217,000	28,311,200
Office of Civil Rights & Small Business Devlpmnt	782,200	1,026,400	1,084,800	806,700	822,600
Office of Audits	3,675,400	4,048,600	4,290,700	3,807,400	3,907,700
TOTAL EXPENDITURES	69,797,900	74,393,000	76,329,900	71,425,200	72,051,100

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day-to-day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as main

the policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Executive Order 2008-529, dated June 16, 2008 reorganized the Transportation Cabinet and created the Office of Audits.

**Transportation
Aviation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,024,200	1,114,400	296,500	848,500
Total General Fund		1,024,200	1,114,400	296,500	848,500
Restricted Fund					
Balance Forward	9,670,700	2,146,000	2,195,400	100	
Current Receipts	10,011,000	9,863,100	9,863,100	9,863,100	9,863,100
Fund Transfers	-6,927,200	-1,462,800	-1,464,000	-6,712,800	-6,714,000
Total Restricted Fund	12,754,500	10,546,300	10,594,500	3,150,400	3,149,100
Federal Fund					
Current Receipts	128,400	15,000	15,000	15,000	15,000
Total Federal Fund	128,400	15,000	15,000	15,000	15,000
Road Fund					
Regular Appropriation	11,313,300	994,800	996,000	1,983,600	2,017,400
Budget Reduction-Road Fund	-4,699,000				
Total Road Fund	6,614,300	994,800	996,000	1,983,600	2,017,400
TOTAL SOURCE OF FUNDS	19,497,200	12,580,300	12,719,900	5,445,500	6,030,000
EXPENDITURES BY CLASS					
Personnel Costs	2,559,000	2,669,400	2,847,500	2,610,000	2,673,500
Operating Expenses	1,483,500	1,453,100	1,453,100	1,453,100	1,453,100
Grants Loans Benefits	14,844,000	5,267,600	5,267,600	76,100	43,900
Debt Service	605,000	994,800	996,000	1,291,300	1,844,500
Construction	5,600			15,000	15,000
TOTAL EXPENDITURES	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
EXPENDITURES BY FUND SOURCE					
General Fund		1,024,200	1,114,400	296,500	848,500
Restricted Fund	12,754,400	8,350,900	8,438,800	3,150,400	3,149,100
Federal Fund	128,400	15,000	15,000	15,000	15,000
Road Fund	6,614,300	994,800	996,000	1,983,600	2,017,400
TOTAL EXPENDITURES	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
EXPENDITURES BY UNIT					
Commonwealth Aviation	17,018,300	7,858,600	7,947,700	2,954,600	3,506,500
Capital City Airport	2,478,800	2,526,300	2,616,500	2,490,900	2,523,500
TOTAL EXPENDITURES	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport, formerly attached to the Department of Military Affairs, is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2010-2012 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may be used to support the administrative and operating costs of the Commonwealth Aviation Division.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$5,250,000 in fiscal year 2011 and \$5,250,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the General Fund. Capital appropriations in the amount of \$5,250,000 in fiscal year 2011 and \$5,250,000 in fiscal year 2012 from bond funds will be used to replace this transfer of funds to the General Fund. Included in the General Fund appropriation is \$296,500 in fiscal year 2011 and \$848,500 in fiscal year 2012 for debt service on those bonds.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$468,000 in fiscal year 2011 and \$468,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$994,800 in fiscal year 2011 and \$996,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

**Transportation
Debt Service**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	136,599,000	117,784,000	137,556,000	77,891,000	115,640,300
Special Appropriation	17,679,000				
Budget Reduction-Road Fund	-100,000,000				
Total Road Fund	54,278,000	117,784,000	137,556,000	77,891,000	115,640,300
TOTAL SOURCE OF FUNDS	54,278,000	117,784,000	137,556,000	77,891,000	115,640,300
EXPENDITURES BY CLASS					
Debt Service	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
TOTAL EXPENDITURES	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
EXPENDITURES BY FUND SOURCE					
Road Fund	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
TOTAL EXPENDITURES	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
EXPENDITURES BY UNIT					
Economic Development Lease Rental	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
TOTAL EXPENDITURES	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The most recent issue was authorized during the 2009 General Assembly in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and

principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The Executive Budget provides \$6,289,000 in fiscal year 2011 and \$12,578,000 in fiscal year 2012 for debt service on \$112,000,000 in new Economic Development Highway Bonds to support projects associated with the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. It is anticipated that the area will experience a significant increase in population that will require additional and improved transportation infrastructure.

The Executive Budget provides \$14,524,500 in fiscal year 2012 for debt service on \$300,000,000 in new Economic Development Highway Bonds to support projects included in the Biennial Highway Construction Program.

The American Recovery and Reinvestment Act created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Build America Bonds may be issued by municipal bond issuers for eligible tax-exempt purposes on a permanent basis only. The Commonwealth is eligible for a subsidy if bonds are issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds for authorized but unissued Turnpike Authority debt, and any new fiscal year 2011 Road Fund supported bonds appropriated in the Executive Budget, shall lapse to the Road Fund. The amount of the Road Fund lapse is \$9,835,000 in fiscal year 2011 and \$11,635,000 in fiscal year 2012.

**Transportation
Highways**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				282,000	564,000
Total General Fund				282,000	564,000
Restricted Funds					
Balance Forward	208,402,900	2,872,000	2,872,000	2,872,000	2,872,000
Current Receipts	83,959,600	80,230,800	80,230,800	80,230,800	80,230,800
Non-Revenue Receipts	549,446,600			131,000,000	
Total Restricted Funds	841,809,100	83,102,800	83,102,800	214,102,800	83,102,800
Federal Funds					
Current Receipts	680,411,300	672,683,000	672,700,400	672,683,000	672,700,400
ARRA Receipts	377,004,700				
Total Federal Funds	1,057,416,000	672,683,000	672,700,400	672,683,000	672,700,400
Road Fund					
Regular Appropriation	759,723,000	707,487,500	747,723,900	718,281,600	739,422,200
Special Appropriation	-17,679,000				
Budget Reduction-Road Fund	-63,184,300				
Total Road Fund	678,859,700	707,487,500	747,723,900	718,281,600	739,422,200
Highway Bonds					
Non-Revenue Receipts				112,000,000	300,000,000
Total Highway Bonds				112,000,000	300,000,000
TOTAL SOURCE OF FUNDS	2,578,084,800	1,463,273,300	1,503,527,100	1,717,349,400	1,795,789,400
EXPENDITURES BY CLASS					
Personnel Costs	369,123,000	396,849,700	414,972,600	385,855,600	393,544,400
Operating Expenses	216,679,400	220,498,000	219,649,700	217,235,900	222,360,500
Grants Loans Benefits	11,462,700	7,401,100	7,334,500	7,458,100	7,458,100
Debt Service	68,723,100	68,645,900	68,609,500	68,927,900	69,173,500
Capital Outlay	300,000	300,000	300,000	300,000	300,000
Construction	1,908,924,600	766,706,600	789,788,800	1,034,699,900	1,100,080,900
TOTAL EXPENDITURES	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
EXPENDITURES BY FUND SOURCE					
General Fund				282,000	564,000
Restricted Funds	838,937,100	80,230,800	80,230,800	211,230,800	80,230,800
Federal Funds	1,057,416,000	672,683,000	672,700,400	672,683,000	672,700,400
Road Fund	678,859,700	707,487,500	747,723,900	718,281,600	739,422,200
Highway Bonds				112,000,000	300,000,000
TOTAL EXPENDITURES	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
EXPENDITURES BY UNIT					
Research	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
Construction	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
Maintenance	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
Engineering Administration	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
Planning	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
Highway Operations	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
Equipment Services	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900
Highway Safety	14,326,900	10,543,300	10,727,300	10,429,000	10,496,000
TOTAL EXPENDITURES	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

**Transportation
Highways
Research**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
Total Federal Fund	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
EXPENDITURES BY CLASS					
Personnel Costs	6,402,100	4,862,000	4,862,000	4,862,000	4,862,000
Operating Expenses	290,000	290,000	290,000	290,000	290,000
TOTAL EXPENDITURES	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
EXPENDITURES BY FUND SOURCE					
Federal Fund	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation
Highways
Construction**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				282,000	564,000
Total General Fund				282,000	564,000
Restricted Funds					
Balance Forward	199,417,400				
Current Receipts	30,640,000	24,000,000	24,000,000	24,000,000	24,000,000
Non-Revenue Receipts	548,787,700			131,000,000	
Total Restricted Funds	778,845,100	24,000,000	24,000,000	155,000,000	24,000,000
Federal Funds					
Current Receipts	652,185,200	649,997,000	650,014,400	649,997,000	650,014,400
ARRA Receipts	377,004,700				
Total Federal Funds	1,029,189,900	649,997,000	650,014,400	649,997,000	650,014,400
Road Fund					
Regular Appropriation	374,540,000	306,314,700	334,224,100	326,243,000	335,940,100
Special Appropriation	-17,679,000				
Budget Reduction-Road Fund	-48,442,800				
Total Road Fund	308,418,200	306,314,700	334,224,100	326,243,000	335,940,100
Highway Bonds					
Non-Revenue Receipts				112,000,000	300,000,000
Total Highway Bonds				112,000,000	300,000,000
TOTAL SOURCE OF FUNDS	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
EXPENDITURES BY CLASS					
Personnel Costs	156,637,900	163,987,600	168,452,800	156,248,100	158,686,000
Operating Expenses	11,678,900	11,228,900	11,228,900	11,228,900	11,228,900
Grants Loans Benefits	3,389,000	3,389,000	3,389,000	3,389,000	3,389,000
Debt Service	68,723,100	68,645,900	68,609,500	68,927,900	69,173,500
Construction	1,876,024,300	733,060,300	756,558,300	1,003,728,100	1,068,041,100
TOTAL EXPENDITURES	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
EXPENDITURES BY FUND SOURCE					
General Fund				282,000	564,000
Restricted Funds	778,845,100	24,000,000	24,000,000	155,000,000	24,000,000
Federal Funds	1,029,189,900	649,997,000	650,014,400	649,997,000	650,014,400
Road Fund	308,418,200	306,314,700	334,224,100	326,243,000	335,940,100
Highway Bonds				112,000,000	300,000,000
TOTAL EXPENDITURES	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
EXPENDITURES BY UNIT					
Bond Funded Construction	754,845,100			243,000,000	300,000,000
State Funded Construction	272,236,600	270,060,000	297,897,200	290,270,300	300,177,200
Federal Funded Construction	1,089,371,500	710,251,700	710,341,300	710,251,700	710,341,300
TOTAL EXPENDITURES	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008 and 2009 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, the 2008 General Assembly authorized \$231 million in GARVEE bonds for the Louisville Bridges project which is estimated to cost over \$4 billion. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

The American Recovery and Reinvestment Act of 2009 provided \$421.1 million in additional federal funds for use on federal-aid eligible highways. Unlike traditional federal highway funds, which the Commonwealth matches with toll credits, these funds required no state match and were programmed to support "shovel-ready" projects. Of the total award amount, only \$380.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local four Metropolitan Planning Organizations: Northern Kentucky, Henderson, Lexington and Louisville. The funds available to the Cabinet were split between transportation enhancement projects (\$12.6 million) and infrastructure investment projects (\$367.8 million). These additional funds were made available in the spring of 2009 and must be spent by September 30, 2015.

House Bill 4 during the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any Grant Anticipation Revenue Vehicle (GARVEE), funds appropriated by the state or federal government, and any other funds pledged for their purpose.

Policy

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

The Executive Budget provides \$112,000,000 in new Economic Development Highway Bonds to support projects associated with the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. It is anticipated that the area will experience a significant increase in population that will require additional and improved transportation infrastructure. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service appropriation unit.

The Executive Budget provides \$300,000,000 in new Economic Development Highway Bonds to support projects included in the Biennial Highway Construction Plan. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service appropriation unit.

**Transportation
Highways
Maintenance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	-658,900				
Current Receipts	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
Non-Revenue Receipts	658,900				
Total Restricted Fund	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
Road Fund					
Regular Appropriation	333,212,500	348,614,900	358,147,600	342,200,700	352,592,300
Budget Reduction-Road Fund	-10,000,000				
Total Road Fund	323,212,500	348,614,900	358,147,600	342,200,700	352,592,300
TOTAL SOURCE OF FUNDS	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
EXPENDITURES BY CLASS					
Personnel Costs	147,022,400	161,675,000	171,207,700	159,874,500	163,341,000
Operating Expenses	177,049,000	182,449,000	182,449,000	181,049,000	187,049,000
Construction	3,184,400	7,183,800	7,183,800	3,970,100	4,895,200
TOTAL EXPENDITURES	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
EXPENDITURES BY FUND SOURCE					
Restricted Fund	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
Road Fund	323,212,500	348,614,900	358,147,600	342,200,700	352,592,300
TOTAL EXPENDITURES	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into the following categories:

The Roadway Preservation program maintains 14,783 miles of state primary highways and 12,799 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,582 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck

rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Policy

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and therefore continues the practice of providing Road Fund support for maintenance materials, roadway safety and maintenance, ditching, roadway striping, signs, bridge materials, contract bridge repairs, traffic signals, and signal system operations. These efforts illustrate the Cabinet's emphasis on keeping the motoring public moving safely and efficiently over the roadways of Kentucky.

**Transportation
Highways
Engineering Administration**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	15,287,100	15,258,500	16,105,800	14,176,100	14,532,100
Budget Reduction-Road Fund	-2,126,000				
Total Road Fund	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
TOTAL SOURCE OF FUNDS	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
EXPENDITURES BY CLASS					
Personnel Costs	9,873,400	11,998,600	12,845,900	11,395,900	11,751,900
Operating Expenses	2,773,600	2,752,100	2,752,100	1,934,900	1,934,900
Capital Outlay	300,000	300,000	300,000	300,000	300,000
Construction	214,100	207,800	207,800	545,300	545,300
TOTAL EXPENDITURES	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
EXPENDITURES BY FUND SOURCE					
Road Fund	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
TOTAL EXPENDITURES	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

**Transportation
Highways
Planning**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
Total Federal Fund	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
Road Fund					
Regular Appropriation	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
Total Road Fund	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
TOTAL SOURCE OF FUNDS	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
EXPENDITURES BY CLASS					
Personnel Costs	12,414,000	12,761,700	13,137,000	12,725,000	13,080,300
Operating Expenses	1,957,200	1,957,200	1,957,200	1,957,200	1,957,200
Construction	2,134,300	1,828,600	1,476,700	1,828,600	1,476,700
TOTAL EXPENDITURES	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
EXPENDITURES BY FUND SOURCE					
Federal Fund	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
Road Fund	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
TOTAL EXPENDITURES	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation
Highways
Highway Operations**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	27,267,000	27,744,600	29,484,200	26,258,000	26,883,500
Budget Reduction-Road Fund	-2,495,500				
Total Road Fund	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
TOTAL SOURCE OF FUNDS	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
EXPENDITURES BY CLASS					
Personnel Costs	22,026,600	25,021,900	26,761,500	24,465,900	25,091,400
Operating Expenses	2,698,400	2,676,200	2,676,200	1,745,600	1,745,600
Construction	46,500	46,500	46,500	46,500	46,500
TOTAL EXPENDITURES	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
EXPENDITURES BY FUND SOURCE					
Road Fund	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
TOTAL EXPENDITURES	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

**Transportation
Highways
Equipment Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	9,636,600	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	49,274,300	53,535,900	53,535,900	53,535,900	53,535,900
Total Restricted Fund	58,910,900	56,400,100	56,400,100	56,400,100	56,400,100
TOTAL SOURCE OF FUNDS	58,910,900	56,400,100	56,400,100	56,400,100	56,400,100
EXPENDITURES BY CLASS					
Personnel Costs	10,945,500	12,456,300	13,368,500	12,254,600	12,608,100
Operating Expenses	17,780,200	16,700,000	15,851,700	16,700,000	15,851,700
Construction	27,321,000	24,379,600	24,315,700	24,581,300	25,076,100
TOTAL EXPENDITURES	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900
EXPENDITURES BY FUND SOURCE					
Restricted Fund	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900
TOTAL EXPENDITURES	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

**Transportation
Highways
Highway Safety**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	7,800	7,800	7,800	7,800	7,800
Current Receipts	2,000	2,000	2,000	2,000	2,000
Total Restricted Fund	9,800	9,800	9,800	9,800	9,800
Federal Fund					
Current Receipts	9,966,500	5,966,500	5,966,500	5,966,500	5,966,500
Total Federal Fund	9,966,500	5,966,500	5,966,500	5,966,500	5,966,500
Road Fund					
Regular Appropriation	4,478,400	4,574,800	4,758,800	4,460,500	4,527,500
Budget Reduction-Road Fund	-120,000				
Total Road Fund	4,358,400	4,574,800	4,758,800	4,460,500	4,527,500
TOTAL SOURCE OF FUNDS	14,334,700	10,551,100	10,735,100	10,436,800	10,503,800
EXPENDITURES BY CLASS					
Personnel Costs	3,801,100	4,086,600	4,337,200	4,029,600	4,123,700
Operating Expenses	2,452,100	2,444,600	2,444,600	2,330,300	2,303,200
Grants Loans Benefits	8,073,700	4,012,100	3,945,500	4,069,100	4,069,100
TOTAL EXPENDITURES	14,326,900	10,543,300	10,727,300	10,429,000	10,496,000
EXPENDITURES BY FUND SOURCE					
Restricted Fund	2,000	2,000	2,000	2,000	2,000
Federal Fund	9,966,500	5,966,500	5,966,500	5,966,500	5,966,500
Road Fund	4,358,400	4,574,800	4,758,800	4,460,500	4,527,500
TOTAL EXPENDITURES	14,326,900	10,543,300	10,727,300	10,429,000	10,496,000

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

**Transportation
Public Transportation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,178,200	4,884,000	4,884,000	4,448,600	4,448,600
Continuing Approp.-General Fund	131,600				
Budget Reduction-General Fund	-538,500				
Mandated Expenditure Reductions	-100,300				
Total General Fund	4,671,000	4,884,000	4,884,000	4,448,600	4,448,600
Restricted Fund					
Current Receipts	440,000	440,000	440,000	440,000	440,000
Total Restricted Fund	440,000	440,000	440,000	440,000	440,000
Federal Fund					
Current Receipts	44,546,000	44,546,000	44,546,000	44,546,000	44,546,000
ARRA Receipts	21,279,000				
Total Federal Fund	65,825,000	44,546,000	44,546,000	44,546,000	44,546,000
TOTAL SOURCE OF FUNDS	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
EXPENDITURES BY CLASS					
Personnel Costs	1,279,500	1,498,100	1,576,900	1,408,000	1,422,400
Operating Expenses	308,000	125,900	97,700	125,900	97,700
Grants Loans Benefits	69,348,500	48,246,000	48,195,400	47,900,700	47,914,500
TOTAL EXPENDITURES	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
EXPENDITURES BY FUND SOURCE					
General Fund	4,671,000	4,884,000	4,884,000	4,448,600	4,448,600
Restricted Fund	440,000	440,000	440,000	440,000	440,000
Federal Fund	65,825,000	44,546,000	44,546,000	44,546,000	44,546,000
TOTAL EXPENDITURES	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
EXPENDITURES BY UNIT					
Public Transportation	70,098,500	48,996,000	48,996,000	48,605,100	48,605,100
Multi-Modal Transportation	397,500	434,000	434,000	389,500	389,500
Human Services Delivery	440,000	440,000	440,000	440,000	440,000
TOTAL EXPENDITURES	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

The American Recovery and Reinvestment Act of 2009 provided \$51.5 million in additional federal funds for the Section 5307 Urban Transit and 5311 Rural Transit programs. Unlike traditional federal transit funds, these funds required no state match. Of that amount, only \$21.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local transit agencies. These additional funds were made available in the spring of 2009.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

Policy

The Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

The Executive Budget provides support for the Nonpublic School Transportation program in the amount of \$2,804,300 in fiscal year 2011 and \$2,804,300 in fiscal year 2012.

**Transportation
Revenue Sharing**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	9,622,300				
Total Restricted Fund	9,622,300				
Road Fund					
Regular Appropriation	318,070,100	282,714,300	306,734,500	297,140,300	312,492,800
Other	-33,161,600				
Total Road Fund	284,908,500	282,714,300	306,734,500	297,140,300	312,492,800
TOTAL SOURCE OF FUNDS	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800
EXPENDITURES BY CLASS					
Personnel Costs	2,958,200	3,204,800	3,421,800	3,088,600	3,129,400
Operating Expenses	4,380,600	4,253,400	4,101,200	4,212,500	4,044,400
Grants Loans Benefits	165,877,700	164,881,600	178,907,000	172,681,600	182,053,000
Construction	121,314,300	110,374,500	120,304,500	117,157,600	123,266,000
TOTAL EXPENDITURES	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800
EXPENDITURES BY FUND SOURCE					
Restricted Fund	9,622,300				
Road Fund	284,908,500	282,714,300	306,734,500	297,140,300	312,492,800
TOTAL EXPENDITURES	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800
EXPENDITURES BY UNIT					
County Road Aid	110,971,300	106,687,600	115,782,700	112,177,600	117,997,000
Rural Secondary	130,490,000	129,424,400	140,457,800	136,084,400	143,144,000
Municipal Aid	51,477,000	44,890,400	48,717,300	47,200,400	49,649,000
Energy Recovery	903,000	903,000	903,000	903,000	903,000
Rural and Municipal Aid	689,500	808,900	873,700	774,900	799,800
TOTAL EXPENDITURES	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 - 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles

of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

Pursuant to KRS 183.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax shall be excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

House Bill 374 during the 2009 Session of the General Assembly provided that the average wholesale price, upon which the motor fuels tax rate is calculated, shall not drop below one dollar and seventy-eight and six-tenths cents (\$1.786).

**Transportation
Vehicle Regulation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	6,489,900	4,855,200	5,812,900	3,402,200	4,277,500
Current Receipts	16,760,100	16,808,800	16,822,300	16,848,000	16,858,000
Non-Revenue Receipts	-75,100	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-9,810,000			-3,300,000	-3,300,000
Total Restricted Fund	13,364,900	21,589,000	22,560,200	16,875,200	17,760,500
Federal Fund					
Current Receipts	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
Total Federal Fund	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
Road Fund					
Regular Appropriation	27,277,100	24,809,800	25,808,900	23,128,600	23,450,700
Budget Reduction-Road Fund	-4,522,000				
Total Road Fund	22,755,100	24,809,800	25,808,900	23,128,600	23,450,700
TOTAL SOURCE OF FUNDS	45,291,700	47,448,800	49,419,100	41,053,800	42,261,200
EXPENDITURES BY CLASS					
Personnel Costs	20,497,100	15,406,900	16,390,500	14,541,800	14,889,200
Operating Expenses	15,206,900	15,834,100	15,862,600	15,089,600	15,090,200
Grants Loans Benefits	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Debt Service	2,085,000	3,144,900	3,145,400	3,144,900	3,145,400
Capital Outlay	100,500	3,250,000	3,300,000		
TOTAL EXPENDITURES	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
EXPENDITURES BY FUND SOURCE					
Restricted Fund	9,962,700	15,776,100	15,839,600	12,597,700	12,624,100
Federal Fund	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
Road Fund	22,755,100	24,809,800	25,808,900	23,128,600	23,450,700
TOTAL EXPENDITURES	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
EXPENDITURES BY UNIT					
Commissioner	2,485,000	955,500	1,013,200	918,400	939,900
Drivers Licensing	17,832,000	12,812,000	13,228,800	12,000,500	12,134,800
Motor Carriers	3,006,100	3,488,900	3,757,000	3,125,000	3,207,200
Motor Vehicle Licensing	17,643,200	23,405,700	23,674,500	19,766,300	19,850,400
Motor Vehicle Commission	923,200	973,800	1,025,000	966,100	992,500
TOTAL EXPENDITURES	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized

under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers. In accordance with KRS Chapter 281, the Division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations. Pursuant to KRS 177.9771, the Division of Motor Carriers administers the extended weight decal program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates. In 2007, KRS 186.040 was amended to add an additional \$3 to the registration fee which shall be distributed as follows: \$1 for AVIS replacement activities, \$1 for county clerk hardware and software improvement, and \$1 for a county clerk revenue supplement for collection and administration of Road Fund taxes.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

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Statewide

**Statewide
Budget Reserve Trust Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Continuing Approp.-General Fund	7,125,158				
Mandated Allotments	-7,125,158				
Total General Fund					
TOTAL SOURCE OF FUNDS					

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

Policy

The current balance of the Budget Reserve Trust Fund is \$0. The \$214,775,400 balance at the end of fiscal year 2008 was used through an appropriation that was a part of the fiscal year 2009 budget shortfall actions, and to pay for the first fiscal year 2010 necessary governmental expense.

The Executive Budget proposes to direct funds to the Budget Reserve Trust Fund through the General Fund Surplus Expenditure Plan.