

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

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 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 Adjustments	60,000				
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 Adjustments	424,200				
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	89,600				
Adjustments					
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.