

# Postsecondary Education

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**Postsecondary Education**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,318,002,400	1,432,246,200	1,641,402,200	1,044,750,500	1,126,361,100
Salary and Health Insurance Adjustments	186,700				
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	4,251,400	1,139,300	1,000,000	1,000,000	500,000
Budget Reduction-General Fund	-110,014,000				
Mandated Expenditure Reductions	-1,369,000				
Current Receipts		5,067,500	5,067,500		
<b>Total General Fund</b>	<b>1,211,057,500</b>	<b>1,440,247,300</b>	<b>1,649,946,000</b>	<b>1,045,750,500</b>	<b>1,126,861,100</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	6,930,600	6,417,100	5,987,600	6,417,100	5,987,600
Continuing Approp.-Tobacco Settlement	140,600				
<b>Total Tobacco Fund</b>	<b>7,071,200</b>	<b>6,417,100</b>	<b>5,987,600</b>	<b>6,417,100</b>	<b>5,987,600</b>
<b>Restricted Fund</b>					
Balance Forward	2,959,900	387,400	155,900	1,215,500	308,500
Current Receipts	3,621,014,400	3,699,307,700	3,845,981,900	3,699,191,800	3,846,230,300
Non-Revenue Receipts	16,337,200	11,120,400	14,983,000	9,394,800	13,185,500
Fund Transfers				-794,600	-517,800
<b>Total Restricted Fund</b>	<b>3,640,311,500</b>	<b>3,710,815,500</b>	<b>3,861,120,800</b>	<b>3,709,007,500</b>	<b>3,859,206,500</b>
<b>Federal Fund</b>					
Current Receipts	754,533,800	767,665,900	806,017,000	793,188,500	821,596,000
ARRA Receipts	3,753,200	3,365,000	3,000,000	3,365,000	3,000,000
SFSF Receipts	70,000,000			57,272,600	
<b>Total Federal Fund</b>	<b>828,287,000</b>	<b>771,030,900</b>	<b>809,017,000</b>	<b>853,826,100</b>	<b>824,596,000</b>
<b>Bond Funds</b>					
Current Receipts				203,000,000	209,000,000
<b>Total Bond Funds</b>				<b>203,000,000</b>	<b>209,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,686,727,200</b>	<b>5,928,510,800</b>	<b>6,326,071,400</b>	<b>5,818,001,200</b>	<b>6,025,651,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,721,788,700	2,831,795,800	2,916,229,900	2,719,137,600	2,727,241,400
Operating Expenses	1,690,848,900	1,803,216,200	1,895,887,800	1,832,033,600	1,974,936,500
Grants Loans Benefits	924,024,200	1,036,813,800	1,081,723,600	914,967,200	926,241,500
Debt Service	121,451,200	126,531,000	263,988,800	126,232,700	171,925,100
Capital Outlay	225,962,700	130,548,100	138,911,800	224,821,600	224,761,700
<b>TOTAL EXPENDITURES</b>	<b>5,684,075,700</b>	<b>5,928,904,900</b>	<b>6,296,741,900</b>	<b>5,817,192,700</b>	<b>6,025,106,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,210,057,500	1,439,497,300	1,649,196,000	1,045,250,500	1,126,861,100
Tobacco Fund	6,635,200	6,167,100	5,737,600	6,417,100	5,987,600
Restricted Fund	3,639,096,000	3,710,659,600	3,859,014,500	3,708,699,000	3,858,661,500
Federal Fund	828,287,000	771,030,900	811,122,800	853,826,100	824,596,000
Bond Funds				203,000,000	209,000,000
<b>TOTAL EXPENDITURES</b>	<b>5,684,075,700</b>	<b>5,927,354,900</b>	<b>6,325,070,900</b>	<b>5,817,192,700</b>	<b>6,025,106,200</b>
<b>EXPENDITURES BY UNIT</b>					
Council on Postsecondary Education	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700
Kentucky Higher Education Assistance Authority	219,878,700	321,691,600	333,960,900	242,635,000	275,028,300
Postsecondary Education Institutions	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
<b>TOTAL EXPENDITURES</b>	<b>5,684,075,700</b>	<b>5,927,354,900</b>	<b>6,325,070,900</b>	<b>5,817,192,700</b>	<b>6,025,106,200</b>

**Postsecondary Education  
Council on Postsecondary Education**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	54,153,800	50,215,400	221,724,400	52,462,900	78,051,400
Salary and Health Insurance Adjustments	186,700				
Budget Reduction-General Fund	-6,488,500				
Mandated Expenditure Reductions	-1,369,000				
<b>Total General Fund</b>	46,483,000	50,215,400	221,724,400	52,462,900	78,051,400
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
<b>Total Tobacco Fund</b>	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
<b>Restricted Fund</b>					
Balance Forward	138,700				
Current Receipts	1,821,700	2,150,700	2,168,200	1,850,700	1,850,700
Non-Revenue Receipts	6,793,900	6,450,000	6,450,000	6,450,000	6,450,000
<b>Total Restricted Fund</b>	8,754,300	8,600,700	8,618,200	8,300,700	8,300,700
<b>Federal Fund</b>					
Current Receipts	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
<b>Total Federal Fund</b>	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
<b>TOTAL SOURCE OF FUNDS</b>	80,017,300	81,335,200	253,432,200	83,282,700	109,441,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	11,455,500	12,129,400	12,725,700	11,346,600	11,464,100
Operating Expenses	1,202,900	2,881,600	2,885,800	2,855,800	2,858,400
Grants Loans Benefits	66,922,900	67,874,200	68,077,700	69,080,300	66,831,700
Debt Service			141,414,000		28,287,500
<b>TOTAL EXPENDITURES</b>	79,581,300	82,885,200	225,103,200	83,282,700	109,441,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	46,483,000	50,215,400	221,724,400	52,462,900	78,051,400
Tobacco Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund	8,754,300	8,600,700	8,618,200	8,300,700	8,300,700
Federal Fund	19,099,400	17,352,000	18,352,000	17,352,000	18,352,000
<b>TOTAL EXPENDITURES</b>	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700
<b>EXPENDITURES BY UNIT</b>					
Agency Operations	6,769,700	9,226,600	9,707,000	13,098,000	10,248,000
Pass Through Programs	12,412,800	12,475,900	12,626,900	11,729,000	11,880,000
Federal Programs	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
Strategic Investment & Incentive Funding Program	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700
<b>TOTAL EXPENDITURES</b>	79,581,300	81,335,200	253,432,200	83,282,700	109,441,700

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The Council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education

enterprise. The primary focus of the Council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. The Council also has responsibility to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- A premier, nationally-recognized metropolitan research university at the University of Louisville.
- Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the Council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; providing the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

## **Policy**

The Executive Budget includes \$3,130,000 in fiscal year 2011 and \$1,630,000 in fiscal year 2012 from the General Fund to support initiatives outlined in Senate Bill 1 from the 2009 Regular Session. These initiatives include professional development of faculty to assist the revision of the pedagogic curriculum and revision of postsecondary institution colleges of education assessment standards.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,740,400	8,427,900	8,890,800	12,599,300	9,749,300
Salary and Health Insurance Adjustments	186,700				
Budget Reduction-General Fund	-2,408,300				
Mandated Expenditure Reductions	-235,600				
<b>Total General Fund</b>	<b>6,283,200</b>	<b>8,427,900</b>	<b>8,890,800</b>	<b>12,599,300</b>	<b>9,749,300</b>
<b>Restricted Fund</b>					
Balance Forward	16,800				
Current Receipts	469,700	798,700	816,200	498,700	498,700
<b>Total Restricted Fund</b>	<b>486,500</b>	<b>798,700</b>	<b>816,200</b>	<b>498,700</b>	<b>498,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,769,700</b>	<b>9,226,600</b>	<b>9,707,000</b>	<b>13,098,000</b>	<b>10,248,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	7,132,100	7,912,600	8,391,400	7,129,800	7,129,800
Operating Expenses	-362,400	1,314,000	1,315,600	1,288,200	1,288,200
Grants Loans Benefits		1,550,000	200,000	4,680,000	1,830,000
<b>TOTAL EXPENDITURES</b>	<b>6,769,700</b>	<b>10,776,600</b>	<b>9,907,000</b>	<b>13,098,000</b>	<b>10,248,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,283,200	8,427,900	8,890,800	12,599,300	9,749,300
Restricted Fund	486,500	798,700	816,200	498,700	498,700
<b>TOTAL EXPENDITURES</b>	<b>6,769,700</b>	<b>9,226,600</b>	<b>9,707,000</b>	<b>13,098,000</b>	<b>10,248,000</b>

The Agency Operations program is the support unit of the Council on Postsecondary Education. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the Council is found in KRS 164.013, 164.0203, and 164.020. The Agency Operations program is the support unit of the Council. As such, employees included in the Agency Operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The Council licenses private postsecondary education institutions, a regulatory function.

Agency Operations include staff and operating expenses necessary to manage the agency and programs of the Council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with Agency Operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit includes support staff providing governmental and legislative services, media relations, and communications planning.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. "New economy" responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the Council in 2003. This unit provides governmental relations, communications, information, technology, and business office support to the adult education program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency: budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the Council.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,428,500	5,975,900	6,126,900	5,229,000	5,380,000
Budget Reduction-General Fund	230,900				
Mandated Expenditure Reductions	-90,700				
<b>Total General Fund</b>	<b>5,568,700</b>	<b>5,975,900</b>	<b>6,126,900</b>	<b>5,229,000</b>	<b>5,380,000</b>
<b>Restricted Fund</b>					
Balance Forward	200				
Current Receipts	50,000	50,000	50,000	50,000	50,000
Non-Revenue Receipts	6,793,900	6,450,000	6,450,000	6,450,000	6,450,000
<b>Total Restricted Fund</b>	<b>6,844,100</b>	<b>6,500,000</b>	<b>6,500,000</b>	<b>6,500,000</b>	<b>6,500,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,412,800</b>	<b>12,475,900</b>	<b>12,626,900</b>	<b>11,729,000</b>	<b>11,880,000</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	12,000	12,000	12,000	12,000	12,000
Grants Loans Benefits	12,400,800	12,463,900	12,873,400	11,717,000	11,868,000
<b>TOTAL EXPENDITURES</b>	<b>12,412,800</b>	<b>12,475,900</b>	<b>12,885,400</b>	<b>11,729,000</b>	<b>11,880,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,568,700	5,975,900	6,126,900	5,229,000	5,380,000
Restricted Fund	6,844,100	6,500,000	6,500,000	6,500,000	6,500,000
<b>TOTAL EXPENDITURES</b>	<b>12,412,800</b>	<b>12,475,900</b>	<b>12,626,900</b>	<b>11,729,000</b>	<b>11,880,000</b>
<b>EXPENDITURES BY UNIT</b>					
Contract Spaces	4,686,100	4,785,100	4,936,100	4,785,100	4,936,100
Professional Education Preparation Program	322,600	327,800	327,800	176,300	176,300
Minority Student College Prep Program	330,800	334,500	334,500	79,100	79,100
State Autism Training Center	161,000	163,600	163,600	14,800	14,800
SREB Doctoral Scholars Program	274,300	276,900	276,900	85,700	85,700
Pass Through - Other	138,000	88,000	88,000	88,000	88,000
Cancer Research Insts Mtchg Fd	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
<b>TOTAL EXPENDITURES</b>	<b>12,412,800</b>	<b>12,475,900</b>	<b>12,626,900</b>	<b>11,729,000</b>	<b>11,880,000</b>

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

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

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education. The University of Louisville Research Foundation and the University of Kentucky Research Foundations will each be eligible for state funds under this program. The program is funded by a one-cent cigarette surtax. To receive the funding from this program, the two research institutions must provide a dollar for dollar match from external sources. The purpose of these funds is to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program supports collaborative business and academic ventures in support of the cancer research programs at their respective university cancer centers (Brown and Markey).

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use.

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

The **Telecommunications Consortium** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. In fiscal year 2005-2006, 33 undergraduate courses are scheduled for delivery. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle and junior high school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board Doctoral Scholars Program** is a cooperative interstate venture that seeks to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

## **Policy**

The Executive Budget provides additional funding in the Contract Spaces program for ten more veterinary medicine slots for Kentucky students, bringing to 164 the total number of slots. The additional ten veterinary medicine slots will include a post-graduate Kentucky residency requirement along with other requirements.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Current Receipts	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
<b>Total Federal Fund</b>	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
<b>TOTAL SOURCE OF FUNDS</b>	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,477,200	1,390,000	1,507,500	1,390,000	1,507,500
Operating Expenses	1,037,600	1,039,900	1,042,500	1,039,900	1,042,500
Grants Loans Benefits	3,885,200	3,070,100	3,950,000	3,070,100	3,950,000
<b>TOTAL EXPENDITURES</b>	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000
<b>TOTAL EXPENDITURES</b>	6,400,000	5,500,000	6,500,000	5,500,000	6,500,000

The Council on Postsecondary Education administers three federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant program, Gaining Early Awareness and Readiness for Undergraduate programs (GEAR UP) Kentucky, and the Fund for the Improvement of Postsecondary Education (FIPSE).

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

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

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds the system referred to as U-CAN, the university coordinated advising network. Key partners include the Kentucky Community and Technical College System, the Kentucky Department of Education, the Kentucky Higher Education Assistance Authority, a number of postsecondary institutions, school districts, and adult education learning centers. Through matching funds, improvements are being made to and activities expanded in the Kentucky Virtual University call center.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	39,984,900	35,811,600	206,706,700	34,634,600	62,922,100
Budget Reduction-General Fund	-4,311,100				
Mandated Expenditure Reductions	-1,042,700				
<b>Total General Fund</b>	34,631,100	35,811,600	206,706,700	34,634,600	62,922,100
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
<b>Total Tobacco Fund</b>	5,680,600	5,167,100	4,737,600	5,167,100	4,737,600
<b>Restricted Fund</b>					
Balance Forward	121,700				
Current Receipts	1,302,000	1,302,000	1,302,000	1,302,000	1,302,000
<b>Total Restricted Fund</b>	1,423,700	1,302,000	1,302,000	1,302,000	1,302,000
<b>Federal Fund</b>					
Current Receipts	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
<b>Total Federal Fund</b>	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
<b>TOTAL SOURCE OF FUNDS</b>	54,434,800	54,132,700	224,598,300	52,955,700	80,813,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,846,200	2,826,800	2,826,800	2,826,800	2,826,800
Operating Expenses	515,700	515,700	515,700	515,700	515,700
Grants Loans Benefits	50,636,900	50,790,200	51,054,300	49,613,200	49,183,700
Debt Service			141,414,000		28,287,500
<b>TOTAL EXPENDITURES</b>	53,998,800	54,132,700	195,810,800	52,955,700	80,813,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	34,631,100	35,811,600	206,706,700	34,634,600	62,922,100
Tobacco Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Restricted Fund	1,423,700	1,302,000	1,302,000	1,302,000	1,302,000
Federal Fund	12,699,400	11,852,000	11,852,000	11,852,000	11,852,000
<b>TOTAL EXPENDITURES</b>	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700
<b>EXPENDITURES BY UNIT</b>					
Research Challenge Trust Fund	5,244,600	5,167,100	4,737,600	5,167,100	4,737,600
Technology Initiative Trust Fund	6,484,900	6,876,100	6,986,200	6,340,700	6,340,700
Physical Facilities Trust Fund			170,201,500		28,287,500
Adult Education and Literacy Funding Program	35,638,700	35,027,800	35,479,500	34,689,000	34,689,000
Science and Technology Funding Program	5,289,600	7,061,700	7,193,500	6,758,900	6,758,900
Regional Stewardship Funding Program	1,341,000				
<b>TOTAL EXPENDITURES</b>	53,998,800	54,132,700	224,598,300	52,955,700	80,813,700

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds: the Research Challenge Trust Fund, the Regional University Excellence Trust Fund, the Technology Initiative Trust

Fund, the Physical Facilities Trust Fund, the Postsecondary Workforce Development Trust Fund, and the Student Financial Aid and Advancement Trust Fund. The Council has also established through the budget process three Strategic Investment and Incentive Funding Programs: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

	<u>FY 2011</u>	<u>FY 2012</u>
<b>Research Challenge Trust Fund</b>		
Lung Cancer Research Phase I Tobacco Settlement Funding	5,167,100	4,737,600
<b>Physical Facilities Trust Fund</b>		
Debt Service for \$584,221,000 in Bond Funded Projects		28,287,500
<b>Technology Initiatives Trust Fund</b>	6,340,700	6,340,000
<b>Adult Education and Literacy Funding Program</b>	34,689,000	34,689,000
<b>Science and Technology Funding Program</b>	8,160,800	8,160,800
<b>TOTAL FUNDING PROGRAM APPROPRIATIONS</b>	54,357,600	82,214,900

**Physical Facilities Trust Fund** - \$28,287,500 from the General Fund are provided in fiscal year 2012 for debt service for \$584,221,000 in bond funded projects for the public postsecondary education institutions.

**Technology Initiatives Trust Fund**

Funding is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Kentucky Postsecondary Education Network (KPEN) is an Internet protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access Internet users and provides an easy mechanism for expansion of network services. Expanded KPEN services extend to all postsecondary education institutions through the Master Agreement developed between the University of Kentucky and the vendor, Alltel, Inc. The Council on Postsecondary Education, working through the University of Kentucky, financially supports a baseline network for the state-supported postsecondary education institutions. Institutions may purchase additional services and bandwidth directly from the Master Agreement with the vendor.
2. Faculty Development is provided in collaboration with one or more institutions to sponsor statewide initiatives. These initiatives serve an agenda-setting function, drawing attention to important dimensions of faculty development linked to system goals.
3. The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The Agency Operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit. The technology contracts to operate these systems are included in the program.
4. College Access Initiative - The purpose of the College Access Initiative is to support the Council's Double the Numbers efforts to increase educational attainment to the national average by providing motivational, streamlined and relevant college-going information that will encourage people to inquire and enroll in college. Previous research makes clear that many Kentuckians do not see the benefit of postsecondary education, significantly overestimate the cost of college, and often lack the necessary information to know how to prepare and financially plan for college.
5. College Level Learning Assessment - The Council is working with college and university representatives on the best way to measure improvements in academic outcomes. The Council is currently preparing a statewide assessment plan to measure general education outcomes that builds on the ACT Evaluation and Planning and Assessment System (EPAS) implementation in K-12 to report gains in student educational progress by institution. The Council will be responsible for dissemination of the results, identification of areas for improvement and for continued performance monitoring at all public postsecondary institutions.

## Adult Education and Literacy Funding Program

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

## Science and Technology Funding Program

The Science and Technology Funding program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: **the Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, and the **Rural Innovation** program that provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding program provides funding each year for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

## Policy

**The Regional Stewardship Funding Program** which provides financing in the amount of \$1,341,000 in fiscal year 2010 to the comprehensive postsecondary education institutions to promote regional and statewide economic development, livable communities, and civic participation through public engagement activities initiated by university faculty and staff will be appropriated in each institution for fiscal year 2011, fiscal year 2012 and future biennia.

The universities design and implement programs that align institutional priorities, resources, and infrastructure to support their missions as stewards of place, and to create partnerships that address regional and state needs.

**Postsecondary Education  
Kentucky Higher Education Assistance Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	183,809,000	291,981,300	299,552,200	13,325,800	36,429,500
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	4,251,400	1,139,300	1,000,000	1,000,000	500,000
<b>Total General Fund</b>	<b>188,060,400</b>	<b>294,914,900</b>	<b>303,028,500</b>	<b>14,325,800</b>	<b>36,929,500</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Continuing Approp.-Tobacco Settlement	140,600				
<b>Total Tobacco Fund</b>	<b>1,140,600</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Restricted Fund</b>					
Balance Forward	2,821,200	387,400	155,900	1,215,500	308,500
Current Receipts	18,068,400	19,281,400	19,640,300	19,281,400	19,640,300
Non-Revenue Receipts	9,543,300	4,670,400	8,533,000	2,944,800	6,735,500
Fund Transfers				-794,600	-517,800
<b>Total Restricted Fund</b>	<b>30,432,900</b>	<b>24,339,200</b>	<b>28,329,200</b>	<b>22,647,100</b>	<b>26,166,500</b>
<b>Federal Fund</b>					
Current Receipts	2,460,300	2,593,400	2,603,700	2,470,600	2,477,300
<b>Total Federal Fund</b>	<b>2,460,300</b>	<b>2,593,400</b>	<b>2,603,700</b>	<b>2,470,600</b>	<b>2,477,300</b>
<b>Bond Funds</b>					
Current Receipts				203,000,000	209,000,000
<b>Total Bond Funds</b>				<b>203,000,000</b>	<b>209,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>222,094,200</b>	<b>322,847,500</b>	<b>334,961,400</b>	<b>243,443,500</b>	<b>275,573,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	16,375,500	15,729,000	16,286,700	16,447,800	16,517,200
Operating Expenses	2,273,500	3,328,900	3,380,900	3,136,900	3,165,200
Grants Loans Benefits	200,469,400	301,871,300	313,531,600	210,889,900	220,053,200
Debt Service	742,700	744,800	744,100	12,142,800	35,275,100
Capital Outlay	17,600	17,600	17,600	17,600	17,600
<b>TOTAL EXPENDITURES</b>	<b>219,878,700</b>	<b>321,691,600</b>	<b>333,960,900</b>	<b>242,635,000</b>	<b>275,028,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	187,060,400	293,914,900	302,028,500	13,825,800	36,929,500
Tobacco Fund	1,140,600	1,000,000	1,000,000	1,000,000	1,000,000
Restricted Fund	29,217,400	24,183,300	28,328,700	22,338,600	25,621,500
Federal Fund	2,460,300	2,593,400	2,603,700	2,470,600	2,477,300
Bond Funds				203,000,000	209,000,000
<b>TOTAL EXPENDITURES</b>	<b>219,878,700</b>	<b>321,691,600</b>	<b>333,960,900</b>	<b>242,635,000</b>	<b>275,028,300</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	18,007,200	19,160,300	19,514,300	30,290,500	53,547,900
College Access Program	63,578,500	131,408,200	137,786,400	73,316,500	75,574,800
Work Study Program	889,300	750,000	750,000	910,600	910,600
Kentucky Tuition Grant	33,386,800	44,607,500	45,779,400	32,586,400	33,601,100
Teacher Scholarships	2,067,000	2,307,000	2,307,000	2,309,500	2,309,500
Ky National Guard Tuition	4,877,500	37,900	37,900	5,560,900	5,587,900
Osteopathic Medicine Scholarship	854,400	901,800	872,500	901,800	872,500
Ky Educational Excellence Scholarships	93,048,400	93,851,400	99,714,700	93,851,400	99,714,700
Early Childhood Development Scholarships	1,433,100	1,224,900	1,224,900	1,224,900	1,224,900
Kentucky's Affordable Prepaid Tuition	547,700	552,800	560,300	552,800	554,700

(KAPT)					
Robert C Byrd Honors Scholarship	568,000	575,600	583,300	568,000	568,000
Mary Jo Young Scholarship	385,700	385,700	385,700	385,700	385,700
Go Higher Grant Program	235,100	500,000	500,000	176,000	176,000
Borrower Benefits		25,428,500	23,944,500		
<b>TOTAL EXPENDITURES</b>	<b>219,878,700</b>	<b>321,691,600</b>	<b>333,960,900</b>	<b>242,635,000</b>	<b>275,028,300</b>

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information.

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

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

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

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

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

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

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Pharmacy Scholarship Program provides tuition equalization awards to eligible students who choose to attend a private Kentucky school of pharmacy located in an Appalachian Regional Commission county. Recipients must agree to provide pharmacy services in Kentucky one year for each year they receive a scholarship.

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

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

The Go Higher Grant Program provides needs-based scholarships from coal severance dollars to students from coal producing counties to pursue a certificate, diploma, or degree in one of Kentucky's participating public and private colleges, universities, technical colleges and vocational training institutions.

## Policy

The Executive Budget includes appropriations for the College Access program, the Kentucky Tuition Grant program, the Kentucky Educational Excellence Scholarship program, the Teacher Scholarship, and the National Guard Tuition Scholarship program supported by a bond issue in each year of the biennium. Bonds will be issued in the amount of \$203,000,000 in fiscal year 2011 and \$209,000,000 in fiscal year 2012. The bond funds will replace the same amount of net lottery revenues that are earmarked for student financial aid programs by KRS 154A.130(4).

Included in the Executive Budget for the College Access Program (CAP) is \$73,316,500 in fiscal year 2011 and \$75,574,800 in fiscal year 2012. These amounts represent an increase of 24% over the biennium.

Included in the Executive Budget for the Kentucky Tuition Grant program is \$32,586,400 in fiscal year 2011 and \$33,601,100 in fiscal year 2012.

The KEES program funding is \$93,851,400 in fiscal year 2011 and \$99,714,700 in fiscal year 2012 which fully funds the program.

Included in the Executive Budget for the Teacher Scholarship Program is \$2,309,500 in each fiscal year of the 2010-2012 biennium.

The Executive Budget includes \$5,560,900 in fiscal year 2011 and \$5,587,900 in fiscal year 2012 for the National Guard Tuition Assistance program. Unexpended coal severance funds in the amount of \$1,000,000 will be spent over the biennium in support of the National Guard Tuition Assistance Program for eligible National Guard members from coal-producing counties.

Included in the General Fund for the Osteopathic Medicine Scholarships is \$901,800 in fiscal year 2011 and \$872,500 in fiscal year 2012 from Coal Severance Tax revenues.

The Early Childhood Development Scholarship program is funded with \$1,000,000 in each fiscal year from Tobacco Settlement funds.

The Work Study program is funded with \$850,000 each year from the General Fund.

**Postsecondary Education**  
**Postsecondary Education Institutions**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,080,039,600	1,090,049,500	1,120,125,600	978,961,800	1,011,880,200
Budget Reduction-General Fund	-103,525,500				
Current Receipts		5,067,500	5,067,500		
<b>Total General Fund</b>	976,514,100	1,095,117,000	1,125,193,100	978,961,800	1,011,880,200
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
<b>Total Tobacco Fund</b>	250,000	250,000	250,000	250,000	250,000
<b>Restricted Fund</b>					
Current Receipts	3,601,124,300	3,677,875,600	3,824,173,400	3,678,059,700	3,824,739,300
<b>Total Restricted Fund</b>	3,601,124,300	3,677,875,600	3,824,173,400	3,678,059,700	3,824,739,300
<b>Federal Fund</b>					
Current Receipts	732,974,100	747,720,500	785,061,300	773,365,900	800,766,700
ARRA Receipts	3,753,200	3,365,000	3,000,000	3,365,000	3,000,000
SFSF Receipts	70,000,000			57,272,600	
<b>Total Federal Fund</b>	806,727,300	751,085,500	788,061,300	834,003,500	803,766,700
<b>TOTAL SOURCE OF FUNDS</b>	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,693,957,700	2,803,937,400	2,887,217,500	2,691,343,200	2,699,260,100
Operating Expenses	1,687,372,500	1,797,005,700	1,889,621,100	1,826,040,900	1,968,912,900
Grants Loans Benefits	656,631,900	667,068,300	700,114,300	634,997,000	639,356,600
Debt Service	120,708,500	125,786,200	121,830,700	114,089,900	108,362,500
Capital Outlay	225,945,100	130,530,500	138,894,200	224,804,000	224,744,100
<b>TOTAL EXPENDITURES</b>	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	976,514,100	1,095,367,000	1,125,443,100	978,961,800	1,011,880,200
Tobacco Fund	250,000			250,000	250,000
Restricted Fund	3,601,124,300	3,677,875,600	3,822,067,600	3,678,059,700	3,824,739,300
Federal Fund	806,727,300	751,085,500	790,167,100	834,003,500	803,766,700
<b>TOTAL EXPENDITURES</b>	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200
<b>EXPENDITURES BY UNIT</b>					
Eastern Kentucky University	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
Kentucky State University	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
Morehead State University	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
Murray State University	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
Northern Kentucky University	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
University of Kentucky	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
University of Louisville	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
Western Kentucky University	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
Kentucky Community and Technical College System	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
<b>TOTAL EXPENDITURES</b>	5,384,615,700	5,524,328,100	5,737,677,800	5,491,275,000	5,640,636,200

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Eastern Kentucky University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	77,999,500	71,645,200	76,689,400	69,913,300	72,620,600
Budget Reduction-General Fund	-7,306,800				
Current Receipts		5,067,500	5,067,500		
<b>Total General Fund</b>	70,692,700	76,712,700	81,756,900	69,913,300	72,620,600
<b>Restricted Fund</b>					
Current Receipts	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
<b>Total Restricted Fund</b>	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
<b>Federal Fund</b>					
Current Receipts	70,662,700	74,195,800	77,905,600	74,195,800	77,905,600
SFSF Receipts	5,067,500			4,085,900	
<b>Total Federal Fund</b>	75,730,200	74,195,800	77,905,600	78,281,700	77,905,600
<b>TOTAL SOURCE OF FUNDS</b>	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	149,954,100	150,040,500	154,548,200	149,559,000	153,585,200
Operating Expenses	57,840,200	66,223,200	69,274,800	64,770,700	64,999,500
Grants Loans Benefits	75,652,100	75,452,800	77,484,000	75,452,800	77,484,000
Debt Service	2,029,000				
Capital Outlay	2,340,500	3,113,700	6,295,300	2,334,200	2,397,300
<b>TOTAL EXPENDITURES</b>	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	70,692,700	76,712,700	81,756,900	69,913,300	72,620,600
Restricted Fund	141,393,000	143,921,700	147,939,800	143,921,700	147,939,800
Federal Fund	75,730,200	74,195,800	77,905,600	78,281,700	77,905,600
<b>TOTAL EXPENDITURES</b>	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000
<b>EXPENDITURES BY UNIT</b>					
Instruction	82,531,200	83,022,900	85,365,400	82,070,500	85,194,600
Research	1,796,300	1,877,900	1,966,000	1,877,900	1,966,000
Public Service	39,291,100	41,152,900	43,138,900	45,238,800	43,138,900
Libraries	3,285,500	3,344,800	3,438,600	3,344,800	3,438,600
Academic Support	17,865,600	18,186,000	18,694,300	18,186,000	18,694,300
Student Services	17,264,900	17,595,100	18,101,700	17,595,100	18,101,700
Institutional Support	35,097,000	35,836,400	36,917,500	35,836,400	36,917,500
Operation and Maintenance of Plant	20,282,900	25,603,400	29,417,700	24,823,900	25,519,700
Scholarships and Fellowships	50,177,400	51,799,400	53,692,600	46,731,900	48,625,100
Mandatory Transfers	4,100,900				
Auxilliary Enterprises	16,123,100	16,411,400	16,869,600	16,411,400	16,869,600
<b>TOTAL EXPENDITURES</b>	287,815,900	294,830,200	307,602,300	292,116,700	298,466,000

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and passed an enabling act permitting the university to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966.

The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship, and natural areas, using resources such as the Lilley Cornett Woods program. As such, the university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, the workforce, justice and safety, and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

## **Policy**

The Executive Budget includes federal funds of \$4,085,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$3,149,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education  
Postsecondary Education Institutions  
Kentucky State University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,180,100	29,089,600	29,154,200	25,245,800	25,285,100
Budget Reduction-General Fund	-2,540,600				
<b>Total General Fund</b>	24,639,500	29,089,600	29,154,200	25,245,800	25,285,100
<b>Restricted Fund</b>					
Current Receipts	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
<b>Total Restricted Fund</b>	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
<b>Federal Fund</b>					
Current Receipts	16,918,700	16,918,700	16,918,700	18,605,600	18,405,600
SFSF Receipts	1,766,300			1,479,400	
<b>Total Federal Fund</b>	18,685,000	16,918,700	16,918,700	20,085,000	18,405,600
<b>TOTAL SOURCE OF FUNDS</b>	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	37,605,500	40,087,700	41,664,700	36,842,000	36,842,000
Operating Expenses	19,684,200	20,362,600	20,658,700	23,404,700	23,954,900
Grants Loans Benefits	6,672,900	6,672,900	6,672,900	6,672,900	6,672,900
Debt Service	908,900	960,100		960,100	
Capital Outlay	3,327,500	3,327,500	3,327,500	3,037,700	3,037,700
<b>TOTAL EXPENDITURES</b>	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	24,639,500	29,089,600	29,154,200	25,245,800	25,285,100
Restricted Fund	24,874,500	25,402,500	26,250,900	25,586,600	26,816,800
Federal Fund	18,685,000	16,918,700	16,918,700	20,085,000	18,405,600
<b>TOTAL EXPENDITURES</b>	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500
<b>EXPENDITURES BY UNIT</b>					
Instruction	13,637,800	14,929,200	16,166,100	13,840,400	12,822,100
Research	6,308,000	6,961,300	7,137,400	6,280,400	6,308,000
Public Service	6,780,900	7,393,800	7,557,800	6,741,800	6,769,400
Academic Support	3,680,800	3,913,300	4,145,800	3,302,500	3,513,800
Student Services	6,507,000	6,507,000	6,507,000	6,479,400	6,507,000
Institutional Support	11,553,900	11,335,200	11,335,200	10,631,100	10,658,700
Operation and Maintenance of Plant	6,075,200	6,664,400	6,728,000	5,796,500	6,370,600
Scholarships and Fellowships	6,802,700	6,802,700	6,802,700	9,969,000	8,289,600
Mandatory Transfers	908,900	960,100		932,500	1,094,300
Auxilliary Enterprises	5,943,800	5,943,800	5,943,800	6,943,800	8,174,000
<b>TOTAL EXPENDITURES</b>	68,199,000	71,410,800	72,323,800	70,917,400	70,507,500

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution

and agency of the Commonwealth consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's (KSU) goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, master's, and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics, and economics of aquaculture. As such, KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

## **Policy**

The Executive Budget includes federal funds of \$1,479,400 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$379,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Morehead State University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	47,002,000	49,091,400	50,654,600	43,396,500	44,604,100
Budget Reduction-General Fund	-4,408,700				
<b>Total General Fund</b>	42,593,300	49,091,400	50,654,600	43,396,500	44,604,100
<b>Restricted Fund</b>					
Current Receipts	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
<b>Total Restricted Fund</b>	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
<b>Federal Fund</b>					
Current Receipts	78,663,900	75,257,800	77,383,400	75,257,800	77,383,400
ARRA Receipts	753,200	365,000		365,000	
SFSF Receipts	3,053,200			2,542,000	
<b>Total Federal Fund</b>	82,470,300	75,622,800	77,383,400	78,164,800	77,383,400
<b>TOTAL SOURCE OF FUNDS</b>	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	84,010,000	84,870,100	88,760,800	84,870,100	88,760,800
Operating Expenses	30,428,200	30,956,900	33,154,900	30,971,400	30,385,700
Grants Loans Benefits	72,463,100	75,089,500	77,531,800	71,922,100	74,250,500
Debt Service	5,783,000	5,806,800	5,309,300	5,806,800	5,309,300
Capital Outlay	10,832,800	10,485,800	10,362,800	10,485,800	10,362,800
<b>TOTAL EXPENDITURES</b>	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	42,593,300	49,091,400	50,654,600	43,396,500	44,604,100
Restricted Fund	78,453,500	82,494,900	87,081,600	82,494,900	87,081,600
Federal Fund	82,470,300	75,622,800	77,383,400	78,164,800	77,383,400
<b>TOTAL EXPENDITURES</b>	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100
<b>EXPENDITURES BY UNIT</b>					
Instruction	44,354,800	46,206,400	48,064,600	46,674,100	47,565,000
Research	3,205,200	1,098,900	1,057,400	1,070,500	1,241,800
Public Service	7,904,100	6,217,800	5,755,700	6,189,800	5,940,400
Libraries	3,074,200	3,193,400	3,305,700	3,166,000	3,490,400
Academic Support	13,179,600	13,300,700	14,020,500	12,931,100	13,549,200
Student Services	13,630,000	13,345,600	14,075,900	12,976,300	13,576,000
Institutional Support	14,116,300	13,937,700	14,415,000	13,910,200	14,599,700
Operation and Maintenance of Plant	8,271,500	10,596,400	11,818,700	8,565,100	9,079,000
Scholarships and Fellowships	72,463,100	75,089,500	77,531,800	74,433,600	74,435,200
Mandatory Transfers	3,944,000	4,097,000	4,241,000	4,069,500	4,389,700
Non-Mandatory Transfers	4,818,000	5,004,900	5,180,800	4,976,800	5,365,500
Auxilliary Enterprises	14,556,300	15,120,800	15,652,500	15,093,200	15,837,200
<b>TOTAL EXPENDITURES</b>	203,517,100	207,209,100	215,119,600	204,056,200	209,069,100

Morehead State University (MSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is

vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the eastern Kentucky Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the eastern Kentucky Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

## **Policy**

The Executive Budget includes federal funds of \$2,542,000 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$2,562,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Murray State University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	53,460,200	54,259,600	55,595,800	49,266,900	51,178,900
Budget Reduction-General Fund	-5,046,400				
<b>Total General Fund</b>	48,413,800	54,259,600	55,595,800	49,266,900	51,178,900
<b>Restricted Fund</b>					
Current Receipts	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
<b>Total Restricted Fund</b>	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
<b>Federal Fund</b>					
Current Receipts	14,155,900	15,842,800	15,642,800	15,842,800	15,642,800
SFSF Receipts	3,470,500			2,885,600	
<b>Total Federal Fund</b>	17,626,400	15,842,800	15,642,800	18,728,400	15,642,800
<b>TOTAL SOURCE OF FUNDS</b>	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	98,644,600	106,332,800	110,789,700	98,644,600	98,644,600
Operating Expenses	42,721,700	44,712,400	46,245,100	54,218,600	60,356,400
Grants Loans Benefits	6,857,400	7,129,600	7,947,600	3,663,400	3,663,400
Debt Service	4,508,300	4,508,300	6,048,300	4,508,300	4,508,300
Capital Outlay	2,241,100	2,700,000	2,800,000	2,241,100	2,241,100
<b>TOTAL EXPENDITURES</b>	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	48,413,800	54,259,600	55,595,800	49,266,900	51,178,900
Restricted Fund	88,932,900	95,280,700	102,592,100	95,280,700	102,592,100
Federal Fund	17,626,400	15,842,800	15,642,800	18,728,400	15,642,800
<b>TOTAL EXPENDITURES</b>	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800
<b>EXPENDITURES BY UNIT</b>					
Instruction	54,063,700	55,129,700	56,191,100	59,577,400	55,758,700
Research	1,524,800	1,812,900	2,352,900	1,492,400	1,732,900
Public Service	7,393,700	8,223,200	8,685,800	7,914,300	8,154,800
Libraries	3,604,500	3,833,000	4,573,000	3,572,100	3,812,600
Academic Support	6,302,200	6,663,600	7,724,200	6,269,800	6,510,300
Student Services	13,636,400	10,855,600	11,716,800	9,857,000	10,097,500
Institutional Support	15,512,500	15,762,500	16,047,600	15,480,100	15,720,500
Operation and Maintenance of Plant	16,931,400	17,694,000	17,994,000	16,899,000	17,139,400
Scholarships and Fellowships	9,918,000	15,699,600	17,017,200	9,812,600	10,534,000
Mandatory Transfers	4,508,300	4,508,300	6,048,300	4,508,300	4,508,300
Non-Mandatory Transfers	979,900	2,162,200	2,162,200	947,500	1,187,900
Auxilliary Enterprises	20,597,700	23,038,500	23,317,600	26,945,500	34,256,900
<b>TOTAL EXPENDITURES</b>	154,973,100	165,383,100	173,830,700	163,276,000	169,413,800

Murray State University (MSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body

corporate with the powers usually vested in corporations and, as such, has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management, the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship, and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies, and other colleges and universities at home and abroad.

Murray State University provides or coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

### **Policy**

The Executive Budget includes federal funds of \$2,885,600 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$1,452,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Northern Kentucky University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	55,442,300	58,134,400	58,784,200	51,025,300	50,989,400
Budget Reduction-General Fund	-5,161,400				
<b>Total General Fund</b>	50,280,900	58,134,400	58,784,200	51,025,300	50,989,400
<b>Restricted Fund</b>					
Current Receipts	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
<b>Total Restricted Fund</b>	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
<b>Federal Fund</b>					
Current Receipts	18,431,200	17,111,300	17,111,300	17,111,300	17,111,300
SFSF Receipts	3,604,300			2,987,900	
<b>Total Federal Fund</b>	22,035,500	17,111,300	17,111,300	20,099,200	17,111,300
<b>TOTAL SOURCE OF FUNDS</b>	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	123,359,400	131,548,300	137,913,900	123,359,400	123,359,400
Operating Expenses	51,724,400	52,911,000	56,618,800	60,726,400	69,143,200
Grants Loans Benefits	29,782,800	30,294,100	30,914,100	27,894,100	27,894,100
Debt Service	9,930,000	10,110,700	8,093,000	10,058,000	7,987,600
Capital Outlay	14,446,300	15,310,100	16,654,400	14,015,100	14,015,100
<b>TOTAL EXPENDITURES</b>	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	50,280,900	58,134,400	58,784,200	51,025,300	50,989,400
Restricted Fund	156,926,500	164,928,500	174,298,700	164,928,500	174,298,700
Federal Fund	22,035,500	17,111,300	17,111,300	20,099,200	17,111,300
<b>TOTAL EXPENDITURES</b>	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400
<b>EXPENDITURES BY UNIT</b>					
Instruction	70,290,400	74,617,400	78,159,300	78,787,800	87,452,300
Research	1,988,500	1,996,500	2,001,800	1,960,400	2,209,400
Public Service	9,713,200	9,813,000	9,985,600	9,500,800	9,829,800
Libraries	5,955,300	6,864,000	7,827,500	5,927,300	6,218,100
Academic Support	19,582,100	20,262,000	21,091,500	19,052,600	19,303,000
Student Services	14,776,700	14,973,500	15,590,200	14,248,600	14,497,600
Institutional Support	36,773,700	37,923,500	40,217,100	35,741,500	35,994,600
Operation and Maintenance of Plant	16,881,100	19,323,100	21,890,400	16,353,000	17,002,000
Scholarships and Fellowships	29,427,200	29,918,500	30,518,500	30,526,400	27,759,400
Mandatory Transfers	5,032,000	5,160,000	3,089,600	5,131,900	3,310,500
Non-Mandatory Transfers	7,117,800	7,117,800	7,117,800	7,117,800	7,117,800
Auxilliary Enterprises	11,704,900	12,204,900	12,704,900	11,704,900	11,704,900
<b>TOTAL EXPENDITURES</b>	229,242,900	240,174,200	250,194,200	236,053,000	242,399,400

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the

University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning, and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management, and civic literacy. Finally, NKU is committed to becoming a center for the performing and visual arts.

## **Policy**

The Executive Budget includes federal funds of \$2,987,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$4,978,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**University of Kentucky**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	324,366,500	323,841,000	332,569,400	294,418,400	304,487,300
Budget Reduction-General Fund	-30,479,500				
<b>Total General Fund</b>	293,887,000	323,841,000	332,569,400	294,418,400	304,487,300
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
<b>Total Tobacco Fund</b>	250,000	250,000	250,000	250,000	250,000
<b>Restricted Fund</b>					
Current Receipts	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
<b>Total Restricted Fund</b>	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
<b>Federal Fund</b>					
Current Receipts	193,328,400	200,500,900	208,090,600	214,395,200	214,395,200
SFSF Receipts	21,066,800			17,223,600	
<b>Total Federal Fund</b>	214,395,200	200,500,900	208,090,600	231,618,800	214,395,200
<b>TOTAL SOURCE OF FUNDS</b>	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,114,016,100	1,150,983,400	1,185,853,100	1,114,016,100	1,114,016,100
Operating Expenses	1,001,144,200	1,072,113,100	1,124,223,400	1,024,995,000	1,092,379,900
Grants Loans Benefits	97,615,800	100,277,700	103,074,000	97,615,800	97,615,800
Debt Service	61,610,400	69,800,800	68,454,600	58,298,600	56,928,000
Capital Outlay	155,891,700	55,946,900	57,003,900	155,891,700	155,891,700
<b>TOTAL EXPENDITURES</b>	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	293,887,000	324,091,000	332,819,400	294,418,400	304,487,300
Tobacco Fund	250,000			250,000	250,000
Restricted Fund	1,921,746,000	1,924,530,000	1,997,699,000	1,924,530,000	1,997,699,000
Federal Fund	214,395,200	200,500,900	208,090,600	231,618,800	214,395,200
<b>TOTAL EXPENDITURES</b>	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500
<b>EXPENDITURES BY UNIT</b>					
Instruction	340,593,500	348,820,400	356,884,900	344,186,700	355,626,200
Research	292,592,500	302,282,400	312,102,900	310,066,100	292,842,500
Public Service	297,291,700	305,352,600	313,519,200	297,291,700	297,291,700
Libraries	25,980,600	26,413,500	27,833,200	25,980,600	25,980,600
Academic Support	89,569,400	96,553,300	103,731,400	89,569,400	89,569,400
Student Services	30,804,500	31,480,700	32,146,200	30,804,500	30,804,500
Institutional Support	116,546,200	118,588,600	120,812,000	116,546,200	116,546,200
Operation and Maintenance of Plant	64,228,800	71,059,100	75,836,600	64,228,800	64,228,800
Scholarships and Fellowships	97,615,800	100,277,700	103,074,000	97,615,800	97,615,800
Mandatory Transfers	25,170,000	21,858,200	20,487,600	21,858,200	20,487,600
Auxilliary Enterprises	142,570,000	150,096,300	158,241,700	142,570,000	142,570,000
Hospitals	907,315,200	876,339,100	913,939,300	910,099,200	983,268,200
<b>TOTAL EXPENDITURES</b>	2,430,278,200	2,449,121,900	2,538,609,000	2,450,817,200	2,516,831,500

The University of Kentucky (UK) is a comprehensive land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

As noted in its Campus Action Plan for 2005-2010, the University of Kentucky's goal, mandated by House Bill 1, is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, master's, and doctoral programs that meet 21<sup>st</sup> century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities, and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied, and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine, and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top-20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment, and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research, and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

## **Policy**

The Mining Engineering Scholarship program includes \$300,000 each year from the General Fund through coal severance tax revenues.

The Executive Budget includes \$1,000,000 each year from the General Fund through coal severance tax revenues for the Robinson Scholars program.

The Executive Budget includes federal funds of \$17,223,600 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$9,968,000 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

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**Postsecondary Education**  
**Postsecondary Education Institutions**  
**University of Louisville**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	186,787,700	192,538,600	197,796,700	172,108,000	179,070,500
Budget Reduction-General Fund	-16,891,300				
<b>Total General Fund</b>	169,896,400	192,538,600	197,796,700	172,108,000	179,070,500
<b>Restricted Fund</b>					
Current Receipts	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
<b>Total Restricted Fund</b>	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
<b>Federal Fund</b>					
Current Receipts	124,381,800	114,317,600	116,467,900	124,381,800	124,381,800
SFSF Receipts	12,178,800			10,077,000	
<b>Total Federal Fund</b>	136,560,600	114,317,600	116,467,900	134,458,800	124,381,800
<b>TOTAL SOURCE OF FUNDS</b>	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	567,050,900	574,592,300	590,000,900	567,050,900	567,050,900
Operating Expenses	249,278,900	260,090,600	271,061,900	267,342,600	283,199,600
Grants Loans Benefits	85,438,700	85,438,700	85,438,700	85,438,700	85,438,700
Debt Service	22,123,100	22,198,100	21,921,900	22,198,100	21,921,900
Capital Outlay	26,632,800	26,632,800	26,632,800	26,632,800	26,632,800
<b>TOTAL EXPENDITURES</b>	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	169,896,400	192,538,600	197,796,700	172,108,000	179,070,500
Restricted Fund	644,067,400	662,096,300	680,791,600	662,096,300	680,791,600
Federal Fund	136,560,600	114,317,600	116,467,900	134,458,800	124,381,800
<b>TOTAL EXPENDITURES</b>	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900
<b>EXPENDITURES BY UNIT</b>					
Instruction	256,736,600	260,948,400	269,102,900	268,950,200	265,667,000
Research	142,807,200	145,149,900	149,685,600	142,807,200	142,807,200
Public Service	91,424,700	92,203,900	94,243,400	91,424,700	91,424,700
Libraries	18,920,600	19,231,000	19,831,900	18,920,600	18,920,600
Academic Support	113,014,600	114,868,600	118,458,100	113,014,600	113,014,600
Student Services	24,546,300	24,949,000	25,728,600	24,546,300	24,546,300
Institutional Support	62,228,800	62,761,100	64,154,400	62,228,800	62,228,800
Operation and Maintenance of Plant	43,652,200	50,040,700	51,917,300	43,652,200	43,652,200
Scholarships and Fellowships	93,364,400	94,895,900	97,861,300	81,185,600	81,185,600
Mandatory Transfers	22,123,100	22,198,100	21,921,900	22,198,100	21,921,900
Auxilliary Enterprises	61,484,500	61,484,500	61,484,500	79,513,400	98,208,700
Hospitals	20,221,400	20,221,400	20,666,300	20,221,400	20,666,300
<b>TOTAL EXPENDITURES</b>	950,524,400	968,952,500	995,056,200	968,663,100	984,243,900

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of

the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's goal, mandated by House Bill 1, is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary, and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities, and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions, and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied, and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science, and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

## **Policy**

The Executive Budget includes \$20,221,400 in fiscal year 2011 and \$20,665,300 in fiscal year 2012 from the General Fund for the Quality and Charity Care Trust Fund agreement.

The Executive Budget includes federal funds of \$10,077,000 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$3,631,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Western Kentucky University**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	83,371,600	84,073,400	86,486,700	75,420,900	77,804,700
Budget Reduction-General Fund	-7,815,800				
<b>Total General Fund</b>	75,555,800	84,073,400	86,486,700	75,420,900	77,804,700
<b>Restricted Fund</b>					
Current Receipts	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
<b>Total Restricted Fund</b>	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
<b>Federal Fund</b>					
Current Receipts	38,497,000	40,751,000	42,472,800	40,751,000	42,472,800
ARRA Receipts	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
SFSF Receipts	5,416,100			4,410,900	
<b>Total Federal Fund</b>	46,913,100	43,751,000	45,472,800	48,161,900	45,472,800
<b>TOTAL SOURCE OF FUNDS</b>	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	157,954,300	169,041,900	175,210,800	157,954,300	157,954,300
Operating Expenses	105,226,800	109,894,800	113,085,900	122,374,100	131,404,700
Grants Loans Benefits	63,968,900	64,044,700	66,869,900	58,552,800	58,552,800
Debt Service	13,815,800	12,401,400	12,003,600	12,260,000	11,707,400
Capital Outlay	6,079,500	6,079,500	7,210,500	6,079,500	6,079,500
<b>TOTAL EXPENDITURES</b>	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	75,555,800	84,073,400	86,486,700	75,420,900	77,804,700
Restricted Fund	224,576,400	233,637,900	242,421,200	233,637,900	242,421,200
Federal Fund	46,913,100	43,751,000	45,472,800	48,161,900	45,472,800
<b>TOTAL EXPENDITURES</b>	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700
<b>EXPENDITURES BY UNIT</b>					
Instruction	103,511,300	109,878,800	114,306,900	120,382,200	129,412,800
Research	11,942,000	12,075,700	12,202,100	11,942,000	11,942,000
Public Service	17,908,200	18,408,900	18,616,600	18,184,700	18,184,700
Libraries	7,372,000	7,813,000	8,203,100	7,372,000	7,372,000
Academic Support	15,449,400	16,297,600	17,054,100	15,449,400	15,449,400
Student Services	30,970,600	31,769,200	32,291,600	30,970,600	30,970,600
Institutional Support	39,498,700	42,287,000	42,734,800	39,498,700	39,498,700
Operation and Maintenance of Plant	30,338,900	33,467,900	35,238,000	30,338,900	30,338,900
Scholarships and Fellowships	57,182,000	57,705,300	60,995,900	51,765,900	51,765,900
Mandatory Transfers	2,108,400	552,500		552,500	
Non-Mandatory Transfers	10,091,800	10,091,800	10,091,700	10,091,800	10,091,700
Auxilliary Enterprises	20,672,000	21,114,600	22,645,900	20,672,000	20,672,000
<b>TOTAL EXPENDITURES</b>	347,045,300	361,462,300	374,380,700	357,220,700	365,698,700

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State

Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

As noted in its Campus Action Plan for 2005-2010, Western Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature, and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality, and applied engineering. As such, Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

## **Policy**

The Executive Budget includes federal funds of \$4,410,900 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$581,000 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

**Postsecondary Education**  
**Postsecondary Education Institutions**  
**Kentucky Community and Technical College System**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	224,429,700	227,376,300	232,394,600	198,166,700	205,839,600
Budget Reduction-General Fund	-23,875,000				
<b>Total General Fund</b>	200,554,700	227,376,300	232,394,600	198,166,700	205,839,600
<b>Restricted Fund</b>					
Current Receipts	320,154,100	345,583,100	365,098,500	345,583,100	365,098,500
<b>Total Restricted Fund</b>	320,154,100	345,583,100	365,098,500	345,583,100	365,098,500
<b>Federal Fund</b>					
Current Receipts	177,934,500	192,824,600	213,068,200	192,824,600	213,068,200
SFSF Receipts	14,376,500			11,580,300	
<b>Total Federal Fund</b>	192,311,000	192,824,600	213,068,200	204,404,900	213,068,200
<b>TOTAL SOURCE OF FUNDS</b>	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	361,362,800	396,440,400	402,475,400	359,046,800	359,046,800
Operating Expenses	129,323,900	139,741,100	155,297,600	177,237,400	213,089,000
Grants Loans Benefits	218,180,200	222,668,300	244,181,300	207,784,400	207,784,400
Capital Outlay	4,152,900	6,934,200	8,607,000	4,086,100	4,086,100
<b>TOTAL EXPENDITURES</b>	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	200,554,700	227,376,300	232,394,600	198,166,700	205,839,600
Restricted Fund	320,154,100	345,583,100	362,992,700	345,583,100	365,098,500
Federal Fund	192,311,000	192,824,600	215,174,000	204,404,900	213,068,200
<b>TOTAL EXPENDITURES</b>	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300
<b>EXPENDITURES BY UNIT</b>					
Instruction	240,460,900	258,038,600	270,285,300	235,651,600	243,324,500
Public Service	43,903,300	51,374,100	53,060,200	43,760,200	43,760,200
Libraries	7,680,000	8,036,200	8,237,800	7,674,500	7,674,500
Academic Support	34,167,400	36,819,700	38,479,800	33,702,800	33,702,800
Student Services	50,554,300	53,754,400	57,060,600	49,640,500	49,640,500
Institutional Support	55,794,300	60,146,700	61,763,600	55,725,500	55,725,500
Operation and Maintenance of Plant	62,905,300	75,524,900	78,073,800	62,894,800	62,894,800
Scholarships and Fellowships	217,554,300	222,089,400	243,600,200	233,675,900	242,339,200
Auxilliary Enterprises				25,428,900	44,944,300
<b>TOTAL EXPENDITURES</b>	713,019,800	765,784,000	810,561,300	748,154,700	784,006,300

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. As noted in its Campus Action Plan for 2005-2010, KCTCS's goal, mandated by House Bill 1, is to assure, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

## **Policy**

The Executive Budget transfers the Corrections Education program to the Department of Corrections; this change reduces the base General Fund by \$5,348,100.

The Executive Budget transfers \$163,900 in General Fund from the Education and Workforce Development Cabinet, Office of the Secretary to KCTCS for the East Kentucky Science Center.

The Executive Budget includes federal funds of \$11,580,300 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

The Executive Budget includes \$1,261,500 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project.

The Executive Budget includes \$30,433,400 in fiscal year 2011 and \$31,283,500 in fiscal year 2012 for the Firefighters Foundation Program Fund.

# Public Protection

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**Public Protection**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,210,600	12,072,600	13,494,000	7,365,100	7,365,100
Salary and Health Insurance Adjustments	80,500				
Special Appropriation	2,663,100				
Budget Reduction-General Fund	-392,300				
Mandated Expenditure Reductions	-96,500				
<b>Total General Fund</b>	<b>7,465,400</b>	<b>12,072,600</b>	<b>13,494,000</b>	<b>7,365,100</b>	<b>7,365,100</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
<b>Total Tobacco Fund</b>	<b>19,881,900</b>	<b>18,084,600</b>	<b>16,581,400</b>	<b>18,084,700</b>	<b>16,581,400</b>
<b>Restricted Fund</b>					
Balance Forward	48,659,700	35,724,500	43,258,300	35,646,300	32,862,900
Current Receipts	73,067,400	74,405,300	74,396,200	74,299,900	74,400,200
Non-Revenue Receipts	19,867,100	21,692,700	21,620,600	18,891,000	18,471,400
Fund Transfers	-22,310,000			-10,000,000	-15,000,000
<b>Total Restricted Fund</b>	<b>119,284,200</b>	<b>131,822,500</b>	<b>139,275,100</b>	<b>118,837,200</b>	<b>110,734,500</b>
<b>Federal Fund</b>					
Current Receipts	4,328,700	508,700	508,700	508,700	508,700
ARRA Receipts	668,500	1,150,100	157,900	1,150,100	157,900
<b>Total Federal Fund</b>	<b>4,997,200</b>	<b>1,658,800</b>	<b>666,600</b>	<b>1,658,800</b>	<b>666,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>151,628,700</b>	<b>163,638,500</b>	<b>170,017,100</b>	<b>145,945,800</b>	<b>135,347,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	73,455,800	78,548,900	81,150,200	75,389,900	75,253,100
Operating Expenses	11,583,600	13,032,900	12,920,000	12,491,800	12,374,600
Grants Loans Benefits	28,879,100	28,189,900	27,637,800	24,752,700	24,200,600
Capital Outlay	538,000	608,500	64,500	448,500	64,500
<b>TOTAL EXPENDITURES</b>	<b>114,456,500</b>	<b>120,380,200</b>	<b>121,772,500</b>	<b>113,082,900</b>	<b>111,892,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,465,400	12,072,600	13,494,000	7,365,100	7,365,100
Tobacco Fund	18,356,000	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund	83,637,900	88,564,200	91,030,500	85,974,300	87,279,700
Federal Fund	4,997,200	1,658,800	666,600	1,658,800	666,600
<b>TOTAL EXPENDITURES</b>	<b>114,456,500</b>	<b>120,380,200</b>	<b>121,772,500</b>	<b>113,082,900</b>	<b>111,892,800</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,643,400	5,168,500	5,475,400	4,960,900	5,035,800
Boxing and Wrestling Authority	135,000	192,600	204,200	138,300	140,100
Alcoholic Beverage Control	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
Charitable Gaming	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
Board of Claims/Crime Victims' Compensation	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
Financial Institutions	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
Horse Racing Commission	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
Housing, Buildings and Construction	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
Insurance	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
Tax Appeals	397,900	426,300	453,700	389,900	389,900
<b>TOTAL EXPENDITURES</b>	<b>114,456,500</b>	<b>120,380,200</b>	<b>121,772,500</b>	<b>113,082,900</b>	<b>111,892,800</b>

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

**Public Protection  
Secretary**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	301,100	362,400	578,100	269,200	269,200
Salary and Health Insurance Adjustments	6,200				
Budget Reduction-General Fund	-32,600				
<b>Total General Fund</b>	<b>274,700</b>	<b>362,400</b>	<b>578,100</b>	<b>269,200</b>	<b>269,200</b>
<b>Restricted Fund</b>					
Balance Forward	801,200	311,800	81,800	311,800	47,000
Current Receipts	843,000	1,001,700	1,001,700	893,300	1,001,700
Non-Revenue Receipts	3,836,300	3,574,400	3,899,200	3,533,600	3,717,900
Fund Transfers	-800,000				
<b>Total Restricted Fund</b>	<b>4,680,500</b>	<b>4,887,900</b>	<b>4,982,700</b>	<b>4,738,700</b>	<b>4,766,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,955,200</b>	<b>5,250,300</b>	<b>5,560,800</b>	<b>5,007,900</b>	<b>5,035,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,115,200	4,589,000	4,927,000	4,386,000	4,491,500
Operating Expenses	528,200	579,500	548,400	574,900	544,300
<b>TOTAL EXPENDITURES</b>	<b>4,643,400</b>	<b>5,168,500</b>	<b>5,475,400</b>	<b>4,960,900</b>	<b>5,035,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	274,700	362,400	578,100	269,200	269,200
Restricted Fund	4,368,700	4,806,100	4,897,300	4,691,700	4,766,600
<b>TOTAL EXPENDITURES</b>	<b>4,643,400</b>	<b>5,168,500</b>	<b>5,475,400</b>	<b>4,960,900</b>	<b>5,035,800</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary - Comm - Legal	3,634,400	4,011,300	4,248,600	3,923,300	3,987,100
Occupations and Professions	1,009,000	1,157,200	1,226,800	1,037,600	1,048,700
<b>TOTAL EXPENDITURES</b>	<b>4,643,400</b>	<b>5,168,500</b>	<b>5,475,400</b>	<b>4,960,900</b>	<b>5,035,800</b>

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

**Public Protection  
Boxing and Wrestling Authority**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	77,000	95,700	56,800	95,700	111,100
Current Receipts	153,700	153,700	153,700	153,700	153,700
<b>Total Restricted Fund</b>	<b>230,700</b>	<b>249,400</b>	<b>210,500</b>	<b>249,400</b>	<b>264,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>230,700</b>	<b>249,400</b>	<b>210,500</b>	<b>249,400</b>	<b>264,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	107,500	163,200	173,400	110,200	111,700
Operating Expenses	27,500	29,400	30,800	28,100	28,400
<b>TOTAL EXPENDITURES</b>	<b>135,000</b>	<b>192,600</b>	<b>204,200</b>	<b>138,300</b>	<b>140,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	135,000	192,600	204,200	138,300	140,100
<b>TOTAL EXPENDITURES</b>	<b>135,000</b>	<b>192,600</b>	<b>204,200</b>	<b>138,300</b>	<b>140,100</b>
<b>EXPENDITURES BY UNIT</b>					
Boxing and Wrestling Authority	135,000	192,600	204,200	138,300	140,100
<b>TOTAL EXPENDITURES</b>	<b>135,000</b>	<b>192,600</b>	<b>204,200</b>	<b>138,300</b>	<b>140,100</b>

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

**Public Protection  
Alcoholic Beverage Control**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	965,000	870,000	896,400	815,300	815,300
Salary and Health Insurance Adjustments	12,500				
Budget Reduction-General Fund	-102,200				
Mandated Expenditure Reductions	-43,400				
<b>Total General Fund</b>	831,900	870,000	896,400	815,300	815,300
<b>Restricted Fund</b>					
Balance Forward	931,100	1,067,000	795,800	1,067,000	822,300
Current Receipts	5,274,700	5,274,700	5,274,700	5,274,700	5,274,700
Non-Revenue Receipts	-276,200	-622,600	-732,100	-622,600	-732,100
Fund Transfers	-350,000				
<b>Total Restricted Fund</b>	5,579,600	5,719,100	5,338,400	5,719,100	5,364,900
<b>TOTAL SOURCE OF FUNDS</b>	6,411,500	6,589,100	6,234,800	6,534,400	6,180,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,547,500	4,895,900	5,252,700	4,831,200	4,939,100
Operating Expenses	797,000	897,400	915,800	880,900	900,300
<b>TOTAL EXPENDITURES</b>	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	831,900	870,000	896,400	815,300	815,300
Restricted Fund	4,512,600	4,923,300	5,272,100	4,896,800	5,024,100
<b>TOTAL EXPENDITURES</b>	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400
<b>EXPENDITURES BY UNIT</b>					
Administration, Enforcement and License	4,965,400	5,400,100	5,748,700	5,323,300	5,436,700
Tobacco Enforcement	379,100	393,200	419,800	388,800	402,700
<b>TOTAL EXPENDITURES</b>	5,344,500	5,793,300	6,168,500	5,712,100	5,839,400

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

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

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

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

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

**Public Protection  
Charitable Gaming**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		197,700	391,500		
<b>Total General Fund</b>		197,700	391,500		
<b>Restricted Fund</b>					
Balance Forward	865,500	497,100	245,300	497,100	284,600
Current Receipts	2,924,500	3,147,000	3,147,000	3,147,000	3,147,000
Non-Revenue Receipts	-200,000	-278,600	-277,300	-278,600	-277,300
<b>Total Restricted Fund</b>	3,590,000	3,365,500	3,115,000	3,365,500	3,154,300
<b>TOTAL SOURCE OF FUNDS</b>	3,590,000	3,563,200	3,506,500	3,365,500	3,154,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,555,600	2,781,700	2,969,700	2,600,800	2,673,700
Operating Expenses	537,300	536,200	536,800	480,100	480,600
<b>TOTAL EXPENDITURES</b>	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		197,700	391,500		
Restricted Fund	3,092,900	3,120,200	3,115,000	3,080,900	3,154,300
<b>TOTAL EXPENDITURES</b>	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
<b>EXPENDITURES BY UNIT</b>					
Charitable Gaming	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300
<b>TOTAL EXPENDITURES</b>	3,092,900	3,317,900	3,506,500	3,080,900	3,154,300

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

**Public Protection**  
**Board of Claims/Crime Victims' Compensation Board**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	740,000	683,700	710,800	630,300	630,300
Salary and Health Insurance Adjustments	7,700				
Budget Reduction-General Fund	-71,200				
Mandated Expenditure Reductions	-33,300				
<b>Total General Fund</b>	643,200	683,700	710,800	630,300	630,300
<b>Restricted Fund</b>					
Balance Forward	1,829,400	1,064,100	640,500	1,064,100	705,500
Current Receipts	1,450,000	1,400,000	1,400,000	1,400,000	1,400,000
Fund Transfers	-500,000				
<b>Total Restricted Fund</b>	2,779,400	2,464,100	2,040,500	2,464,100	2,105,500
<b>Federal Fund</b>					
Current Receipts	450,600	508,700	508,700	508,700	508,700
ARRA Receipts	89,500				
<b>Total Federal Fund</b>	540,100	508,700	508,700	508,700	508,700
<b>TOTAL SOURCE OF FUNDS</b>	3,962,700	3,656,500	3,260,000	3,603,100	3,244,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,090,400	1,202,800	1,277,100	1,155,400	1,182,800
Operating Expenses	1,208,200	1,213,200	1,213,000	1,142,200	1,142,000
Grants Loans Benefits	600,000	600,000	600,000	600,000	600,000
<b>TOTAL EXPENDITURES</b>	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	643,200	683,700	710,800	630,300	630,300
Restricted Fund	1,715,300	1,823,600	1,870,600	1,758,600	1,785,800
Federal Fund	540,100	508,700	508,700	508,700	508,700
<b>TOTAL EXPENDITURES</b>	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800
<b>EXPENDITURES BY UNIT</b>					
Board of Claims	525,500	566,000	593,100	522,100	528,300
Crime Victims' Board	2,373,100	2,450,000	2,497,000	2,375,500	2,396,500
<b>TOTAL EXPENDITURES</b>	2,898,600	3,016,000	3,090,100	2,897,600	2,924,800

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

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

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

**Public Protection  
Financial Institutions**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	424,000	321,000	1,305,200	321,000	1,435,700
Current Receipts	13,269,900	13,269,900	13,269,900	13,269,900	13,269,900
Non-Revenue Receipts	-1,136,700	-724,200	-881,600	-724,200	-881,600
Fund Transfers	-3,500,000				-1,000,000
<b>Total Restricted Fund</b>	9,057,200	12,866,700	13,693,500	12,866,700	12,824,000
<b>TOTAL SOURCE OF FUNDS</b>	9,057,200	12,866,700	13,693,500	12,866,700	12,824,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	7,023,100	8,943,000	9,562,400	8,819,400	9,047,200
Operating Expenses	1,713,100	2,618,500	2,618,800	2,611,600	2,610,900
<b>TOTAL EXPENDITURES</b>	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
<b>TOTAL EXPENDITURES</b>	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	1,830,400	2,067,600	2,164,900	2,047,200	2,082,500
Financial Institutions	5,361,000	6,875,200	7,263,900	6,790,700	6,932,600
Securities	1,544,800	2,618,700	2,752,400	2,593,100	2,643,000
<b>TOTAL EXPENDITURES</b>	8,736,200	11,561,500	12,181,200	11,431,000	11,658,100

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

The Commissioner's Office is responsible for the overall management of the agency. Two branches report directly to the Commissioner's office. The Technology Branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Information Officer is also a part of the Commissioner's office and is responsible for all communications with the media and handling the departments public relations efforts through coordination of educational seminars, brochures, and newsletters.

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

The Division of Financial Institutions examines and licenses commercial banks, bank holding companies, loan production offices, bank trust departments, independent trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and sale of check licensees.

**Public Protection  
Horse Racing Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	443,700	3,239,600	3,550,100	3,044,700	3,044,700
Special Appropriation	2,663,100				
<b>Total General Fund</b>	3,106,800	3,239,600	3,550,100	3,044,700	3,044,700
<b>Restricted Fund</b>					
Balance Forward	31,463,300	25,638,600	20,817,700	25,536,400	20,996,500
Current Receipts	3,471,000	3,413,600	3,411,600	3,413,600	3,411,600
Non-Revenue Receipts	18,637,400	18,186,100	18,165,900	18,186,100	18,165,900
<b>Total Restricted Fund</b>	53,571,700	47,238,300	42,395,200	47,136,100	42,574,000
<b>TOTAL SOURCE OF FUNDS</b>	56,678,500	50,477,900	45,945,300	50,180,800	45,618,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,501,900	4,241,600	4,951,700	3,658,000	4,150,600
Operating Expenses	1,219,000	1,328,700	1,326,500	1,436,400	1,436,700
Grants Loans Benefits	25,931,200	24,089,900	23,537,800	24,089,900	23,537,800
Capital Outlay	490,000				
<b>TOTAL EXPENDITURES</b>	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,106,800	3,239,600	3,550,100	3,044,700	3,044,700
Restricted Fund	28,035,300	26,420,600	26,265,900	26,139,600	26,080,400
<b>TOTAL EXPENDITURES</b>	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100
<b>EXPENDITURES BY UNIT</b>					
Administration and Regulation of Racing	4,496,700	4,723,700	4,924,900	4,350,000	4,355,500
Equine Drug Research Fund	267,000	297,000	784,400	297,000	784,400
Thoroughbred Development Fund	6,400,000	4,752,400	4,500,000	4,752,400	4,500,000
Standardbred Development Fund	220,000	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	700,000	699,700	400,000	699,700	400,000
County Fair Purse Fund	138,500	127,500	127,500	127,500	127,500
Thoroughbred Owners and Breeders	137,700	137,700	137,700	137,700	137,700
Backside Improvement Commission	150,000	70,000	70,000	70,000	70,000
Ky Thoroughbred Breeder Incentive Fund	15,102,200	15,102,200	15,121,500	15,000,000	15,000,000
Ky Standardbred Breeder Incentive Fund	2,480,000	2,480,000	2,480,000	2,480,000	2,480,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
<b>TOTAL EXPENDITURES</b>	31,142,100	29,660,200	29,816,000	29,184,300	29,125,100

The Kentucky Horse Racing Commission, pursuant to KRS 230.225 and the Governor's Executive Order 2008-668, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Commission's charge is to:

- Recommend tax incentives and other options to promote the strength and growth of the thoroughbred industry and to preserve the economic viability of Kentucky's horse farms;

- Design and implement programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;
- Developing and supporting programs which ensure that Kentucky remains a national leader in equine research;
- Develop and implement programs designed to ensure the safety and well being of jockeys, drivers and horses; and
- Develop programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues.

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

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

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

The Thoroughbred Development Fund, KRS 230.400, was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund, KRS 230.770, supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. It receives one percent of the pari-mutuel handle from the harness horse racing tracks

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

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

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

**Public Protection**  
**Housing, Buildings and Construction**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,321,000	2,792,900	3,413,400	2,215,700	2,215,700
Salary and Health Insurance	46,300				
Adjustments					
Budget Reduction-General Fund	-156,400				
<b>Total General Fund</b>	2,210,900	2,792,900	3,413,400	2,215,700	2,215,700
<b>Restricted Fund</b>					
Balance Forward	2,358,100	1,444,900	1,371,400	1,468,900	2,373,400
Current Receipts	14,411,800	14,987,600	15,524,500	14,990,600	15,528,500
Non-Revenue Receipts	-230,000	-45,000	-45,000	-45,000	-119,400
Fund Transfers	-1,800,000				
<b>Total Restricted Fund</b>	14,739,900	16,387,500	16,850,900	16,414,500	17,782,500
<b>Federal Fund</b>					
ARRA Receipts	579,000	1,150,100	157,900	1,150,100	157,900
<b>Total Federal Fund</b>	579,000	1,150,100	157,900	1,150,100	157,900
<b>TOTAL SOURCE OF FUNDS</b>	17,529,800	20,330,500	20,422,200	19,780,300	20,156,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,223,300	15,230,700	16,336,800	14,194,600	14,367,600
Operating Expenses	2,837,600	3,184,400	3,079,400	2,828,300	2,717,300
Capital Outlay		544,000		384,000	
<b>TOTAL EXPENDITURES</b>	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,210,900	2,792,900	3,413,400	2,215,700	2,215,700
Restricted Fund	13,271,000	15,016,100	15,844,900	14,041,100	14,711,300
Federal Fund	579,000	1,150,100	157,900	1,150,100	157,900
<b>TOTAL EXPENDITURES</b>	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900
<b>EXPENDITURES BY UNIT</b>					
General Administration and Management	1,176,300	1,238,100	1,319,200	1,226,100	1,256,800
Fire Prevention	385,900	401,700	426,600	380,900	382,500
Boiler Inspections	752,400	807,000	858,700	776,600	782,300
Hazardous Materials Inspections	741,100	777,800	824,500	714,300	713,200
Manufactured Housing Inspections	511,000	680,800	681,900	533,500	546,200
General Inspections	1,575,000	1,653,500	1,756,000	1,547,500	1,547,800
Electrical Licensing	637,300	1,284,800	1,201,000	671,800	689,300
Electrical Inspections	551,500	614,100	628,400	610,400	604,500
Sprinkler/Alarm Inspections	71,500	74,500	78,700	74,200	75,800
Elevator Inspections	747,600	782,900	833,400	771,600	790,800
Plumbing	5,009,300	5,372,700	5,714,900	5,003,600	5,003,600
Safe Cigarette Program	34,700	51,800	55,700	50,700	52,300
HVAC	1,488,700	2,683,900	2,344,800	2,554,100	2,092,800
Building Codes Enforcement	2,378,600	2,535,500	2,692,400	2,491,600	2,547,000
<b>TOTAL EXPENDITURES</b>	16,060,900	18,959,100	19,416,200	17,406,900	17,084,900

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards. Formerly an Office within the Environmental and Public Protection Cabinet, the agency was reorganized in EO 2009-535 to be a Department managed by the Public Protection Cabinet.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety.

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

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the of heating, ventilation, and air conditioning contractors, journeymen, and apprentices. The HVAC Board promulgates administrative regulations relating to all aspects of the HVAC industry, conducts examinations, maintains all licensure information, registers apprentices and may pursue sanctions against licensees and criminal penalties against unlicensed persons engaging in activities requiring an HVAC license. The Board approves continuing education providers, programs and scheduling for HVAC masters and journeymen. With the passage of SB 10, the Division is mandated to develop and execute a statewide HVAC inspection program to begin January 1, 2011.

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

## **Policy**

The Executive Budget includes funding for implementation of KRS 198B.6671-6678 for statewide Heating, Ventilation and Air Conditioning permitting and inspection program.

**Public Protection  
Insurance**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		3,500,000	3,500,000		
<b>Total General Fund</b>		3,500,000	3,500,000		
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
<b>Total Tobacco Fund</b>	19,881,900	18,084,600	16,581,400	18,084,700	16,581,400
<b>Restricted Fund</b>					
Balance Forward	9,910,100	5,284,300	17,943,800	5,284,300	6,086,800
Current Receipts	31,268,800	31,757,100	31,213,100	31,757,100	31,213,100
Non-Revenue Receipts	-763,700	1,602,600	1,491,500	-1,158,300	-1,402,000
Fund Transfers	-15,360,000			-10,000,000	-14,000,000
<b>Total Restricted Fund</b>	25,055,200	38,644,000	50,648,400	25,883,100	21,897,900
<b>Federal Fund</b>					
Current Receipts	3,878,100				
<b>Total Federal Fund</b>	3,878,100				
<b>TOTAL SOURCE OF FUNDS</b>	48,815,200	60,228,600	70,729,800	43,967,800	38,479,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	36,937,100	36,121,400	35,292,400	35,285,100	33,939,700
Operating Expenses	2,672,000	2,598,900	2,603,800	2,468,600	2,473,400
Grants Loans Benefits	2,347,900	3,500,000	3,500,000	62,800	62,800
Capital Outlay	48,000	64,500	64,500	64,500	64,500
<b>TOTAL EXPENDITURES</b>	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		3,500,000	3,500,000		
Tobacco Fund	18,356,000	18,084,600	16,581,400	18,084,700	16,581,400
Restricted Fund	19,770,900	20,700,200	21,379,300	19,796,300	19,959,000
Federal Fund	3,878,100				
<b>TOTAL EXPENDITURES</b>	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400
<b>EXPENDITURES BY UNIT</b>					
Executive Director and Administration	3,979,000	4,084,800	4,260,500	3,683,700	3,697,700
Small Business Insurance Subsidy	159,000	3,665,800	3,674,500	200,000	200,000
Property and Casualty	881,300	921,500	975,900	907,800	931,500
Financial Standards and Examination	3,114,300	3,158,000	3,206,200	3,124,400	3,142,100
Agent Licensing	1,411,800	1,455,500	1,523,700	1,432,200	1,456,900
Consumer Protection	2,304,000	2,688,100	2,770,100	2,513,200	2,519,700
Insurance Fraud Investigation	1,451,900	1,596,300	1,696,800	1,493,300	1,530,100
Health and Life	2,770,900	2,794,900	2,904,400	2,622,900	2,658,500
Mine Subsidence Program	251,800	265,400	274,000	258,000	258,800
Kentucky Access Program	25,681,000	21,654,500	20,174,600	21,645,500	20,145,100
<b>TOTAL EXPENDITURES</b>	42,005,000	42,284,800	41,460,700	37,881,000	36,540,400

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

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

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

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

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

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

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

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Department of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Department and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

## **Policy**

The ICARE program, originally established in Part XXIII of the 2006 Kentucky Acts Chapter 252, provides small businesses with a Health Insurance Subsidy. Eligible businesses can have no fewer than two but no more than 25 employees. Participating businesses will continue to receive an immediate, fixed, monthly reimbursement of \$40-\$60 that will decline by \$10-15 each year of participation for each employee eligible through May 15, 2010.

**Public Protection  
Tax Appeals**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	439,800	426,300	453,700	389,900	389,900
Salary and Health Insurance Adjustments	7,800				
Budget Reduction-General Fund	-29,900				
Mandated Expenditure Reductions	-19,800				
<b>Total General Fund</b>	<b>397,900</b>	<b>426,300</b>	<b>453,700</b>	<b>389,900</b>	<b>389,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>397,900</b>	<b>426,300</b>	<b>453,700</b>	<b>389,900</b>	<b>389,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	354,200	379,600	407,000	349,200	349,200
Operating Expenses	43,700	46,700	46,700	40,700	40,700
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>426,300</b>	<b>453,700</b>	<b>389,900</b>	<b>389,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	397,900	426,300	453,700	389,900	389,900
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>426,300</b>	<b>453,700</b>	<b>389,900</b>	<b>389,900</b>
<b>EXPENDITURES BY UNIT</b>					
Tax Appeals	397,900	426,300	453,700	389,900	389,900
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>426,300</b>	<b>453,700</b>	<b>389,900</b>	<b>389,900</b>

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

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

# Tourism, Arts and Heritage

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**Tourism, Arts and Heritage**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	52,167,800	76,250,300	86,917,100	51,660,000	50,739,000
Salary and Health Insurance Adjustments	387,800				
Special Appropriation	4,943,200				
Budget Reduction-General Fund	-2,111,400				
Mandated Expenditure Reductions	-1,028,200				
Reorganization Adjustment	-81,400				
<b>Total General Fund</b>	<b>54,277,800</b>	<b>76,250,300</b>	<b>86,917,100</b>	<b>51,660,000</b>	<b>50,739,000</b>
<b>Restricted Fund</b>					
Balance Forward	69,344,600	65,993,200	59,261,500	64,684,500	64,211,500
Current Receipts	158,309,600	166,183,300	170,708,400	166,148,500	170,835,700
Non-Revenue Receipts	-7,600,000	-18,690,000	-18,940,000	-17,250,000	-17,500,000
<b>Total Restricted Fund</b>	<b>220,054,200</b>	<b>213,486,500</b>	<b>211,029,900</b>	<b>213,583,000</b>	<b>217,547,200</b>
<b>Federal Fund</b>					
Balance Forward	10,551,200	10,051,200	5,701,200	10,075,300	6,976,400
Current Receipts	19,500,500	20,552,200	20,966,600	20,577,500	20,993,100
Non-Revenue Receipts	-500,000	-4,350,000	-600,000	-4,350,000	-600,000
ARRA Receipts	310,500				
<b>Total Federal Fund</b>	<b>29,862,200</b>	<b>26,253,400</b>	<b>26,067,800</b>	<b>26,302,800</b>	<b>27,369,500</b>
<b>Road Fund</b>					
Regular Appropriation	350,000	350,000	350,000	350,000	350,000
<b>Total Road Fund</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>304,544,200</b>	<b>316,340,200</b>	<b>324,364,800</b>	<b>291,895,800</b>	<b>296,005,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	138,061,300	147,370,900	156,244,900	134,713,900	137,504,600
Operating Expenses	67,051,400	69,947,300	68,502,200	62,907,700	61,616,300
Grants Loans Benefits	15,862,800	14,010,300	14,278,800	12,989,200	12,901,200
Debt Service	4,427,400	15,624,300	21,888,000	5,280,600	5,808,300
Capital Outlay	4,381,500	4,424,700	4,693,000	4,816,500	4,366,500
<b>TOTAL EXPENDITURES</b>	<b>229,784,400</b>	<b>251,377,500</b>	<b>265,606,900</b>	<b>220,707,900</b>	<b>222,196,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	54,277,800	76,250,300	86,917,100	51,660,000	50,739,000
Restricted Fund	155,369,700	154,225,000	157,373,200	149,371,500	151,893,700
Federal Fund	19,786,900	20,552,200	20,966,600	19,326,400	19,214,200
Road Fund	350,000	350,000	350,000	350,000	350,000
<b>TOTAL EXPENDITURES</b>	<b>229,784,400</b>	<b>251,377,500</b>	<b>265,606,900</b>	<b>220,707,900</b>	<b>222,196,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
Artisans Center	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
Travel	3,531,800	4,021,300	4,254,700	3,442,800	3,442,800
Parks	91,416,200	96,620,600	102,705,500	83,648,800	85,068,900
Horse Park Commission	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
State Fair Board	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
Fish and Wildlife Resources	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000

Historical Society	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
Arts Council	4,828,900	4,522,500	4,615,700	4,082,300	4,082,300
Heritage Council	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
Kentucky Center for the Arts	949,900	1,738,500	2,125,000	930,900	930,900
<b>TOTAL EXPENDITURES</b>	<b>229,784,400</b>	<b>251,377,500</b>	<b>265,606,900</b>	<b>220,707,900</b>	<b>222,196,900</b>

Senate Bill 185, enacted by the 2009 Regular Session of the General Assembly renamed the Commerce Cabinet the Tourism, Arts and Heritage Cabinet. The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

**Tourism, Arts and Heritage  
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,357,300	4,429,200	7,515,300	2,803,800	2,803,800
Salary and Health Insurance Adjustments	56,000				
Budget Reduction-General Fund	-357,100				
Mandated Expenditure Reductions	-187,200				
<b>Total General Fund</b>	2,869,000	4,429,200	7,515,300	2,803,800	2,803,800
<b>Restricted Fund</b>					
Balance Forward	4,734,700	3,017,800	2,234,200	1,572,500	1,091,400
Current Receipts	9,885,000	10,607,800	10,993,600	10,107,800	10,493,600
<b>Total Restricted Fund</b>	14,619,700	13,625,600	13,227,800	11,680,300	11,585,000
<b>TOTAL SOURCE OF FUNDS</b>	17,488,700	18,054,800	20,743,100	14,484,100	14,388,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,476,000	7,130,300	7,419,100	6,030,300	6,053,300
Operating Expenses	1,949,900	2,365,300	2,356,300	1,537,400	1,537,400
Grants Loans Benefits	7,490,300	6,325,000	6,325,000	5,825,000	5,825,000
Debt Service			2,848,000		
<b>TOTAL EXPENDITURES</b>	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,869,000	4,429,200	7,515,300	2,803,800	2,803,800
Restricted Fund	13,047,200	11,391,400	11,433,100	10,588,900	10,611,900
<b>TOTAL EXPENDITURES</b>	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	2,027,800	3,189,100	6,195,500	2,037,500	2,037,500
Capital Plaza Operations	710,500	1,116,200	1,155,400	664,000	682,000
Creative Services	861,200	1,078,900	1,142,100	869,000	874,000
Sports Authority	346,200	430,500	449,500	316,300	316,300
Tourism Meeting & Convention Marketing	10,671,200	9,005,900	9,005,900	9,005,900	9,005,900
Coal Severance Tourism	1,299,300	1,000,000	1,000,000	500,000	500,000
<b>TOTAL EXPENDITURES</b>	15,916,200	15,820,600	18,948,400	13,392,700	13,415,700

Senate Bill 185 enacted by the 2009 Regular Session of the General Assembly, renamed the Commerce Cabinet to the Tourism, Arts and Heritage Cabinet. In addition to renaming the Cabinet, this reorganization moved the funding and administration for the Office of the Sports Authority from the Department of Travel to the Office of the Secretary, along with moving the funding for the Tourism, Meeting, and Convention Marketing Fund, and the Coal Severance Funds from the Department of Travel (formerly Tourism) to the Office of the Secretary.

The Office of the Secretary's appropriation unit comprises of:

**Executive Policy and Management** - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

**Creative Services** - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

**Frankfort Convention Center** - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

**Sports Authority** - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams.

**Tourism, Meeting, and Convention Marketing Fund** - This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

**Coal Severance Fund** - Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, which receives coal severance funds from the Multi-county fund. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority and the Adventure Tourism Program are funded through the Coal Severance funds. The purposes of the Recreational Trail Authority and the Adventure Tourism Program are to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, and other outdoor activities, which are opportunities available throughout the Commonwealth, including in the coal producing counties.

#### **Policy**

The Executive Budget includes Restricted funds of \$500,000 in each fiscal year of the 2010-2012 biennium for tourism marketing and development on behalf of coal producing counties. The agency receipts originate from the Local Government Economic Development Fund, Multi-county Fund.

**Tourism, Arts and Heritage  
Artisans Center**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	358,200	404,900	506,100	305,400	305,400
Salary and Health Insurance Adjustments	3,500				
Budget Reduction-General Fund	-34,000				
Mandated Expenditure Reductions	-16,100				
<b>Total General Fund</b>	311,600	404,900	506,100	305,400	305,400
<b>Restricted Fund</b>					
Balance Forward	208,600	208,600	108,600	208,600	382,200
Current Receipts	1,795,700	1,901,700	1,862,100	1,901,700	1,862,100
<b>Total Restricted Fund</b>	2,004,300	2,110,300	1,970,700	2,110,300	2,244,300
<b>Road Fund</b>					
Regular Appropriation	350,000	350,000	350,000	350,000	350,000
<b>Total Road Fund</b>	350,000	350,000	350,000	350,000	350,000
<b>TOTAL SOURCE OF FUNDS</b>	2,665,900	2,865,200	2,826,800	2,765,700	2,899,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,290,700	1,378,200	1,456,500	1,216,900	1,239,700
Operating Expenses	1,166,600	1,378,400	1,261,700	1,166,600	1,166,600
<b>TOTAL EXPENDITURES</b>	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	311,600	404,900	506,100	305,400	305,400
Restricted Fund	1,795,700	2,001,700	1,862,100	1,728,100	1,750,900
Road Fund	350,000	350,000	350,000	350,000	350,000
<b>TOTAL EXPENDITURES</b>	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
<b>EXPENDITURES BY UNIT</b>					
Berea Artisans Center	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300
<b>TOTAL EXPENDITURES</b>	2,457,300	2,756,600	2,718,200	2,383,500	2,406,300

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 265,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Tourism Arts and Heritage Cabinet for administrative purposes.

**Policy**

The Executive Budget includes Road Fund resources in the amount of \$350,000 in each fiscal year of the 2010-2012 biennium to support operations as a Travel Center.

**Tourism, Arts and Heritage**

**Travel**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,982,000	3,921,300	4,154,700	3,342,800	3,342,800
Salary and Health Insurance Adjustments	62,700				
Budget Reduction-General Fund	-379,500				
Mandated Expenditure Reductions	-179,400				
Reorganization Adjustment	-81,400				
<b>Total General Fund</b>	<b>3,404,400</b>	<b>3,921,300</b>	<b>4,154,700</b>	<b>3,342,800</b>	<b>3,342,800</b>
<b>Restricted Fund</b>					
Balance Forward	97,500	75,100	75,100	75,100	75,100
Current Receipts	105,000	100,000	100,000	100,000	100,000
<b>Total Restricted Fund</b>	<b>202,500</b>	<b>175,100</b>	<b>175,100</b>	<b>175,100</b>	<b>175,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,606,900</b>	<b>4,096,400</b>	<b>4,329,800</b>	<b>3,517,900</b>	<b>3,517,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,977,000	3,357,100	3,588,100	2,917,200	2,917,200
Operating Expenses	554,800	664,200	666,600	525,600	525,600
<b>TOTAL EXPENDITURES</b>	<b>3,531,800</b>	<b>4,021,300</b>	<b>4,254,700</b>	<b>3,442,800</b>	<b>3,442,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,404,400	3,921,300	4,154,700	3,342,800	3,342,800
Restricted Fund	127,400	100,000	100,000	100,000	100,000
<b>TOTAL EXPENDITURES</b>	<b>3,531,800</b>	<b>4,021,300</b>	<b>4,254,700</b>	<b>3,442,800</b>	<b>3,442,800</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	973,500	1,111,900	1,158,300	952,200	952,200
Tourism Services	565,900	668,800	713,000	529,300	529,300
Marketing and Advertising	1,500,300	1,655,500	1,761,700	1,481,700	1,481,700
Communications and Promotions	492,100	585,100	621,700	479,600	479,600
<b>TOTAL EXPENDITURES</b>	<b>3,531,800</b>	<b>4,021,300</b>	<b>4,254,700</b>	<b>3,442,800</b>	<b>3,442,800</b>

The Department of Travel was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

**Executive Policy and Management** - The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

**Tourism Services** - The Division of Tourism Services provides technical and design support to the overall marketing and promotions activities of the department. These activities provide graphic design support for development of both print and website promotions as well as technical support for website maintenance. Additionally, the division disseminates tourism information to tourists and potential visitors via a telephone system and fulfills visitor information through direct mail. Tourism Services provides assistance to travel planners calling the toll-free phone line requesting information as well as fulfilling requests for the Official Visitors Guide.

**Marketing and Administration** - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the

state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

The Tourism Marketing Incentive Program is a collaborative effort to utilize the one percent transient room tax funds, dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, efficiently and effectively.

The Division of Marketing and Administration staffs eight Welcome Centers throughout the state. The travel hosts at the Centers, located in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville and Williamsburg offer helpful travel information and a positive image of Kentucky to tourists seeking assistance when they visit the state.

**Communications and Promotions** - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

### **Policy**

The Executive Budget includes General Fund resources in the amount of \$50,000 in each fiscal year of the 2010-2012 biennium for grants to the Bluegrass State Games.

**Tourism, Arts and Heritage**

**Parks**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	29,971,700	43,589,200	49,674,100	30,352,600	30,881,600
Salary and Health Insurance Adjustments	170,300				
Special Appropriation	4,943,200				
<b>Total General Fund</b>	<b>35,085,200</b>	<b>43,589,200</b>	<b>49,674,100</b>	<b>30,352,600</b>	<b>30,881,600</b>
<b>Restricted Fund</b>					
Balance Forward	20,400		1,739,200		2,914,400
Current Receipts	56,310,600	56,210,600	56,210,600	56,210,600	56,210,600
Non-Revenue Receipts		-1,440,000	-1,440,000		
<b>Total Restricted Fund</b>	<b>56,331,000</b>	<b>54,770,600</b>	<b>56,509,800</b>	<b>56,210,600</b>	<b>59,125,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>91,416,200</b>	<b>98,359,800</b>	<b>106,183,900</b>	<b>86,563,200</b>	<b>90,006,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	59,265,700	61,444,500	64,933,900	55,763,100	56,654,200
Operating Expenses	32,150,500	32,185,900	32,185,900	27,610,700	27,610,700
Debt Service		2,990,200	5,585,700	275,000	804,000
<b>TOTAL EXPENDITURES</b>	<b>91,416,200</b>	<b>96,620,600</b>	<b>102,705,500</b>	<b>83,648,800</b>	<b>85,068,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	35,085,200	43,589,200	49,674,100	30,352,600	30,881,600
Restricted Fund	56,331,000	53,031,400	53,031,400	53,296,200	54,187,300
<b>TOTAL EXPENDITURES</b>	<b>91,416,200</b>	<b>96,620,600</b>	<b>102,705,500</b>	<b>83,648,800</b>	<b>85,068,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	11,706,700	14,004,900	17,036,000	10,464,300	10,993,300
Resort Parks	59,483,400	61,489,000	63,756,400	54,202,700	54,910,700
Recreation Parks and Historic Sites	18,343,600	19,205,500	19,927,700	17,076,700	17,237,000
Cafeterias	1,691,500	1,730,200	1,794,400	1,714,100	1,736,900
Breaks Interstate Park	191,000	191,000	191,000	191,000	191,000
<b>TOTAL EXPENDITURES</b>	<b>91,416,200</b>	<b>96,620,600</b>	<b>102,705,500</b>	<b>83,648,800</b>	<b>85,068,900</b>

The Department of Parks administers and operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services which create memorable experiences and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 24 recreational parks, 11 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides

overnight lodging to 425,000 guests, food service for 1,275,000 meals for dining patrons, camping for 450,000 guests, golfing for 233,000 players, along with other park amenities and activities.

**Policy**

During the 2009 Special Session, House Bill 4 appropriated an additional one-time increase of \$4,943,200 to the Department of Parks for increasing expenses. The Executive Budget does not rely upon that one-time increase in part, due to a comprehensive study that resulted in a Park's plan that has made numerous recommendations to improve and enhance the operation.

**Tourism, Arts and Heritage**

**Parks**

**General Administration and Support**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,383,900	16,471,100	19,502,200	12,930,500	13,459,500
Salary and Health Insurance Adjustments	170,300				
Special Appropriation	2,109,000				
Other	-996,500	-2,506,200	-2,506,200	-2,506,200	-2,506,200
<b>Total General Fund</b>	<b>11,666,700</b>	<b>13,964,900</b>	<b>16,996,000</b>	<b>10,424,300</b>	<b>10,953,300</b>
<b>Restricted Fund</b>					
Current Receipts	140,000	40,000	40,000	40,000	40,000
Non-Revenue Receipts	-100,000				
<b>Total Restricted Fund</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,706,700</b>	<b>14,004,900</b>	<b>17,036,000</b>	<b>10,464,300</b>	<b>10,993,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	8,685,000	7,993,000	8,428,600	7,175,300	7,175,300
Operating Expenses	3,021,700	3,021,700	3,021,700	3,014,000	3,014,000
Debt Service		2,990,200	5,585,700	275,000	804,000
<b>TOTAL EXPENDITURES</b>	<b>11,706,700</b>	<b>14,004,900</b>	<b>17,036,000</b>	<b>10,464,300</b>	<b>10,993,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,666,700	13,964,900	16,996,000	10,424,300	10,953,300
Restricted Fund	40,000	40,000	40,000	40,000	40,000
<b>TOTAL EXPENDITURES</b>	<b>11,706,700</b>	<b>14,004,900</b>	<b>17,036,000</b>	<b>10,464,300</b>	<b>10,993,300</b>

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 52 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

**Policy**

Notwithstanding the provisions of KRS 148.810, the Executive Budget does not have a transfer to the Park Capital Maintenance and Renovation Fund.

**Tourism, Arts and Heritage**

**Parks**

**Resort Parks**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,115,200	16,270,000	18,537,400	8,981,000	8,981,000
Special Appropriation	725,800				
Other	996,500	1,506,200	1,506,200	1,506,200	1,506,200
<b>Total General Fund</b>	<b>13,837,500</b>	<b>17,776,200</b>	<b>20,043,600</b>	<b>10,487,200</b>	<b>10,487,200</b>
<b>Restricted Fund</b>					
Balance Forward	16,300		373,400		1,570,700
Current Receipts	45,286,200	45,286,200	45,286,200	45,286,200	45,286,200
Non-Revenue Receipts	343,400	-1,200,000	-1,200,000		
<b>Total Restricted Fund</b>	<b>45,645,900</b>	<b>44,086,200</b>	<b>44,459,600</b>	<b>45,286,200</b>	<b>46,856,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>59,483,400</b>	<b>61,862,400</b>	<b>64,503,200</b>	<b>55,773,400</b>	<b>57,344,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	36,907,300	38,879,300	41,146,700	35,332,200	36,040,200
Operating Expenses	22,576,100	22,609,700	22,609,700	18,870,500	18,870,500
<b>TOTAL EXPENDITURES</b>	<b>59,483,400</b>	<b>61,489,000</b>	<b>63,756,400</b>	<b>54,202,700</b>	<b>54,910,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,837,500	17,776,200	20,043,600	10,487,200	10,487,200
Restricted Fund	45,645,900	43,712,800	43,712,800	43,715,500	44,423,500
<b>TOTAL EXPENDITURES</b>	<b>59,483,400</b>	<b>61,489,000</b>	<b>63,756,400</b>	<b>54,202,700</b>	<b>54,910,700</b>

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

Barren River Resort Park - Barren County  
 Blue Licks Battlefield State Park - Robertson County  
 Buckhorn Lake Resort Park - Perry County  
 Carter Caves Resort Park - Carter County  
 Cumberland Falls Resort Park - Whitley County  
 Dale Hollow Resort Park - Cumberland and Clinton Counties  
 General Butler Resort Park - Carroll County  
 Greenbo Lake Resort Park - Greenup County  
 Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County  
 Kentucky Dam Village Resort Park - Marshall County  
 Lake Barkley Resort Park - Trigg County  
 Lake Cumberland Resort Park - Russell County  
 Natural Bridge Resort Park - Powell County  
 Pennyrile Forest Resort Park - Christian County  
 Pine Mountain Resort Park - Bell County  
 Rough River Resort Park - Grayson County

**Tourism, Arts and Heritage**

**Parks**

**Recreation Parks and Historic Sites**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,067,300	10,317,400	11,039,600	7,960,100	7,960,100
Special Appropriation	2,032,700				
Other		1,000,000	1,000,000	1,000,000	1,000,000
<b>Total General Fund</b>	<b>9,100,000</b>	<b>11,317,400</b>	<b>12,039,600</b>	<b>8,960,100</b>	<b>8,960,100</b>
<b>Restricted Fund</b>					
Balance Forward	4,100		1,295,400		1,306,900
Current Receipts	9,423,500	9,423,500	9,423,500	9,423,500	9,423,500
Non-Revenue Receipts	-184,000	-240,000	-240,000		
<b>Total Restricted Fund</b>	<b>9,243,600</b>	<b>9,183,500</b>	<b>10,478,900</b>	<b>9,423,500</b>	<b>10,730,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,343,600</b>	<b>20,500,900</b>	<b>22,518,500</b>	<b>18,383,600</b>	<b>19,690,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,637,300	13,482,400	14,204,600	12,181,900	12,342,200
Operating Expenses	5,706,300	5,723,100	5,723,100	4,894,800	4,894,800
<b>TOTAL EXPENDITURES</b>	<b>18,343,600</b>	<b>19,205,500</b>	<b>19,927,700</b>	<b>17,076,700</b>	<b>17,237,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,100,000	11,317,400	12,039,600	8,960,100	8,960,100
Restricted Fund	9,243,600	7,888,100	7,888,100	8,116,600	8,276,900
<b>TOTAL EXPENDITURES</b>	<b>18,343,600</b>	<b>19,205,500</b>	<b>19,927,700</b>	<b>17,076,700</b>	<b>17,237,000</b>

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

**Recreation Park Facilities**

Ben Hawes State Park - Daviess County	Kingdom Come State Park - Harlan County
Big Bone Lick State Park - Boone County	Lake Malone State Park - Muhlenberg County
Carr Creek State Park - Knott County	Levi Jackson Wilderness Road State Park - Laurel County
Columbus-Belmont Battlefield State Park - Hickman County	Lincoln Homestead State Park - Washington County
E. P. "Tom" Sawyer State Park - Jefferson County	Mineral Mound State Park - Lyon County
Fish Trap Lake State Park - Pike County	My Old Kentucky Home State Park - Nelson County
Fort Boonesborough State Park - Madison County	Nolin Lake State Park - Edmonson County
General Burnside State Park - Pulaski County	Old Fort Harrod State Park - Mercer County
Grayson Lake State Park - Elliott and Carter Counties	Paintsville Lake State Park - Johnson County
Green River Lake State Park - Taylor County	Pine Mountain Trail State Park - Harlan & Bell Counties
John James Audubon State Park - Henderson County	Taylorsville Lake State Park - Spencer County
Kincaid Lake State Park - Pendleton County	Yatesville Lake State Park - Lawrence County

**Historic Sites**

Boone Station - Fayette County	Old Mulkey Meeting House State Shrine - Monroe County
Constitution Square State Shrine - Boyle County	Perryville Battlefield State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County	Waveland State Shrine - Fayette County
Isaac Shelby State Shrine - Lincoln County	White Hall State Shrine - Madison County
Jefferson Davis Monument State Shrine - Todd County	Wickliffe Mounds State Historic Site - Ballard County
	William Whitley House State Shrine - Lincoln County

**Tourism, Arts and Heritage**

**Parks**

**Cafeterias**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	214,300	339,700	403,900	290,000	290,000
Special Appropriation	75,700				
<b>Total General Fund</b>	<b>290,000</b>	<b>339,700</b>	<b>403,900</b>	<b>290,000</b>	<b>290,000</b>
<b>Restricted Fund</b>					
Balance Forward			70,400		36,800
Current Receipts	1,460,900	1,460,900	1,460,900	1,460,900	1,460,900
Non-Revenue Receipts	-59,400				
<b>Total Restricted Fund</b>	<b>1,401,500</b>	<b>1,460,900</b>	<b>1,531,300</b>	<b>1,460,900</b>	<b>1,497,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,691,500</b>	<b>1,800,600</b>	<b>1,935,200</b>	<b>1,750,900</b>	<b>1,787,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	845,100	898,800	963,000	882,700	905,500
Operating Expenses	846,400	831,400	831,400	831,400	831,400
<b>TOTAL EXPENDITURES</b>	<b>1,691,500</b>	<b>1,730,200</b>	<b>1,794,400</b>	<b>1,714,100</b>	<b>1,736,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	290,000	339,700	403,900	290,000	290,000
Restricted Fund	1,401,500	1,390,500	1,390,500	1,424,100	1,446,900
<b>TOTAL EXPENDITURES</b>	<b>1,691,500</b>	<b>1,730,200</b>	<b>1,794,400</b>	<b>1,714,100</b>	<b>1,736,900</b>

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events. The cafeterias served 373,000 meals generated sales of approximately \$ 1,377,000 in fiscal year 2009.

**Tourism, Arts and Heritage  
Parks  
Breaks Interstate Park**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	191,000	191,000	191,000	191,000	191,000
<b>Total General Fund</b>	191,000	191,000	191,000	191,000	191,000
<b>TOTAL SOURCE OF FUNDS</b>	191,000	191,000	191,000	191,000	191,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	191,000	191,000	191,000	191,000	191,000
<b>TOTAL EXPENDITURES</b>	191,000	191,000	191,000	191,000	191,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	191,000	191,000	191,000	191,000	191,000
<b>TOTAL EXPENDITURES</b>	191,000	191,000	191,000	191,000	191,000

Breaks Interstate Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission. The Commission is composed of three members from each state appointed by their respective governors. Kentucky provides financial support for the park in the form of a grant to the Commission.

The park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 380,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**Tourism, Arts and Heritage  
Horse Park Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,448,200	3,945,900	4,167,500	3,378,900	2,378,900
Budget Reduction-General Fund	-5,300				
Mandated Expenditure Reductions	-65,200				
<b>Total General Fund</b>	<b>1,377,700</b>	<b>3,945,900</b>	<b>4,167,500</b>	<b>3,378,900</b>	<b>2,378,900</b>
<b>Restricted Fund</b>					
Balance Forward		54,200	151,200	54,200	887,200
Current Receipts	7,377,100	8,325,000	7,922,000	8,325,000	7,922,000
<b>Total Restricted Fund</b>	<b>7,377,100</b>	<b>8,379,200</b>	<b>8,073,200</b>	<b>8,379,200</b>	<b>8,809,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,754,800</b>	<b>12,325,100</b>	<b>12,240,700</b>	<b>11,758,100</b>	<b>11,188,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,991,600	5,810,200	6,172,600	5,305,700	5,426,400
Operating Expenses	3,677,100	4,958,300	3,751,400	4,951,300	3,947,200
Debt Service		1,373,500	2,165,000	582,000	582,000
Capital Outlay	31,900	31,900	31,900	31,900	31,900
<b>TOTAL EXPENDITURES</b>	<b>8,700,600</b>	<b>12,173,900</b>	<b>12,120,900</b>	<b>10,870,900</b>	<b>9,987,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,377,700	3,945,900	4,167,500	3,378,900	2,378,900
Restricted Fund	7,322,900	8,228,000	7,953,400	7,492,000	7,608,600
<b>TOTAL EXPENDITURES</b>	<b>8,700,600</b>	<b>12,173,900</b>	<b>12,120,900</b>	<b>10,870,900</b>	<b>9,987,500</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Horse Park	8,700,600	12,173,900	12,120,900	10,870,900	9,987,500
<b>TOTAL EXPENDITURES</b>	<b>8,700,600</b>	<b>12,173,900</b>	<b>12,120,900</b>	<b>10,870,900</b>	<b>9,987,500</b>

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

**Equine Theme Park**-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. The expansion of the new indoor arena and outdoor stadium was completed in 2009.

**Events**-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Sixty annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

**Campground**-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in direct annual income.

**National Horse Center**-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 11 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

## **Policy**

The Executive Budget includes General Fund resources in the amount of \$500,000 in fiscal year 2011 to support the Fédération Equestre Internationale (FEI) World Equestrian Games.

The Executive Budget includes General Fund resources in the amount of \$1,500,000 in fiscal year 2011 and \$1,000,000 in fiscal year 2012 to cover increased rates and the costs of operating the new facilities. The additional \$1,500,000 appropriated in fiscal year 2011 will cover the cumulative shortfall from multiple fiscal years and the additional \$1,000,000 appropriated in fiscal year 2012 will cover the ongoing cost of the deficit.

**Tourism, Arts and Heritage  
State Fair Board**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		6,796,000	6,796,000		
<b>Total General Fund</b>		6,796,000	6,796,000		
<b>Restricted Fund</b>					
Balance Forward	897,700	941,900	36,400	941,900	1,318,000
Current Receipts	42,889,200	44,253,500	48,816,900	44,718,700	49,444,200
Non-Revenue Receipts	-1,000,000		-1,500,000		-1,500,000
<b>Total Restricted Fund</b>	42,786,900	45,195,400	47,353,300	45,660,600	49,262,200
<b>TOTAL SOURCE OF FUNDS</b>	42,786,900	51,991,400	54,149,300	45,660,600	49,262,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	22,042,100	24,970,800	26,483,800	24,558,500	25,468,700
Operating Expenses	12,784,800	13,130,700	13,217,900	12,784,800	12,784,800
Grants Loans Benefits	1,646,400	1,646,400	1,646,400	1,646,400	1,646,400
Debt Service	4,427,400	11,219,600	11,218,300	4,423,600	4,422,300
Capital Outlay	944,300	987,500	1,255,800	929,300	929,300
<b>TOTAL EXPENDITURES</b>	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		6,796,000	6,796,000		
Restricted Fund	41,845,000	45,159,000	47,026,200	44,342,600	45,251,500
<b>TOTAL EXPENDITURES</b>	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500
<b>EXPENDITURES BY UNIT</b>					
Kentucky Fair and Exposition Center	32,232,400	33,909,000	35,183,100	32,825,800	33,184,500
Kentucky International Convention Center	4,985,200	5,284,300	5,557,400	5,085,900	5,154,000
Debt Service	4,427,400	11,219,600	11,218,300	4,423,600	4,422,300
Louisville Arena	200,000	1,542,100	1,863,400	2,007,300	2,490,700
<b>TOTAL EXPENDITURES</b>	41,845,000	51,955,000	53,822,200	44,342,600	45,251,500

The Kentucky State Fair Board authorized in KRS 247 is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville as well as managing the Louisville Downtown Arena. A president is appointed by the Board to manage these centers and Fair Board properties.

**Kentucky Exposition Center** - The Kentucky Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Exposition Center is a completely air-conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Executive Bowl, and the 6 Flags/Kentucky Kingdom Amusement Park, all of which are long-term lessees of the State Fair Board.

**Kentucky International Convention Center** - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises.

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, and by the Hyatt Regency Hotel, which is a long-term lessee of the Board. The Cowger Garage also includes commercial space which is leased on a long-term basis.

**Debt Service** - The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted Funds in the amount of \$ 4.2 million each fiscal year are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for construction of South Wing C and the North Wing, respectively.

**Louisville Arena** - The Louisville Arena will open in October 2010. This multi-purpose arena will seat 22,000 people and be the future home of the University of Louisville men's and women's basketball teams. The Kentucky State Fair Board has entered into an operations management agreement with the Louisville Arena to manage day to day operations of the Arena and employ staff to carry out the management and operations of this facility.

**Tourism, Arts and Heritage  
Fish and Wildlife Resources**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	62,593,600	61,685,100	54,886,700	61,685,100	57,351,700
Current Receipts	38,610,000	43,610,000	43,610,000	43,610,000	43,610,000
Non-Revenue Receipts	-6,600,000	-17,250,000	-16,000,000	-17,250,000	-16,000,000
<b>Total Restricted Fund</b>	94,603,600	88,045,100	82,496,700	88,045,100	84,961,700
<b>Federal Fund</b>					
Balance Forward	10,551,200	10,051,200	5,701,200	10,051,200	6,884,000
Current Receipts	17,070,300	18,494,100	19,299,900	18,494,100	19,299,900
Non-Revenue Receipts	-500,000	-4,350,000	-600,000	-4,350,000	-600,000
<b>Total Federal Fund</b>	27,121,500	24,195,300	24,401,100	24,195,300	25,583,900
<b>TOTAL SOURCE OF FUNDS</b>	121,725,100	112,240,400	106,897,800	112,240,400	110,545,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	34,116,500	35,746,600	38,137,000	32,132,400	32,935,700
Operating Expenses	9,860,200	9,893,800	9,923,200	9,860,200	9,860,200
Grants Loans Benefits	2,606,800	2,606,800	2,606,800	2,606,800	2,606,800
Capital Outlay	3,405,300	3,405,300	3,405,300	3,405,300	3,405,300
<b>TOTAL EXPENDITURES</b>	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	32,918,500	33,158,400	34,772,400	30,693,400	31,226,600
Federal Fund	17,070,300	18,494,100	19,299,900	17,311,300	17,581,400
<b>TOTAL EXPENDITURES</b>	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000
<b>EXPENDITURES BY UNIT</b>					
Administration and Support	6,071,400	6,222,100	6,557,700	5,500,300	5,595,700
Wildlife Management	14,270,000	14,773,300	15,403,900	13,701,300	13,903,800
Fisheries Management	9,600,400	9,922,000	10,323,700	9,367,100	9,504,900
Information and Education	6,505,800	6,651,800	6,969,400	6,313,500	6,422,400
Law Enforcement	13,541,200	14,083,300	14,817,600	13,122,500	13,381,200
<b>TOTAL EXPENDITURES</b>	49,988,800	51,652,500	54,072,300	48,004,700	48,808,000

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen and women in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 130,000 acres of land in Kentucky which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

**Wildlife Management** - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

**Fisheries Management** - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

**Information and Education** - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education; operates the Salato Wildlife Education Center; and administers three summer camps for children.

**Law Enforcement** - The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

**Administration and Support** - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

**Tourism, Arts and Heritage  
Historical Society**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,154,200	6,850,200	7,214,300	6,642,500	6,192,500
Salary and Health Insurance Adjustments	82,900				
Budget Reduction-General Fund	-614,300				
Mandated Expenditure Reductions	-321,900				
<b>Total General Fund</b>	6,300,900	6,850,200	7,214,300	6,642,500	6,192,500
<b>Restricted Fund</b>					
Balance Forward	6,700	9,400	29,000	9,400	27,500
Current Receipts	738,000	720,800	726,700	720,800	726,700
<b>Total Restricted Fund</b>	744,700	730,200	755,700	730,200	754,200
<b>Federal Fund</b>					
Balance Forward				24,100	51,700
Current Receipts	477,000	447,000	50,500	472,300	77,000
<b>Total Federal Fund</b>	477,000	447,000	50,500	496,400	128,700
<b>TOTAL SOURCE OF FUNDS</b>	7,522,600	8,027,400	8,020,500	7,869,100	7,075,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,295,900	4,521,300	4,835,200	4,194,000	4,189,900
Operating Expenses	3,052,700	3,303,900	3,072,500	3,015,200	2,730,000
Grants Loans Benefits	140,500	173,200	85,200	130,700	42,700
Capital Outlay				450,000	
<b>TOTAL EXPENDITURES</b>	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,300,900	6,850,200	7,214,300	6,642,500	6,192,500
Restricted Fund	735,300	701,200	728,100	702,700	724,900
Federal Fund	452,900	447,000	50,500	444,700	45,200
<b>TOTAL EXPENDITURES</b>	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600
<b>EXPENDITURES BY UNIT</b>					
Oral History and Educational Outreach	694,500	735,700	362,200	651,700	273,200
Research and Publications	166,100	199,100	199,100	166,100	166,100
Museums	128,700	148,700	148,700	128,700	128,700
Administration	6,499,800	6,914,900	7,282,900	6,843,400	6,394,600
<b>TOTAL EXPENDITURES</b>	7,489,100	7,998,400	7,992,900	7,789,900	6,962,600

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following

functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals- *The Register of the Kentucky Historical Society* and *Kentucky Ancestors*-and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities-the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, community services and the folklife program. Community Services consists of the local history program, the Lincoln Bicentennial Commission, and the Cemetery Preservation program. Per KRS 171.349, the Lincoln Bicentennial Commission expires on June 30, 2010. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and presentation. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

## **Policy**

The Executive Budget includes \$450,000 from the General Fund in fiscal year 2011 to enable the Kentucky Show to be presented at the Thomas D. Clark Center for Kentucky History by support retrofitting space to create a small custom theatre for media and live theatre.

## Tourism, Arts and Heritage

### Arts Council

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,831,400	3,538,800	3,632,000	3,122,700	3,122,700
Budget Reduction-General Fund	-477,600				
Mandated Expenditure Reductions	-167,400				
<b>Total General Fund</b>	<b>3,186,400</b>	<b>3,538,800</b>	<b>3,632,000</b>	<b>3,122,700</b>	<b>3,122,700</b>
<b>Restricted Fund</b>					
Balance Forward	174,300	1,100	1,100	137,700	161,800
Current Receipts	179,200	178,000	178,000	178,000	178,000
<b>Total Restricted Fund</b>	<b>353,500</b>	<b>179,100</b>	<b>179,100</b>	<b>315,700</b>	<b>339,800</b>
<b>Federal Fund</b>					
Current Receipts	1,116,200	805,700	805,700	805,700	805,700
ARRA Receipts	310,500				
<b>Total Federal Fund</b>	<b>1,426,700</b>	<b>805,700</b>	<b>805,700</b>	<b>805,700</b>	<b>805,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,966,600</b>	<b>4,523,600</b>	<b>4,616,800</b>	<b>4,244,100</b>	<b>4,268,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,250,100	1,446,500	1,537,700	1,195,200	1,195,200
Operating Expenses	976,200	995,900	997,900	709,100	709,100
Grants Loans Benefits	2,602,600	2,080,100	2,080,100	2,178,000	2,178,000
<b>TOTAL EXPENDITURES</b>	<b>4,828,900</b>	<b>4,522,500</b>	<b>4,615,700</b>	<b>4,082,300</b>	<b>4,082,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,186,400	3,538,800	3,632,000	3,122,700	3,122,700
Restricted Fund	215,800	178,000	178,000	153,900	153,900
Federal Fund	1,426,700	805,700	805,700	805,700	805,700
<b>TOTAL EXPENDITURES</b>	<b>4,828,900</b>	<b>4,522,500</b>	<b>4,615,700</b>	<b>4,082,300</b>	<b>4,082,300</b>
<b>EXPENDITURES BY UNIT</b>					
Arts Council	1,709,800	1,963,700	2,056,900	1,449,700	1,449,700
Support Grants	2,625,000	2,102,500	2,102,500	2,200,400	2,200,400
Programs and Education	202,200	140,300	140,300	140,300	140,300
Arts Marketing	291,900	316,000	316,000	291,900	291,900
<b>TOTAL EXPENDITURES</b>	<b>4,828,900</b>	<b>4,522,500</b>	<b>4,615,700</b>	<b>4,082,300</b>	<b>4,082,300</b>

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts, arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

**Tourism, Arts and Heritage  
Heritage Council**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	952,100	1,036,300	1,132,100	780,400	780,400
Salary and Health Insurance Adjustments	12,400				
Budget Reduction-General Fund	-130,900				
Mandated Expenditure Reductions	-40,900				
<b>Total General Fund</b>	792,700	1,036,300	1,132,100	780,400	780,400
<b>Restricted Fund</b>					
Balance Forward	611,100				2,200
Current Receipts	419,800	275,900	288,500	275,900	288,500
<b>Total Restricted Fund</b>	1,030,900	275,900	288,500	275,900	290,700
<b>Federal Fund</b>					
Balance Forward					40,700
Current Receipts	837,000	805,400	810,500	805,400	810,500
<b>Total Federal Fund</b>	837,000	805,400	810,500	805,400	851,200
<b>TOTAL SOURCE OF FUNDS</b>	2,660,600	2,117,600	2,231,100	1,861,700	1,922,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,307,800	1,517,500	1,631,200	1,352,700	1,374,500
Operating Expenses	469,600	490,800	490,600	356,800	356,600
Grants Loans Benefits	883,200	109,300	109,300	109,300	109,300
<b>TOTAL EXPENDITURES</b>	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	792,700	1,036,300	1,132,100	780,400	780,400
Restricted Fund	1,030,900	275,900	288,500	273,700	278,100
Federal Fund	837,000	805,400	810,500	764,700	781,900
<b>TOTAL EXPENDITURES</b>	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
<b>EXPENDITURES BY UNIT</b>					
Kentucky Heritage Council	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400
<b>TOTAL EXPENDITURES</b>	2,660,600	2,117,600	2,231,100	1,818,800	1,840,400

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas; The Site Protection Program, The Site Identification and Evaluation Program and The Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state historic preservation tax credit programs and restoration grants programs, conducting archaeological investigations, and reviewing all federally funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

**Tourism, Arts and Heritage  
Kentucky Center for the Arts**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,112,700	1,738,500	2,125,000	930,900	930,900
Budget Reduction-General Fund	-112,700				
Mandated Expenditure Reductions	-50,100				
<b>Total General Fund</b>	949,900	1,738,500	2,125,000	930,900	930,900
<b>TOTAL SOURCE OF FUNDS</b>	949,900	1,738,500	2,125,000	930,900	930,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	47,900	47,900	49,800	47,900	49,800
Operating Expenses	409,000	580,100	578,200	390,000	388,100
Grants Loans Benefits	493,000	1,069,500	1,426,000	493,000	493,000
Debt Service		41,000	71,000		
<b>TOTAL EXPENDITURES</b>	949,900	1,738,500	2,125,000	930,900	930,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	949,900	1,738,500	2,125,000	930,900	930,900
<b>TOTAL EXPENDITURES</b>	949,900	1,738,500	2,125,000	930,900	930,900
<b>EXPENDITURES BY UNIT</b>					
Kentucky Center for the Arts	456,900	669,000	699,000	437,900	437,900
Governor's School for the Arts	493,000	1,069,500	1,426,000	493,000	493,000
<b>TOTAL EXPENDITURES</b>	949,900	1,738,500	2,125,000	930,900	930,900

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. The Kentucky Center serves over 400,000 people each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

The Kentucky Center provides a wide range of nationally recognized educational programs, including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

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# Transportation

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**Transportation**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,178,200	5,908,200	5,998,400	5,027,100	5,861,100
Continuing Approp.-General Fund	131,600				
Budget Reduction-General Fund	-538,500				
Mandated Expenditure Reductions	-100,300				
<b>Total General Fund</b>	<b>4,671,000</b>	<b>5,908,200</b>	<b>5,998,400</b>	<b>5,027,100</b>	<b>5,861,100</b>
<b>Restricted Funds</b>					
Balance Forward	234,212,700	9,925,100	10,927,200	6,326,200	7,196,400
Current Receipts	111,215,700	107,357,700	107,371,200	107,396,900	107,406,900
Non-Revenue Receipts	549,371,500	-75,000	-75,000	130,925,000	-75,000
Fund Transfers	-16,737,200	-1,462,800	-1,464,000	-10,012,800	-10,014,000
<b>Total Restricted Funds</b>	<b>878,062,700</b>	<b>115,745,000</b>	<b>116,759,400</b>	<b>234,635,300</b>	<b>104,514,300</b>
<b>Federal Funds</b>					
Current Receipts	734,257,400	718,294,000	718,311,400	718,294,000	718,311,400
ARRA Receipts	398,283,700				
<b>Total Federal Funds</b>	<b>1,132,541,100</b>	<b>718,294,000</b>	<b>718,311,400</b>	<b>718,294,000</b>	<b>718,311,400</b>
<b>Road Fund</b>					
Regular Appropriation	1,323,196,900	1,208,163,400	1,295,129,200	1,189,830,300	1,265,054,500
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
<b>Total Road Fund</b>	<b>1,117,193,500</b>	<b>1,208,163,400</b>	<b>1,295,129,200</b>	<b>1,189,830,300</b>	<b>1,265,054,500</b>
<b>Highway Bonds</b>					
Non-Revenue Receipts				112,000,000	300,000,000
<b>Total Highway Bonds</b>				<b>112,000,000</b>	<b>300,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,132,468,300</b>	<b>2,048,110,600</b>	<b>2,136,198,400</b>	<b>2,259,786,700</b>	<b>2,393,741,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	424,961,300	451,932,600	473,189,300	437,585,400	446,337,200
Operating Expenses	271,344,900	276,283,700	275,534,000	271,490,700	276,438,500
Grants Loans Benefits	265,532,900	229,796,300	243,704,500	232,116,500	241,469,500
Debt Service	132,979,000	197,860,700	217,608,100	148,711,200	185,469,900
Capital Outlay	1,028,500	4,178,000	4,228,000	928,000	928,000
Construction	2,030,295,500	877,132,100	910,144,300	1,151,923,500	1,223,412,900
<b>TOTAL EXPENDITURES</b>	<b>3,126,142,100</b>	<b>2,037,183,400</b>	<b>2,124,408,200</b>	<b>2,242,755,300</b>	<b>2,374,056,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,671,000	5,908,200	5,998,400	5,027,100	5,861,100
Restricted Funds	871,736,500	104,817,800	104,969,200	227,438,900	96,464,000
Federal Funds	1,132,541,100	718,294,000	718,311,400	718,294,000	718,311,400
Road Fund	1,117,193,500	1,208,163,400	1,295,129,200	1,179,995,300	1,253,419,500
Highway Bonds				112,000,000	300,000,000
<b>TOTAL EXPENDITURES</b>	<b>3,126,142,100</b>	<b>2,037,183,400</b>	<b>2,124,408,200</b>	<b>2,242,755,300</b>	<b>2,374,056,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	69,797,900	74,393,000	76,329,900	71,425,200	72,051,100
Aviation	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
Debt Service	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
Highways	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
Public Transportation	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
Revenue Sharing	294,530,800	282,714,300	306,734,500	297,140,300	312,492,800
Vehicle Regulation	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
<b>TOTAL EXPENDITURES</b>	<b>3,126,142,100</b>	<b>2,037,183,400</b>	<b>2,124,408,200</b>	<b>2,242,755,300</b>	<b>2,374,056,000</b>

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non-highway federal aid, the state General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Executive Order 2008-529, dated June 16, 2008 reorganized the Transportation Cabinet to its current organizational structure and was ratified by the 2009 General Assembly.

## **Policy**

On December 21, 2009, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2010-2012. The Road Fund revenue estimate is \$1,270,600,000 for fiscal year 2010-2011 and \$1,340,900,000 for fiscal year 2011-2012.

**Transportation  
General Administration and Support**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	26,900	51,900	46,900	51,900	46,900
Current Receipts	45,000	15,000	15,000	15,000	15,000
<b>Total Restricted Fund</b>	<b>71,900</b>	<b>66,900</b>	<b>61,900</b>	<b>66,900</b>	<b>61,900</b>
<b>Road Fund</b>					
Regular Appropriation	70,214,400	74,373,000	76,309,900	71,405,200	72,031,100
Budget Reduction-Road Fund	-436,500				
<b>Total Road Fund</b>	<b>69,777,900</b>	<b>74,373,000</b>	<b>76,309,900</b>	<b>71,405,200</b>	<b>72,031,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>69,849,800</b>	<b>74,439,900</b>	<b>76,371,800</b>	<b>71,472,100</b>	<b>72,093,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	28,544,500	32,303,700	33,980,000	30,081,400	30,678,300
Operating Expenses	33,286,500	34,119,200	34,369,700	33,373,700	33,392,600
Debt Service	7,287,900	7,291,100	7,301,200	7,291,100	7,301,200
Capital Outlay	628,000	628,000	628,000	628,000	628,000
Construction	51,000	51,000	51,000	51,000	51,000
<b>TOTAL EXPENDITURES</b>	<b>69,797,900</b>	<b>74,393,000</b>	<b>76,329,900</b>	<b>71,425,200</b>	<b>72,051,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	20,000	20,000	20,000	20,000	20,000
Road Fund	69,777,900	74,373,000	76,309,900	71,405,200	72,031,100
<b>TOTAL EXPENDITURES</b>	<b>69,797,900</b>	<b>74,393,000</b>	<b>76,329,900</b>	<b>71,425,200</b>	<b>72,051,100</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary	952,400	1,282,500	1,340,900	972,900	985,200
Office of Public Affairs	629,500	713,200	757,900	655,200	671,800
Inspector General	785,100	909,100	957,700	808,900	823,600
Budget & Fiscal Management	3,122,100	3,576,900	3,809,100	3,270,500	3,354,900
Legal Services	8,442,400	9,137,500	9,336,200	8,801,600	8,867,700
Office of Human Resource Management	3,765,600	4,380,800	4,600,100	3,881,900	3,961,200
Office of Support Services	19,924,300	20,744,400	21,321,700	20,203,100	20,345,200
Technology	27,718,900	28,573,600	28,830,800	28,217,000	28,311,200
Office of Civil Rights & Small Business Devlpmnt	782,200	1,026,400	1,084,800	806,700	822,600
Office of Audits	3,675,400	4,048,600	4,290,700	3,807,400	3,907,700
<b>TOTAL EXPENDITURES</b>	<b>69,797,900</b>	<b>74,393,000</b>	<b>76,329,900</b>	<b>71,425,200</b>	<b>72,051,100</b>

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day-to-day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as main

the policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Executive Order 2008-529, dated June 16, 2008 reorganized the Transportation Cabinet and created the Office of Audits.

**Transportation  
Aviation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		1,024,200	1,114,400	296,500	848,500
<b>Total General Fund</b>		1,024,200	1,114,400	296,500	848,500
<b>Restricted Fund</b>					
Balance Forward	9,670,700	2,146,000	2,195,400	100	
Current Receipts	10,011,000	9,863,100	9,863,100	9,863,100	9,863,100
Fund Transfers	-6,927,200	-1,462,800	-1,464,000	-6,712,800	-6,714,000
<b>Total Restricted Fund</b>	12,754,500	10,546,300	10,594,500	3,150,400	3,149,100
<b>Federal Fund</b>					
Current Receipts	128,400	15,000	15,000	15,000	15,000
<b>Total Federal Fund</b>	128,400	15,000	15,000	15,000	15,000
<b>Road Fund</b>					
Regular Appropriation	11,313,300	994,800	996,000	1,983,600	2,017,400
Budget Reduction-Road Fund	-4,699,000				
<b>Total Road Fund</b>	6,614,300	994,800	996,000	1,983,600	2,017,400
<b>TOTAL SOURCE OF FUNDS</b>	19,497,200	12,580,300	12,719,900	5,445,500	6,030,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,559,000	2,669,400	2,847,500	2,610,000	2,673,500
Operating Expenses	1,483,500	1,453,100	1,453,100	1,453,100	1,453,100
Grants Loans Benefits	14,844,000	5,267,600	5,267,600	76,100	43,900
Debt Service	605,000	994,800	996,000	1,291,300	1,844,500
Construction	5,600			15,000	15,000
<b>TOTAL EXPENDITURES</b>	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		1,024,200	1,114,400	296,500	848,500
Restricted Fund	12,754,400	8,350,900	8,438,800	3,150,400	3,149,100
Federal Fund	128,400	15,000	15,000	15,000	15,000
Road Fund	6,614,300	994,800	996,000	1,983,600	2,017,400
<b>TOTAL EXPENDITURES</b>	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Aviation	17,018,300	7,858,600	7,947,700	2,954,600	3,506,500
Capital City Airport	2,478,800	2,526,300	2,616,500	2,490,900	2,523,500
<b>TOTAL EXPENDITURES</b>	19,497,100	10,384,900	10,564,200	5,445,500	6,030,000

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport, formerly attached to the Department of Military Affairs, is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

### **Policy**

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2010-2012 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may be used to support the administrative and operating costs of the Commonwealth Aviation Division.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$5,250,000 in fiscal year 2011 and \$5,250,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the General Fund. Capital appropriations in the amount of \$5,250,000 in fiscal year 2011 and \$5,250,000 in fiscal year 2012 from bond funds will be used to replace this transfer of funds to the General Fund. Included in the General Fund appropriation is \$296,500 in fiscal year 2011 and \$848,500 in fiscal year 2012 for debt service on those bonds.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$468,000 in fiscal year 2011 and \$468,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$994,800 in fiscal year 2011 and \$996,000 in fiscal year 2012 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

**Transportation  
Debt Service**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	136,599,000	117,784,000	137,556,000	77,891,000	115,640,300
Special Appropriation	17,679,000				
Budget Reduction-Road Fund	-100,000,000				
<b>Total Road Fund</b>	<b>54,278,000</b>	<b>117,784,000</b>	<b>137,556,000</b>	<b>77,891,000</b>	<b>115,640,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>54,278,000</b>	<b>117,784,000</b>	<b>137,556,000</b>	<b>77,891,000</b>	<b>115,640,300</b>
<b>EXPENDITURES BY CLASS</b>					
Debt Service	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
<b>TOTAL EXPENDITURES</b>	<b>54,278,000</b>	<b>117,784,000</b>	<b>137,556,000</b>	<b>68,056,000</b>	<b>104,005,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
<b>TOTAL EXPENDITURES</b>	<b>54,278,000</b>	<b>117,784,000</b>	<b>137,556,000</b>	<b>68,056,000</b>	<b>104,005,300</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development Lease Rental	54,278,000	117,784,000	137,556,000	68,056,000	104,005,300
<b>TOTAL EXPENDITURES</b>	<b>54,278,000</b>	<b>117,784,000</b>	<b>137,556,000</b>	<b>68,056,000</b>	<b>104,005,300</b>

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The most recent issue was authorized during the 2009 General Assembly in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and

principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

**Policy**

The Executive Budget provides \$6,289,000 in fiscal year 2011 and \$12,578,000 in fiscal year 2012 for debt service on \$112,000,000 in new Economic Development Highway Bonds to support projects associated with the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. It is anticipated that the area will experience a significant increase in population that will require additional and improved transportation infrastructure.

The Executive Budget provides \$14,524,500 in fiscal year 2012 for debt service on \$300,000,000 in new Economic Development Highway Bonds to support projects included in the Biennial Highway Construction Program.

The American Recovery and Reinvestment Act created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Build America Bonds may be issued by municipal bond issuers for eligible tax-exempt purposes on a permanent basis only. The Commonwealth is eligible for a subsidy if bonds are issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds for authorized but unissued Turnpike Authority debt, and any new fiscal year 2011 Road Fund supported bonds appropriated in the Executive Budget, shall lapse to the Road Fund. The amount of the Road Fund lapse is \$9,835,000 in fiscal year 2011 and \$11,635,000 in fiscal year 2012.

**Transportation  
Highways**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				282,000	564,000
<b>Total General Fund</b>				282,000	564,000
<b>Restricted Funds</b>					
Balance Forward	208,402,900	2,872,000	2,872,000	2,872,000	2,872,000
Current Receipts	83,959,600	80,230,800	80,230,800	80,230,800	80,230,800
Non-Revenue Receipts	549,446,600			131,000,000	
<b>Total Restricted Funds</b>	841,809,100	83,102,800	83,102,800	214,102,800	83,102,800
<b>Federal Funds</b>					
Current Receipts	680,411,300	672,683,000	672,700,400	672,683,000	672,700,400
ARRA Receipts	377,004,700				
<b>Total Federal Funds</b>	1,057,416,000	672,683,000	672,700,400	672,683,000	672,700,400
<b>Road Fund</b>					
Regular Appropriation	759,723,000	707,487,500	747,723,900	718,281,600	739,422,200
Special Appropriation	-17,679,000				
Budget Reduction-Road Fund	-63,184,300				
<b>Total Road Fund</b>	678,859,700	707,487,500	747,723,900	718,281,600	739,422,200
<b>Highway Bonds</b>					
Non-Revenue Receipts				112,000,000	300,000,000
<b>Total Highway Bonds</b>				112,000,000	300,000,000
<b>TOTAL SOURCE OF FUNDS</b>	2,578,084,800	1,463,273,300	1,503,527,100	1,717,349,400	1,795,789,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	369,123,000	396,849,700	414,972,600	385,855,600	393,544,400
Operating Expenses	216,679,400	220,498,000	219,649,700	217,235,900	222,360,500
Grants Loans Benefits	11,462,700	7,401,100	7,334,500	7,458,100	7,458,100
Debt Service	68,723,100	68,645,900	68,609,500	68,927,900	69,173,500
Capital Outlay	300,000	300,000	300,000	300,000	300,000
Construction	1,908,924,600	766,706,600	789,788,800	1,034,699,900	1,100,080,900
<b>TOTAL EXPENDITURES</b>	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				282,000	564,000
Restricted Funds	838,937,100	80,230,800	80,230,800	211,230,800	80,230,800
Federal Funds	1,057,416,000	672,683,000	672,700,400	672,683,000	672,700,400
Road Fund	678,859,700	707,487,500	747,723,900	718,281,600	739,422,200
Highway Bonds				112,000,000	300,000,000
<b>TOTAL EXPENDITURES</b>	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400
<b>EXPENDITURES BY UNIT</b>					
Research	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
Construction	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
Maintenance	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
Engineering Administration	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
Planning	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
Highway Operations	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
Equipment Services	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900
Highway Safety	14,326,900	10,543,300	10,727,300	10,429,000	10,496,000
<b>TOTAL EXPENDITURES</b>	2,575,212,800	1,460,401,300	1,500,655,100	1,714,477,400	1,792,917,400

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

**Transportation  
Highways  
Research**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Current Receipts	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
<b>Total Federal Fund</b>	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
<b>Road Fund</b>					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
<b>Total Road Fund</b>	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
<b>TOTAL SOURCE OF FUNDS</b>	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,402,100	4,862,000	4,862,000	4,862,000	4,862,000
Operating Expenses	290,000	290,000	290,000	290,000	290,000
<b>TOTAL EXPENDITURES</b>	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	5,258,100	3,718,000	3,718,000	3,718,000	3,718,000
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
<b>TOTAL EXPENDITURES</b>	6,692,100	5,152,000	5,152,000	5,152,000	5,152,000

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation  
Highways  
Construction**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				282,000	564,000
<b>Total General Fund</b>				282,000	564,000
<b>Restricted Funds</b>					
Balance Forward	199,417,400				
Current Receipts	30,640,000	24,000,000	24,000,000	24,000,000	24,000,000
Non-Revenue Receipts	548,787,700			131,000,000	
<b>Total Restricted Funds</b>	778,845,100	24,000,000	24,000,000	155,000,000	24,000,000
<b>Federal Funds</b>					
Current Receipts	652,185,200	649,997,000	650,014,400	649,997,000	650,014,400
ARRA Receipts	377,004,700				
<b>Total Federal Funds</b>	1,029,189,900	649,997,000	650,014,400	649,997,000	650,014,400
<b>Road Fund</b>					
Regular Appropriation	374,540,000	306,314,700	334,224,100	326,243,000	335,940,100
Special Appropriation	-17,679,000				
Budget Reduction-Road Fund	-48,442,800				
<b>Total Road Fund</b>	308,418,200	306,314,700	334,224,100	326,243,000	335,940,100
<b>Highway Bonds</b>					
Non-Revenue Receipts				112,000,000	300,000,000
<b>Total Highway Bonds</b>				112,000,000	300,000,000
<b>TOTAL SOURCE OF FUNDS</b>	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	156,637,900	163,987,600	168,452,800	156,248,100	158,686,000
Operating Expenses	11,678,900	11,228,900	11,228,900	11,228,900	11,228,900
Grants Loans Benefits	3,389,000	3,389,000	3,389,000	3,389,000	3,389,000
Debt Service	68,723,100	68,645,900	68,609,500	68,927,900	69,173,500
Construction	1,876,024,300	733,060,300	756,558,300	1,003,728,100	1,068,041,100
<b>TOTAL EXPENDITURES</b>	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				282,000	564,000
Restricted Funds	778,845,100	24,000,000	24,000,000	155,000,000	24,000,000
Federal Funds	1,029,189,900	649,997,000	650,014,400	649,997,000	650,014,400
Road Fund	308,418,200	306,314,700	334,224,100	326,243,000	335,940,100
Highway Bonds				112,000,000	300,000,000
<b>TOTAL EXPENDITURES</b>	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500
<b>EXPENDITURES BY UNIT</b>					
Bond Funded Construction	754,845,100			243,000,000	300,000,000
State Funded Construction	272,236,600	270,060,000	297,897,200	290,270,300	300,177,200
Federal Funded Construction	1,089,371,500	710,251,700	710,341,300	710,251,700	710,341,300
<b>TOTAL EXPENDITURES</b>	2,116,453,200	980,311,700	1,008,238,500	1,243,522,000	1,310,518,500

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008 and 2009 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, the 2008 General Assembly authorized \$231 million in GARVEE bonds for the Louisville Bridges project which is estimated to cost over \$4 billion. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

The American Recovery and Reinvestment Act of 2009 provided \$421.1 million in additional federal funds for use on federal-aid eligible highways. Unlike traditional federal highway funds, which the Commonwealth matches with toll credits, these funds required no state match and were programmed to support "shovel-ready" projects. Of the total award amount, only \$380.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local four Metropolitan Planning Organizations: Northern Kentucky, Henderson, Lexington and Louisville. The funds available to the Cabinet were split between transportation enhancement projects (\$12.6 million) and infrastructure investment projects (\$367.8 million). These additional funds were made available in the spring of 2009 and must be spent by September 30, 2015.

House Bill 4 during the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any Grant Anticipation Revenue Vehicle (GARVEE), funds appropriated by the state or federal government, and any other funds pledged for their purpose.

## **Policy**

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

The Executive Budget provides \$112,000,000 in new Economic Development Highway Bonds to support projects associated with the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. It is anticipated that the area will experience a significant increase in population that will require additional and improved transportation infrastructure. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service appropriation unit.

The Executive Budget provides \$300,000,000 in new Economic Development Highway Bonds to support projects included in the Biennial Highway Construction Plan. The debt service to support the bonds is appropriated in the Transportation Cabinet's Debt Service appropriation unit.

**Transportation  
Highways  
Maintenance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	-658,900				
Current Receipts	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
Non-Revenue Receipts	658,900				
<b>Total Restricted Fund</b>	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
<b>Road Fund</b>					
Regular Appropriation	333,212,500	348,614,900	358,147,600	342,200,700	352,592,300
Budget Reduction-Road Fund	-10,000,000				
<b>Total Road Fund</b>	323,212,500	348,614,900	358,147,600	342,200,700	352,592,300
<b>TOTAL SOURCE OF FUNDS</b>	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	147,022,400	161,675,000	171,207,700	159,874,500	163,341,000
Operating Expenses	177,049,000	182,449,000	182,449,000	181,049,000	187,049,000
Construction	3,184,400	7,183,800	7,183,800	3,970,100	4,895,200
<b>TOTAL EXPENDITURES</b>	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	4,043,300	2,692,900	2,692,900	2,692,900	2,692,900
Road Fund	323,212,500	348,614,900	358,147,600	342,200,700	352,592,300
<b>TOTAL EXPENDITURES</b>	327,255,800	351,307,800	360,840,500	344,893,600	355,285,200

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into the following categories:

The Roadway Preservation program maintains 14,783 miles of state primary highways and 12,799 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,582 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck

rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

**Policy**

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and therefore continues the practice of providing Road Fund support for maintenance materials, roadway safety and maintenance, ditching, roadway striping, signs, bridge materials, contract bridge repairs, traffic signals, and signal system operations. These efforts illustrate the Cabinet's emphasis on keeping the motoring public moving safely and efficiently over the roadways of Kentucky.

**Transportation  
Highways  
Engineering Administration**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	15,287,100	15,258,500	16,105,800	14,176,100	14,532,100
Budget Reduction-Road Fund	-2,126,000				
<b>Total Road Fund</b>	<b>13,161,100</b>	<b>15,258,500</b>	<b>16,105,800</b>	<b>14,176,100</b>	<b>14,532,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,161,100</b>	<b>15,258,500</b>	<b>16,105,800</b>	<b>14,176,100</b>	<b>14,532,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,873,400	11,998,600	12,845,900	11,395,900	11,751,900
Operating Expenses	2,773,600	2,752,100	2,752,100	1,934,900	1,934,900
Capital Outlay	300,000	300,000	300,000	300,000	300,000
Construction	214,100	207,800	207,800	545,300	545,300
<b>TOTAL EXPENDITURES</b>	<b>13,161,100</b>	<b>15,258,500</b>	<b>16,105,800</b>	<b>14,176,100</b>	<b>14,532,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	13,161,100	15,258,500	16,105,800	14,176,100	14,532,100
<b>TOTAL EXPENDITURES</b>	<b>13,161,100</b>	<b>15,258,500</b>	<b>16,105,800</b>	<b>14,176,100</b>	<b>14,532,100</b>

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

**Transportation  
Highways  
Planning**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Current Receipts	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
<b>Total Federal Fund</b>	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
<b>Road Fund</b>					
Regular Appropriation	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
<b>Total Road Fund</b>	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
<b>TOTAL SOURCE OF FUNDS</b>	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,414,000	12,761,700	13,137,000	12,725,000	13,080,300
Operating Expenses	1,957,200	1,957,200	1,957,200	1,957,200	1,957,200
Construction	2,134,300	1,828,600	1,476,700	1,828,600	1,476,700
<b>TOTAL EXPENDITURES</b>	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	13,001,500	13,001,500	13,001,500	13,001,500	13,001,500
Road Fund	3,504,000	3,546,000	3,569,400	3,509,300	3,512,700
<b>TOTAL EXPENDITURES</b>	16,505,500	16,547,500	16,570,900	16,510,800	16,514,200

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation  
Highways  
Highway Operations**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	27,267,000	27,744,600	29,484,200	26,258,000	26,883,500
Budget Reduction-Road Fund	-2,495,500				
<b>Total Road Fund</b>	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
<b>TOTAL SOURCE OF FUNDS</b>	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	22,026,600	25,021,900	26,761,500	24,465,900	25,091,400
Operating Expenses	2,698,400	2,676,200	2,676,200	1,745,600	1,745,600
Construction	46,500	46,500	46,500	46,500	46,500
<b>TOTAL EXPENDITURES</b>	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500
<b>TOTAL EXPENDITURES</b>	24,771,500	27,744,600	29,484,200	26,258,000	26,883,500

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

**Transportation  
Highways  
Equipment Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	9,636,600	2,864,200	2,864,200	2,864,200	2,864,200
Current Receipts	49,274,300	53,535,900	53,535,900	53,535,900	53,535,900
<b>Total Restricted Fund</b>	<b>58,910,900</b>	<b>56,400,100</b>	<b>56,400,100</b>	<b>56,400,100</b>	<b>56,400,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>58,910,900</b>	<b>56,400,100</b>	<b>56,400,100</b>	<b>56,400,100</b>	<b>56,400,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,945,500	12,456,300	13,368,500	12,254,600	12,608,100
Operating Expenses	17,780,200	16,700,000	15,851,700	16,700,000	15,851,700
Construction	27,321,000	24,379,600	24,315,700	24,581,300	25,076,100
<b>TOTAL EXPENDITURES</b>	<b>56,046,700</b>	<b>53,535,900</b>	<b>53,535,900</b>	<b>53,535,900</b>	<b>53,535,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	56,046,700	53,535,900	53,535,900	53,535,900	53,535,900
<b>TOTAL EXPENDITURES</b>	<b>56,046,700</b>	<b>53,535,900</b>	<b>53,535,900</b>	<b>53,535,900</b>	<b>53,535,900</b>

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

**Transportation  
Highways  
Highway Safety**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	7,800	7,800	7,800	7,800	7,800
Current Receipts	2,000	2,000	2,000	2,000	2,000
<b>Total Restricted Fund</b>	<b>9,800</b>	<b>9,800</b>	<b>9,800</b>	<b>9,800</b>	<b>9,800</b>
<b>Federal Fund</b>					
Current Receipts	9,966,500	5,966,500	5,966,500	5,966,500	5,966,500
<b>Total Federal Fund</b>	<b>9,966,500</b>	<b>5,966,500</b>	<b>5,966,500</b>	<b>5,966,500</b>	<b>5,966,500</b>
<b>Road Fund</b>					
Regular Appropriation	4,478,400	4,574,800	4,758,800	4,460,500	4,527,500
Budget Reduction-Road Fund	-120,000				
<b>Total Road Fund</b>	<b>4,358,400</b>	<b>4,574,800</b>	<b>4,758,800</b>	<b>4,460,500</b>	<b>4,527,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,334,700</b>	<b>10,551,100</b>	<b>10,735,100</b>	<b>10,436,800</b>	<b>10,503,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,801,100	4,086,600	4,337,200	4,029,600	4,123,700
Operating Expenses	2,452,100	2,444,600	2,444,600	2,330,300	2,303,200
Grants Loans Benefits	8,073,700	4,012,100	3,945,500	4,069,100	4,069,100
<b>TOTAL EXPENDITURES</b>	<b>14,326,900</b>	<b>10,543,300</b>	<b>10,727,300</b>	<b>10,429,000</b>	<b>10,496,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	2,000	2,000	2,000	2,000	2,000
Federal Fund	9,966,500	5,966,500	5,966,500	5,966,500	5,966,500
Road Fund	4,358,400	4,574,800	4,758,800	4,460,500	4,527,500
<b>TOTAL EXPENDITURES</b>	<b>14,326,900</b>	<b>10,543,300</b>	<b>10,727,300</b>	<b>10,429,000</b>	<b>10,496,000</b>

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

**Transportation  
Public Transportation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,178,200	4,884,000	4,884,000	4,448,600	4,448,600
Continuing Approp.-General Fund	131,600				
Budget Reduction-General Fund	-538,500				
Mandated Expenditure Reductions	-100,300				
<b>Total General Fund</b>	4,671,000	4,884,000	4,884,000	4,448,600	4,448,600
<b>Restricted Fund</b>					
Current Receipts	440,000	440,000	440,000	440,000	440,000
<b>Total Restricted Fund</b>	440,000	440,000	440,000	440,000	440,000
<b>Federal Fund</b>					
Current Receipts	44,546,000	44,546,000	44,546,000	44,546,000	44,546,000
ARRA Receipts	21,279,000				
<b>Total Federal Fund</b>	65,825,000	44,546,000	44,546,000	44,546,000	44,546,000
<b>TOTAL SOURCE OF FUNDS</b>	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,279,500	1,498,100	1,576,900	1,408,000	1,422,400
Operating Expenses	308,000	125,900	97,700	125,900	97,700
Grants Loans Benefits	69,348,500	48,246,000	48,195,400	47,900,700	47,914,500
<b>TOTAL EXPENDITURES</b>	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,671,000	4,884,000	4,884,000	4,448,600	4,448,600
Restricted Fund	440,000	440,000	440,000	440,000	440,000
Federal Fund	65,825,000	44,546,000	44,546,000	44,546,000	44,546,000
<b>TOTAL EXPENDITURES</b>	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600
<b>EXPENDITURES BY UNIT</b>					
Public Transportation	70,098,500	48,996,000	48,996,000	48,605,100	48,605,100
Multi-Modal Transportation	397,500	434,000	434,000	389,500	389,500
Human Services Delivery	440,000	440,000	440,000	440,000	440,000
<b>TOTAL EXPENDITURES</b>	70,936,000	49,870,000	49,870,000	49,434,600	49,434,600

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

The American Recovery and Reinvestment Act of 2009 provided \$51.5 million in additional federal funds for the Section 5307 Urban Transit and 5311 Rural Transit programs. Unlike traditional federal transit funds, these funds required no state match. Of that amount, only \$21.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local transit agencies. These additional funds were made available in the spring of 2009.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

**Policy**

The Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

The Executive Budget provides support for the Nonpublic School Transportation program in the amount of \$2,804,300 in fiscal year 2011 and \$2,804,300 in fiscal year 2012.

**Transportation  
Revenue Sharing**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	9,622,300				
<b>Total Restricted Fund</b>	<b>9,622,300</b>				
<b>Road Fund</b>					
Regular Appropriation	318,070,100	282,714,300	306,734,500	297,140,300	312,492,800
Other	-33,161,600				
<b>Total Road Fund</b>	<b>284,908,500</b>	<b>282,714,300</b>	<b>306,734,500</b>	<b>297,140,300</b>	<b>312,492,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>294,530,800</b>	<b>282,714,300</b>	<b>306,734,500</b>	<b>297,140,300</b>	<b>312,492,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,958,200	3,204,800	3,421,800	3,088,600	3,129,400
Operating Expenses	4,380,600	4,253,400	4,101,200	4,212,500	4,044,400
Grants Loans Benefits	165,877,700	164,881,600	178,907,000	172,681,600	182,053,000
Construction	121,314,300	110,374,500	120,304,500	117,157,600	123,266,000
<b>TOTAL EXPENDITURES</b>	<b>294,530,800</b>	<b>282,714,300</b>	<b>306,734,500</b>	<b>297,140,300</b>	<b>312,492,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	9,622,300				
Road Fund	284,908,500	282,714,300	306,734,500	297,140,300	312,492,800
<b>TOTAL EXPENDITURES</b>	<b>294,530,800</b>	<b>282,714,300</b>	<b>306,734,500</b>	<b>297,140,300</b>	<b>312,492,800</b>
<b>EXPENDITURES BY UNIT</b>					
County Road Aid	110,971,300	106,687,600	115,782,700	112,177,600	117,997,000
Rural Secondary	130,490,000	129,424,400	140,457,800	136,084,400	143,144,000
Municipal Aid	51,477,000	44,890,400	48,717,300	47,200,400	49,649,000
Energy Recovery	903,000	903,000	903,000	903,000	903,000
Rural and Municipal Aid	689,500	808,900	873,700	774,900	799,800
<b>TOTAL EXPENDITURES</b>	<b>294,530,800</b>	<b>282,714,300</b>	<b>306,734,500</b>	<b>297,140,300</b>	<b>312,492,800</b>

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 - 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles

of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

**Policy**

Pursuant to KRS 183.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax shall be excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

House Bill 374 during the 2009 Session of the General Assembly provided that the average wholesale price, upon which the motor fuels tax rate is calculated, shall not drop below one dollar and seventy-eight and six-tenths cents (\$1.786).

**Transportation  
Vehicle Regulation**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Fund</b>					
Balance Forward	6,489,900	4,855,200	5,812,900	3,402,200	4,277,500
Current Receipts	16,760,100	16,808,800	16,822,300	16,848,000	16,858,000
Non-Revenue Receipts	-75,100	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-9,810,000			-3,300,000	-3,300,000
<b>Total Restricted Fund</b>	13,364,900	21,589,000	22,560,200	16,875,200	17,760,500
<b>Federal Fund</b>					
Current Receipts	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
<b>Total Federal Fund</b>	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
<b>Road Fund</b>					
Regular Appropriation	27,277,100	24,809,800	25,808,900	23,128,600	23,450,700
Budget Reduction-Road Fund	-4,522,000				
<b>Total Road Fund</b>	22,755,100	24,809,800	25,808,900	23,128,600	23,450,700
<b>TOTAL SOURCE OF FUNDS</b>	45,291,700	47,448,800	49,419,100	41,053,800	42,261,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	20,497,100	15,406,900	16,390,500	14,541,800	14,889,200
Operating Expenses	15,206,900	15,834,100	15,862,600	15,089,600	15,090,200
Grants Loans Benefits	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Debt Service	2,085,000	3,144,900	3,145,400	3,144,900	3,145,400
Capital Outlay	100,500	3,250,000	3,300,000		
<b>TOTAL EXPENDITURES</b>	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Fund	9,962,700	15,776,100	15,839,600	12,597,700	12,624,100
Federal Fund	9,171,700	1,050,000	1,050,000	1,050,000	1,050,000
Road Fund	22,755,100	24,809,800	25,808,900	23,128,600	23,450,700
<b>TOTAL EXPENDITURES</b>	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800
<b>EXPENDITURES BY UNIT</b>					
Commissioner	2,485,000	955,500	1,013,200	918,400	939,900
Drivers Licensing	17,832,000	12,812,000	13,228,800	12,000,500	12,134,800
Motor Carriers	3,006,100	3,488,900	3,757,000	3,125,000	3,207,200
Motor Vehicle Licensing	17,643,200	23,405,700	23,674,500	19,766,300	19,850,400
Motor Vehicle Commission	923,200	973,800	1,025,000	966,100	992,500
<b>TOTAL EXPENDITURES</b>	41,889,500	41,635,900	42,698,500	36,776,300	37,124,800

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized

under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers. In accordance with KRS Chapter 281, the Division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations. Pursuant to KRS 177.9771, the Division of Motor Carriers administers the extended weight decal program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates. In 2007, KRS 186.040 was amended to add an additional \$3 to the registration fee which shall be distributed as follows: \$1 for AVIS replacement activities, \$1 for county clerk hardware and software improvement, and \$1 for a county clerk revenue supplement for collection and administration of Road Fund taxes.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

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# Statewide

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**Statewide  
Budget Reserve Trust Fund**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Recommended FY 2011</b>	<b>Recommended FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Continuing Approp.-General Fund	7,125,158				
Mandated Allotments	-7,125,158				
<b>Total General Fund</b>					
<b>TOTAL SOURCE OF FUNDS</b>					

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

**Policy**

The current balance of the Budget Reserve Trust Fund is \$0. The \$214,775,400 balance at the end of fiscal year 2008 was used through an appropriation that was a part of the fiscal year 2009 budget shortfall actions, and to pay for the first fiscal year 2010 necessary governmental expense.

The Executive Budget proposes to direct funds to the Budget Reserve Trust Fund through the General Fund Surplus Expenditure Plan.