

	<b>Labor</b>				
	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,749,100	4,878,500	4,829,700	4,649,500	4,744,100
State Salary and Compensation Allocation	118,600	229,200	327,600		
Budget Reduction-General Fund	-534,000				
Mandated Expenditure Reductions	-433,700	-204,700	-188,500		
<b>Total General Fund</b>	<b>4,900,000</b>	<b>4,903,000</b>	<b>4,968,800</b>	<b>4,649,500</b>	<b>4,744,100</b>
<b>Restricted Funds</b>					
Balance Forward	8,117,080	16,440,886	14,402,700	793,000	378,900
Current Receipts	109,532,660	97,169,879	93,166,700	107,533,500	109,000,300
Non-Revenue Receipts	93,121,550	92,385,031	92,667,700	101,338,400	102,277,600
Fund Transfers		-38,600	-69,100		
<b>Total Restricted Funds</b>	<b>210,771,291</b>	<b>205,957,196</b>	<b>200,168,000</b>	<b>209,664,900</b>	<b>211,656,800</b>
<b>Federal Funds</b>					
Balance Forward	15,616		2,600		
Current Receipts	4,035,760	3,711,693	3,708,500	4,047,100	4,260,500
Non-Revenue Receipts	-320,852	-204,813	-218,400	-254,700	-253,100
<b>Total Federal Funds</b>	<b>3,730,525</b>	<b>3,506,880</b>	<b>3,492,700</b>	<b>3,792,400</b>	<b>4,007,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>219,401,815</b>	<b>214,367,077</b>	<b>208,629,500</b>	<b>218,106,800</b>	<b>220,408,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	129,445,955	128,118,245	130,121,500	139,129,100	141,271,400
Operating Expenses	5,454,555	5,306,791	6,380,200	7,613,700	8,086,100
Grants Loans Benefits	67,356,292	66,398,055	70,604,200	70,604,200	70,604,200
Capital Outlay	604,499	60,846	470,900	380,900	412,200
<b>TOTAL EXPENDITURES</b>	<b>202,861,301</b>	<b>199,883,937</b>	<b>207,576,800</b>	<b>217,727,900</b>	<b>220,373,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,800,371	4,825,186	4,709,100	4,649,500	4,744,100
Restricted Funds	194,330,405	191,554,513	199,375,000	209,286,000	211,622,400
Federal Funds	3,730,525	3,504,238	3,492,700	3,792,400	4,007,400
<b>TOTAL EXPENDITURES</b>	<b>202,861,301</b>	<b>199,883,937</b>	<b>207,576,800</b>	<b>217,727,900</b>	<b>220,373,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,060,565	3,823,537	4,318,300	4,685,300	4,847,000
General Administration and Program Support	5,245,557	5,520,730	5,805,300	5,816,400	6,091,900
Workplace Standards	77,805,929	76,650,555	82,042,200	82,518,800	82,844,400
Workers' Claims	14,283,695	14,827,465	15,115,500	15,945,500	16,527,200
Occupational Safety and Health Review Commission	459,021	509,337	512,600	541,100	551,200
Workers' Compensation Funding Commission	101,006,534	98,552,313	99,782,900	108,220,800	109,512,200
<b>TOTAL EXPENDITURES</b>	<b>202,861,301</b>	<b>199,883,937</b>	<b>207,576,800</b>	<b>217,727,900</b>	<b>220,373,900</b>

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

	<b>Labor Secretary</b>				
	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	357,401	157,812	256,600		
Current Receipts	10,511	18,125	16,800	16,800	16,800
Non-Revenue Receipts	3,747,675	3,746,904	3,880,000	4,498,500	4,660,200
<b>Total Restricted Funds</b>	<b>4,115,587</b>	<b>3,922,841</b>	<b>4,153,400</b>	<b>4,515,300</b>	<b>4,677,000</b>
<b>Federal Funds</b>					
Balance Forward	15,616				
Current Receipts	116,451	178,896	189,600	194,700	194,700
Non-Revenue Receipts	-29,277	-21,619	-24,700	-24,700	-24,700
<b>Total Federal Funds</b>	<b>102,790</b>	<b>157,276</b>	<b>164,900</b>	<b>170,000</b>	<b>170,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,218,377</b>	<b>4,080,117</b>	<b>4,318,300</b>	<b>4,685,300</b>	<b>4,847,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,393,777	3,309,804	3,488,800	3,816,100	3,947,800
Operating Expenses	630,329	494,839	746,500	754,200	754,200
Capital Outlay	36,459	18,894	83,000	115,000	145,000
<b>TOTAL EXPENDITURES</b>	<b>4,060,565</b>	<b>3,823,537</b>	<b>4,318,300</b>	<b>4,685,300</b>	<b>4,847,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,957,775	3,666,260	4,153,400	4,515,300	4,677,000
Federal Funds	102,790	157,276	164,900	170,000	170,000
<b>TOTAL EXPENDITURES</b>	<b>4,060,565</b>	<b>3,823,537</b>	<b>4,318,300</b>	<b>4,685,300</b>	<b>4,847,000</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,060,565	3,823,537	4,318,300	4,685,300	4,847,000
<b>TOTAL EXPENDITURES</b>	<b>4,060,565</b>	<b>3,823,537</b>	<b>4,318,300</b>	<b>4,685,300</b>	<b>4,847,000</b>

The Secretary of Labor manages and administers the duties of the Cabinet.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

**Labor**  
**General Administration and Program Support**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,627,800	3,065,400	3,034,700	2,931,800	2,993,600
State Salary and Compensation Allocation	79,200	155,000	221,100		
Budget Reduction-General Fund	-347,100				
Mandated Expenditure Reductions	-338,300	-139,600	-125,100		
<b>Total General Fund</b>	<b>3,021,600</b>	<b>3,080,800</b>	<b>3,130,700</b>	<b>2,931,800</b>	<b>2,993,600</b>
<b>Restricted Funds</b>					
Balance Forward	245,768	522,596	707,900	509,700	378,900
Current Receipts	4,721	250,230			
Non-Revenue Receipts	2,432,685	2,354,415	2,647,700	2,686,800	2,686,800
Fund Transfers		-38,600	-69,100		
<b>Total Restricted Funds</b>	<b>2,683,174</b>	<b>3,088,641</b>	<b>3,286,500</b>	<b>3,196,500</b>	<b>3,065,700</b>
<b>Federal Funds</b>					
Current Receipts	65,263	64,979	69,500	69,500	69,500
Non-Revenue Receipts	-1,885	-5,764	-2,500	-2,500	-2,500
<b>Total Federal Funds</b>	<b>63,378</b>	<b>59,215</b>	<b>67,000</b>	<b>67,000</b>	<b>67,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,768,152</b>	<b>6,228,656</b>	<b>6,484,200</b>	<b>6,195,300</b>	<b>6,126,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,771,124	4,963,989	5,042,600	5,271,800	5,475,700
Operating Expenses	451,651	556,741	740,700	544,600	616,200
Capital Outlay	22,781		22,000		
<b>TOTAL EXPENDITURES</b>	<b>5,245,557</b>	<b>5,520,730</b>	<b>5,805,300</b>	<b>5,816,400</b>	<b>6,091,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,021,600	3,080,800	2,961,500	2,931,800	2,993,600
Restricted Funds	2,160,578	2,380,715	2,776,800	2,817,600	3,031,300
Federal Funds	63,378	59,215	67,000	67,000	67,000
<b>TOTAL EXPENDITURES</b>	<b>5,245,557</b>	<b>5,520,730</b>	<b>5,805,300</b>	<b>5,816,400</b>	<b>6,091,900</b>
<b>EXPENDITURES BY UNIT</b>					
Office of General Admin & Program Support Shared Services	4,566,327	4,766,021	5,045,600	5,035,500	5,262,400
Inspector General Shared Services	679,229	754,708	759,700	780,900	829,500
<b>TOTAL EXPENDITURES</b>	<b>5,245,557</b>	<b>5,520,730</b>	<b>5,805,300</b>	<b>5,816,400</b>	<b>6,091,900</b>

Attached to the Labor Cabinet for administrative purposes, General Administration and Program Support for Shared Services includes the Office of Administrative and Program Support for Shared Services and the Office of Inspector General for Shared Services. Both offices provide the Public Protection Cabinet, Labor Cabinet and Energy and Environment Cabinet agencies with the centralized administrative resources necessary to carry out their mission.

The Office of Administrative and Program Support for Shared Services serves as a central point of contact for fiscal, personnel, payroll, budget and operations for the three Cabinet's. The Division of Information Services within the Office of Administrative and Program Support for Shared Services is a central point of contact for information technology services for the Public Protection Cabinet and Energy and Environment Cabinet.

The Office of Inspector General for Shared Services is the lead investigative agency for the three Cabinets.

**Labor  
Workplace Standards**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,121,300	1,813,100	1,795,000	1,717,700	1,750,500
State Salary and Compensation Allocation	39,400	74,200	106,500		
Budget Reduction-General Fund	-186,900				
Mandated Expenditure Reductions	-95,400	-65,100	-63,400		
<b>Total General Fund</b>	<b>1,878,400</b>	<b>1,822,200</b>	<b>1,838,100</b>	<b>1,717,700</b>	<b>1,750,500</b>
<b>Restricted Funds</b>					
Balance Forward	4,367,675	5,556,865	4,526,900		
Current Receipts	1,733,507	1,273,462	1,140,700	1,140,700	1,140,700
Non-Revenue Receipts	71,918,485	69,315,019	71,366,200	76,105,000	76,182,800
<b>Total Restricted Funds</b>	<b>78,019,667</b>	<b>76,145,345</b>	<b>77,033,800</b>	<b>77,245,700</b>	<b>77,323,500</b>
<b>Federal Funds</b>					
Balance Forward			2,600		
Current Receipts	3,854,046	3,467,818	3,449,400	3,782,900	3,996,300
Non-Revenue Receipts	-289,690	-177,429	-191,200	-227,500	-225,900
<b>Total Federal Funds</b>	<b>3,564,356</b>	<b>3,290,389</b>	<b>3,260,800</b>	<b>3,555,400</b>	<b>3,770,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>83,462,423</b>	<b>81,257,934</b>	<b>82,132,700</b>	<b>82,518,800</b>	<b>82,844,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,267,382	8,484,274	9,039,200	9,675,400	9,895,600
Operating Expenses	1,723,739	1,726,273	2,177,600	2,073,300	2,077,400
Grants Loans Benefits	67,356,292	66,398,055	70,604,200	70,604,200	70,604,200
Capital Outlay	458,516	41,953	221,200	165,900	267,200
<b>TOTAL EXPENDITURES</b>	<b>77,805,929</b>	<b>76,650,555</b>	<b>82,042,200</b>	<b>82,518,800</b>	<b>82,844,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,778,771	1,744,386	1,747,600	1,717,700	1,750,500
Restricted Funds	72,462,802	71,618,422	77,033,800	77,245,700	77,323,500
Federal Funds	3,564,356	3,287,747	3,260,800	3,555,400	3,770,400
<b>TOTAL EXPENDITURES</b>	<b>77,805,929</b>	<b>76,650,555</b>	<b>82,042,200</b>	<b>82,518,800</b>	<b>82,844,400</b>
<b>EXPENDITURES BY UNIT</b>					
Employment Standards	1,780,783	1,770,825	1,846,200	1,717,700	1,750,500
Special Fund	67,897,274	66,799,959	71,200,000	71,240,600	71,270,400
Occupational Safety and Health	7,895,676	7,758,690	8,589,300	9,130,900	9,359,400
Commissioner's Office	232,196	321,081	406,700	429,600	464,100
<b>TOTAL EXPENDITURES</b>	<b>77,805,929</b>	<b>76,650,555</b>	<b>82,042,200</b>	<b>82,518,800</b>	<b>82,844,400</b>

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, 343, and 388.

The Department is comprised of the Division of Occupational Safety and Health Compliance; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training; and the Division of Workers' Compensation Funds.

The Division of Workers' Compensation Funds is responsible for the administration and legal representation of the Special Fund and Coal Workers' Pneumoconiosis Fund and the maintenance of records regarding the payment of workers' compensation injury claims by these funds.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are returned to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Employment Standards, Apprenticeship and Mediation is responsible for enforcing areas of Kentucky labor laws including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training and mediation.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Employment Standards, Apprenticeship and Mediation Services.

**Labor  
Workers' Claims**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	944,465		620,800		
Current Receipts	122,224	153,730	120,000		
Non-Revenue Receipts	13,217,006	15,294,494	14,374,700	15,945,500	16,527,200
<b>Total Restricted Funds</b>	<b>14,283,695</b>	<b>15,448,224</b>	<b>15,115,500</b>	<b>15,945,500</b>	<b>16,527,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,283,695</b>	<b>15,448,224</b>	<b>15,115,500</b>	<b>15,945,500</b>	<b>16,527,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	11,846,891	12,481,772	12,698,600	13,493,700	13,813,800
Operating Expenses	2,358,972	2,345,693	2,272,200	2,351,800	2,713,400
Capital Outlay	77,832		144,700	100,000	
<b>TOTAL EXPENDITURES</b>	<b>14,283,695</b>	<b>14,827,465</b>	<b>15,115,500</b>	<b>15,945,500</b>	<b>16,527,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	14,283,695	14,827,465	15,115,500	15,945,500	16,527,200
<b>TOTAL EXPENDITURES</b>	<b>14,283,695</b>	<b>14,827,465</b>	<b>15,115,500</b>	<b>15,945,500</b>	<b>16,527,200</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Claims	14,283,695	14,827,465	15,115,500	15,945,500	16,527,200
<b>TOTAL EXPENDITURES</b>	<b>14,283,695</b>	<b>14,827,465</b>	<b>15,115,500</b>	<b>15,945,500</b>	<b>16,527,200</b>

The Department of Workers' Claims operates under the authority of KRS Chapters 11, 342, and 336. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department has four divisions. The Division of Claims Processing processes injury claims. The Division of Information and Research collects, stores and retrieves data and disseminates information for the Department. The Division of Security and Compliance handles electronic filings for coverage, enforcement investigations and self-insurance issues. The Division of Ombudsman and Workers' Compensation Specialist Services provides services to employees, employers, insurance carriers, and medical providers.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

The Workers' Compensation Advisory Council and the Workers' Compensation Nominating Commission established by KRS Chapter 342 are attached to the Department for administrative purposes.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

**Labor**  
**Occupational Safety and Health Review Commission**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	57,553	104,592	115,300		
Current Receipts	59	80			
Non-Revenue Receipts	506,000	520,000	397,300	541,100	551,200
<b>Total Restricted Funds</b>	<b>563,613</b>	<b>624,672</b>	<b>512,600</b>	<b>541,100</b>	<b>551,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>563,613</b>	<b>624,672</b>	<b>512,600</b>	<b>541,100</b>	<b>551,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	420,565	469,313	468,000	496,000	506,100
Operating Expenses	38,456	40,024	44,600	45,100	45,100
<b>TOTAL EXPENDITURES</b>	<b>459,021</b>	<b>509,337</b>	<b>512,600</b>	<b>541,100</b>	<b>551,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	459,021	509,337	512,600	541,100	551,200
<b>TOTAL EXPENDITURES</b>	<b>459,021</b>	<b>509,337</b>	<b>512,600</b>	<b>541,100</b>	<b>551,200</b>
<b>EXPENDITURES BY UNIT</b>					
Occupational Safety and Health Review Commission	459,021	509,337	512,600	541,100	551,200
<b>TOTAL EXPENDITURES</b>	<b>459,021</b>	<b>509,337</b>	<b>512,600</b>	<b>541,100</b>	<b>551,200</b>

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

**Labor**  
**Workers' Compensation Funding Commission**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	2,144,218	10,099,021	8,175,200	283,300	
Current Receipts	107,661,638	95,474,253	91,889,200	106,376,000	107,842,800
Non-Revenue Receipts	1,299,700	1,154,200	1,800	1,561,500	1,669,400
<b>Total Restricted Funds</b>	<b>111,105,555</b>	<b>106,727,474</b>	<b>100,066,200</b>	<b>108,220,800</b>	<b>109,512,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>111,105,555</b>	<b>106,727,474</b>	<b>100,066,200</b>	<b>108,220,800</b>	<b>109,512,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	100,746,215	98,409,092	99,384,300	106,376,100	107,632,400
Operating Expenses	251,408	143,221	398,600	1,844,700	1,879,800
Capital Outlay	8,911				
<b>TOTAL EXPENDITURES</b>	<b>101,006,534</b>	<b>98,552,313</b>	<b>99,782,900</b>	<b>108,220,800</b>	<b>109,512,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	101,006,534	98,552,313	99,782,900	108,220,800	109,512,200
<b>TOTAL EXPENDITURES</b>	<b>101,006,534</b>	<b>98,552,313</b>	<b>99,782,900</b>	<b>108,220,800</b>	<b>109,512,200</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Funding Commission	1,690,478	1,523,997	1,705,000	1,717,500	1,825,400
Benefit Reserve	97,208,056	96,000,317	96,740,300	105,105,400	106,292,100
KCWP Fund	2,108,000	1,028,000	1,337,600	1,397,900	1,394,700
<b>TOTAL EXPENDITURES</b>	<b>101,006,534</b>	<b>98,552,313</b>	<b>99,782,900</b>	<b>108,220,800</b>	<b>109,512,200</b>

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. These funds are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Employment Standards, Apprenticeship and Mediation; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

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# Personnel

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	Personnel				
	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	31,642,900	36,740,900	59,740,900	3,457,800	5,557,800
State Salary and Compensation Allocation	-17,524,900	-35,000,000	-47,959,200		
Budget Reduction-General Fund	-12,248,000				
Mandated Expenditure Reductions	-93,600	-116,900	-4,390,200		
<b>Total General Fund</b>	<b>1,776,400</b>	<b>1,624,000</b>	<b>7,391,500</b>	<b>3,457,800</b>	<b>5,557,800</b>
<b>Restricted Funds</b>					
Balance Forward	16,295,995	20,052,242	16,683,800	13,426,300	7,329,000
Current Receipts	46,126,978	43,045,824	49,888,900	57,172,500	55,573,600
Non-Revenue Receipts	5,584,235	9,465,462	9,060,900	7,919,100	7,198,400
Fund Transfers		-752,800	-2,777,100	-6,990,100	-2,690,100
<b>Total Restricted Funds</b>	<b>68,007,208</b>	<b>71,810,728</b>	<b>72,856,500</b>	<b>71,527,800</b>	<b>67,410,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>69,783,608</b>	<b>73,434,728</b>	<b>80,248,000</b>	<b>74,985,600</b>	<b>72,968,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	43,224,160	49,180,103	58,746,000	60,918,500	62,631,800
Operating Expenses	4,706,363	5,838,717	6,395,500	5,470,100	5,260,600
Grants Loans Benefits	1,776,282	1,623,930	1,591,500	1,257,800	1,057,800
Capital Outlay	24,443	108,099	88,700	10,200	10,200
<b>TOTAL EXPENDITURES</b>	<b>49,731,248</b>	<b>56,750,849</b>	<b>66,821,700</b>	<b>67,656,600</b>	<b>68,960,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,776,282	1,623,930	7,391,500	3,457,800	5,557,800
Restricted Funds	47,954,966	55,126,918	59,430,200	64,198,800	63,402,600
<b>TOTAL EXPENDITURES</b>	<b>49,731,248</b>	<b>56,750,849</b>	<b>66,821,700</b>	<b>67,656,600</b>	<b>68,960,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Operations	19,917,120	26,024,421	31,466,900	29,645,300	26,818,800
Public Employees Deferred Compensation Authority	7,061,459	6,752,464	8,988,300	8,361,600	8,877,200
Workers' Compensation Benefits and Reserve	20,976,387	22,350,034	24,775,000	26,191,900	27,706,600
State Salary and Compensation Fund				2,200,000	4,500,000
State Group Health Insurance Fund	1,776,282	1,623,930	1,591,500	1,257,800	1,057,800
<b>TOTAL EXPENDITURES</b>	<b>49,731,248</b>	<b>56,750,849</b>	<b>66,821,700</b>	<b>67,656,600</b>	<b>68,960,400</b>

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

On April 1, 2011 the new Kentucky Human Resources Information System (KHRIS) went live and replaced the Commonwealth's 1982 Unified Personnel/Payroll System (UPPS).

Executive Order 2011-352, dated May 19, 2011, reorganized the Personnel Cabinet and its organizational structure.

**Personnel  
General Operations**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Other			5,800,000		
<b>Total General Fund</b>			5,800,000		
<b>Restricted Funds</b>					
Balance Forward	2,656,149	2,699,745	94,100	140,800	124,000
Current Receipts	14,265,405	14,524,447	19,217,900	24,269,500	22,275,600
Non-Revenue Receipts	5,695,311	9,585,462	9,185,900	8,049,100	7,333,400
Fund Transfers		-691,100	-2,690,200	-2,690,100	-2,690,100
<b>Total Restricted Funds</b>	22,616,865	26,118,554	25,807,700	29,769,300	27,042,900
<b>TOTAL SOURCE OF FUNDS</b>	22,616,865	26,118,554	31,607,700	29,769,300	27,042,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	15,701,996	20,548,019	25,507,900	24,664,500	22,052,600
Operating Expenses	4,195,971	5,385,778	5,883,600	4,972,300	4,757,700
Capital Outlay	19,154	90,624	75,400	8,500	8,500
<b>TOTAL EXPENDITURES</b>	19,917,120	26,024,421	31,466,900	29,645,300	26,818,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund			5,800,000		
Restricted Funds	19,917,120	26,024,421	25,666,900	29,645,300	26,818,800
<b>TOTAL EXPENDITURES</b>	19,917,120	26,024,421	31,466,900	29,645,300	26,818,800
<b>EXPENDITURES BY UNIT</b>					
General Administration	2,938,353	2,809,800	2,701,500	2,876,400	2,934,900
Governmental Service Center	1,182,316	978,201	863,400	895,300	914,900
Employee Relations	1,345,069	1,567,195	1,726,100	1,591,700	1,519,000
Employee Insurance	5,614,732	8,044,425	9,060,900	7,876,000	7,241,500
Personnel Administration	8,836,651	12,624,800	17,115,000	16,405,900	14,208,500
<b>TOTAL EXPENDITURES</b>	19,917,120	26,024,421	31,466,900	29,645,300	26,818,800

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, the Governmental Services Center, and the Center for Strategic Innovation.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; life insurance benefits for state employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility of maintaining the employee performance management system.

The Center for Strategic Innovation is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of three divisions: the Division of Employee Management, the Division of Career Opportunities, and the Division of Technology Services. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan. The Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are two divisions organized under the department: the Division of Insurance Administration and the Division of Financial and Data Services.

### **Policy**

Included in the above Restricted Fund appropriation is \$2,691,200 in fiscal year 2013 and \$2,691,600 in fiscal year 2014 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

**Personnel**  
**Public Employees Deferred Compensation Authority**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	6,280,775	5,628,396	5,177,900	3,798,100	3,774,500
Current Receipts	6,464,272	6,361,955	7,671,000	8,403,000	8,798,000
Non-Revenue Receipts	-55,192	-60,000	-62,500	-65,000	-67,500
<b>Total Restricted Funds</b>	<b>12,689,855</b>	<b>11,930,351</b>	<b>12,786,400</b>	<b>12,136,100</b>	<b>12,505,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,689,855</b>	<b>11,930,351</b>	<b>12,786,400</b>	<b>12,136,100</b>	<b>12,505,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,645,135	6,349,859	8,530,000	7,912,800	8,424,000
Operating Expenses	411,035	389,268	447,900	447,500	451,900
Capital Outlay	5,289	13,337	10,400	1,300	1,300
<b>TOTAL EXPENDITURES</b>	<b>7,061,459</b>	<b>6,752,464</b>	<b>8,988,300</b>	<b>8,361,600</b>	<b>8,877,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	7,061,459	6,752,464	8,988,300	8,361,600	8,877,200
<b>TOTAL EXPENDITURES</b>	<b>7,061,459</b>	<b>6,752,464</b>	<b>8,988,300</b>	<b>8,361,600</b>	<b>8,877,200</b>
<b>EXPENDITURES BY UNIT</b>					
Public Employees Deferred Compensation Authority	7,061,459	6,752,464	8,988,300	8,361,600	8,877,200
<b>TOTAL EXPENDITURES</b>	<b>7,061,459</b>	<b>6,752,464</b>	<b>8,988,300</b>	<b>8,361,600</b>	<b>8,877,200</b>

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

**Personnel**  
**Workers' Compensation Benefits and Reserve**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	7,359,071	11,724,102	11,411,800	9,487,400	3,430,500
Current Receipts	25,397,302	22,159,422	23,000,000	24,500,000	24,500,000
Non-Revenue Receipts	-55,884	-60,000	-62,500	-65,000	-67,500
Fund Transfers		-61,700	-86,900	-4,300,000	
<b>Total Restricted Funds</b>	<b>32,700,489</b>	<b>33,761,823</b>	<b>34,262,400</b>	<b>29,622,400</b>	<b>27,863,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>32,700,489</b>	<b>33,761,823</b>	<b>34,262,400</b>	<b>29,622,400</b>	<b>27,863,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	20,877,030	22,282,225	24,708,100	26,141,200	27,655,200
Operating Expenses	99,357	63,671	64,000	50,300	51,000
Capital Outlay		4,138	2,900	400	400
<b>TOTAL EXPENDITURES</b>	<b>20,976,387</b>	<b>22,350,034</b>	<b>24,775,000</b>	<b>26,191,900</b>	<b>27,706,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	20,976,387	22,350,034	24,775,000	26,191,900	27,706,600
<b>TOTAL EXPENDITURES</b>	<b>20,976,387</b>	<b>22,350,034</b>	<b>24,775,000</b>	<b>26,191,900</b>	<b>27,706,600</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Benefits and Reserve	20,976,387	22,350,034	24,775,000	26,191,900	27,706,600
<b>TOTAL EXPENDITURES</b>	<b>20,976,387</b>	<b>22,350,034</b>	<b>24,775,000</b>	<b>26,191,900</b>	<b>27,706,600</b>

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

**Personnel**  
**State Salary and Compensation Fund**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	29,562,200	35,000,000	58,000,000	2,200,000	4,500,000
State Salary and Compensation Allocation	-17,524,900	-35,000,000	-47,959,200		
Budget Reduction-General Fund	-12,037,300				
Mandated Expenditure Reductions			-4,240,800		
Other			-5,800,000		
<b>Total General Fund</b>				2,200,000	4,500,000
<b>TOTAL SOURCE OF FUNDS</b>				2,200,000	4,500,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost				2,200,000	4,500,000
<b>TOTAL EXPENDITURES</b>				2,200,000	4,500,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				2,200,000	4,500,000
<b>TOTAL EXPENDITURES</b>				2,200,000	4,500,000
<b>EXPENDITURES BY UNIT</b>					
State Salary Compensation Fund				2,200,000	4,500,000
<b>TOTAL EXPENDITURES</b>				2,200,000	4,500,000

The State Salary and Compensation Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees.

**Policy**

Included in the General Fund appropriation is \$2,200,000 in fiscal year 2013 and \$4,500,000 in fiscal year 2014 to support the General Fund share of a two percent increase each plan year in the health insurance program.

**Personnel**  
**State Group Health Insurance Fund**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,080,700	1,740,900	1,740,900	1,257,800	1,057,800
Budget Reduction-General Fund	-210,700				
Mandated Expenditure Reductions	-93,600	-116,900	-149,400		
<b>Total General Fund</b>	<b>1,776,400</b>	<b>1,624,000</b>	<b>1,591,500</b>	<b>1,257,800</b>	<b>1,057,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,776,400</b>	<b>1,624,000</b>	<b>1,591,500</b>	<b>1,257,800</b>	<b>1,057,800</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	1,776,282	1,623,930	1,591,500	1,257,800	1,057,800
<b>TOTAL EXPENDITURES</b>	<b>1,776,282</b>	<b>1,623,930</b>	<b>1,591,500</b>	<b>1,257,800</b>	<b>1,057,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,776,282	1,623,930	1,591,500	1,257,800	1,057,800
<b>TOTAL EXPENDITURES</b>	<b>1,776,282</b>	<b>1,623,930</b>	<b>1,591,500</b>	<b>1,257,800</b>	<b>1,057,800</b>
<b>EXPENDITURES BY UNIT</b>					
State Group Health Insurance Fund	1,776,282	1,623,930	1,591,500	1,257,800	1,057,800
<b>TOTAL EXPENDITURES</b>	<b>1,776,282</b>	<b>1,623,930</b>	<b>1,591,500</b>	<b>1,257,800</b>	<b>1,057,800</b>

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the Kentucky Employees' Health Plan.

**Policy**

The Budget of the Commonwealth provides General Fund support of \$1,257,800 in fiscal year 2013 and \$1,057,800 in fiscal year 2014 of the biennium to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

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# Postsecondary Education

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**Postsecondary Education**

	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,321,387,100	1,206,885,600	1,245,875,600	1,171,620,700	1,175,796,000
State Salary and Compensation Allocation	186,700	149,200	215,200		
Special Appropriation		18,943,800	-18,943,800		
Continuing Approp.-General Fund	4,251,375	2,783,925	7,841,200	794,300	
Budget Reduction-General Fund	-110,014,000				
Mandated Expenditure Reductions	-1,369,000	-1,024,600	-1,829,700		
<b>Total General Fund</b>	<b>1,214,442,175</b>	<b>1,227,737,925</b>	<b>1,233,158,500</b>	<b>1,172,415,000</b>	<b>1,175,796,000</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	6,930,600	6,417,100	5,987,600	5,047,800	4,887,800
Continuing Approp.-Tobacco Settlement	140,567	3,218	200		
Budget Reduction-General Fund Tobacco	-753,274	-594,625	-250,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>6,317,893</b>	<b>5,825,693</b>	<b>5,737,800</b>	<b>5,047,800</b>	<b>4,887,800</b>
<b>Restricted Funds</b>					
Balance Forward	2,959,741	3,191,259	8,732,800	1,819,100	1,214,200
Current Receipts	3,140,271,719	3,277,056,784	4,106,096,100	4,510,118,300	4,683,636,800
Non-Revenue Receipts	15,466,717	10,386,241	11,698,100	15,333,800	15,963,400
Fund Transfers		-207,316	-405,400	-7,550,000	-7,550,000
<b>Total Restricted Funds</b>	<b>3,158,698,177</b>	<b>3,290,426,969</b>	<b>4,126,121,600</b>	<b>4,519,721,200</b>	<b>4,693,264,400</b>
<b>Federal Funds</b>					
Balance Forward	1,825	2,000			
Current Receipts	797,794,618	889,921,506	924,252,500	954,832,500	992,644,300
Non-Revenue Receipts	4,747	149,020			
ARRA Receipts	455,600	322,600	5,000		
SFSF Receipts	70,000,000	57,272,700			
<b>Total Federal Funds</b>	<b>868,256,791</b>	<b>947,667,826</b>	<b>924,257,500</b>	<b>954,832,500</b>	<b>992,644,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,247,715,036</b>	<b>5,471,658,413</b>	<b>6,289,275,400</b>	<b>6,652,016,500</b>	<b>6,866,592,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,909,055,191	3,027,811,391	2,902,489,500	3,085,741,900	3,176,111,000
Operating Expenses	1,264,247,974	1,272,938,392	2,029,923,200	2,173,858,700	2,262,048,100
Grants Loans Benefits	784,762,911	823,093,098	1,019,217,200	1,053,936,900	1,083,441,600
Debt Service	112,995,244	120,632,188	136,190,700	133,462,700	133,838,400
Capital Outlay	169,188,896	210,609,093	198,551,900	203,802,100	209,978,000
<b>TOTAL EXPENDITURES</b>	<b>5,240,250,216</b>	<b>5,455,084,163</b>	<b>6,286,372,500</b>	<b>6,650,802,300</b>	<b>6,865,417,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,210,173,833	1,219,896,767	1,232,074,700	1,172,415,000	1,175,796,000
Tobacco Settlement - Phase I	6,314,675	5,825,478	5,737,800	5,047,800	4,887,800
Restricted Funds	3,155,506,918	3,281,694,092	4,124,302,500	4,518,507,000	4,692,089,000
Federal Funds	868,254,791	947,667,826	924,257,500	954,832,500	992,644,300
<b>TOTAL EXPENDITURES</b>	<b>5,240,250,216</b>	<b>5,455,084,163</b>	<b>6,286,372,500</b>	<b>6,650,802,300</b>	<b>6,865,417,100</b>
<b>EXPENDITURES BY UNIT</b>					
Council on Postsecondary Education	73,628,103	67,754,834	79,791,600	72,307,900	72,233,600
Kentucky Higher Education Assistance Authority	219,002,213	214,864,129	222,393,500	221,551,300	222,362,900
Postsecondary Education Institutions	4,947,619,900	5,172,465,200	5,984,187,400	6,356,943,100	6,570,820,600
<b>TOTAL EXPENDITURES</b>	<b>5,240,250,216</b>	<b>5,455,084,163</b>	<b>6,286,372,500</b>	<b>6,650,802,300</b>	<b>6,865,417,100</b>

**Postsecondary Education  
Council on Postsecondary Education**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	57,538,500	51,675,900	48,627,700	43,710,600	43,933,000
State Salary and Compensation Allocation	186,700	149,200	215,200		
Continuing Approp.-General Fund			3,772,400		
Budget Reduction-General Fund	-6,488,500				
Mandated Expenditure Reductions	-1,369,000	-1,024,600	-1,829,700		
<b>Total General Fund</b>	49,867,700	50,800,500	50,785,600	43,710,600	43,933,000
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-753,274	-533,300	-250,000		
<b>Total Tobacco Settlement - Phase I</b>	4,927,326	4,633,800	4,487,600	4,247,800	4,187,800
<b>Restricted Funds</b>					
Balance Forward	138,539	197,663	886,200	201,800	35,500
Current Receipts	1,512,229	2,468,093	1,829,900	1,986,500	1,986,500
Non-Revenue Receipts	5,116,937	4,535,366	4,200,000	4,200,000	4,100,000
Fund Transfers		-131,200	-258,400		
<b>Total Restricted Funds</b>	6,767,705	7,069,921	6,657,700	6,388,300	6,122,000
<b>Federal Funds</b>					
Balance Forward	550				
Current Receipts	12,257,754	9,792,139	18,352,000	17,996,700	17,993,800
Non-Revenue Receipts	4,747	117,094			
<b>Total Federal Funds</b>	12,263,051	9,909,234	18,352,000	17,996,700	17,993,800
<b>TOTAL SOURCE OF FUNDS</b>	73,825,782	72,413,454	80,282,900	72,343,400	72,236,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,682,932	10,569,397	11,189,900	11,012,700	11,013,500
Operating Expenses	1,959,072	2,343,901	2,810,900	2,607,400	2,576,500
Grants Loans Benefits	60,946,782	54,761,735	65,750,800	58,647,800	58,603,600
Capital Outlay	39,317	79,801	40,000	40,000	40,000
<b>TOTAL EXPENDITURES</b>	73,628,103	67,754,834	79,791,600	72,307,900	72,233,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	49,867,683	47,028,112	50,496,100	43,710,600	43,933,000
Tobacco Settlement - Phase I	4,927,326	4,633,800	4,487,600	4,247,800	4,187,800
Restricted Funds	6,570,042	6,183,688	6,455,900	6,352,800	6,119,000
Federal Funds	12,263,051	9,909,234	18,352,000	17,996,700	17,993,800
<b>TOTAL EXPENDITURES</b>	73,628,103	67,754,834	79,791,600	72,307,900	72,233,600
<b>EXPENDITURES BY UNIT</b>					
Agency Operations	8,509,017	7,907,079	7,853,200	7,361,400	7,298,000
Pass Through Programs	10,481,542	9,883,132	10,006,500	9,995,900	10,047,900
Federal Programs	4,422,176	3,855,172	6,030,000	5,674,700	5,671,800
Strategic Investment and Incentive Funding Program	50,215,368	46,109,452	55,901,900	49,275,900	49,215,900
<b>TOTAL EXPENDITURES</b>	73,628,103	67,754,834	79,791,600	72,307,900	72,233,600

The Council on Postsecondary Education co-ordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council licenses private non-profit and proprietary degree-granting institutions and operates Kentucky's adult education system, bringing all of Kentucky's postsecondary and adult education providers under a single authority.

In KRS 164.003(2) are six goals for the state's postsecondary education system:

- 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's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary and adult education;
- administration of the statewide adult education and literacy program; and
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,740,400	7,741,700	7,664,300	6,718,600	6,789,000
State Salary and Compensation Allocation	186,700	149,200	215,200		
Budget Reduction-General Fund	-396,500				
Mandated Expenditure Reductions	-235,600	-386,900	-402,300		
Other	-95,100	400			
<b>Total General Fund</b>	<b>8,199,900</b>	<b>7,504,400</b>	<b>7,477,200</b>	<b>6,718,600</b>	<b>6,789,000</b>
<b>Restricted Funds</b>					
Balance Forward	16,741	128,172	488,500	201,800	34,000
Current Receipts	420,538	824,792	475,000	475,000	475,000
Non-Revenue Receipts	10				
Fund Transfers		-61,711	-96,200		
<b>Total Restricted Funds</b>	<b>437,289</b>	<b>891,252</b>	<b>867,300</b>	<b>676,800</b>	<b>509,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,637,189</b>	<b>8,395,652</b>	<b>8,344,500</b>	<b>7,395,400</b>	<b>7,298,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,038,629	6,635,254	6,495,600	6,189,900	6,157,400
Operating Expenses	1,288,389	1,261,824	1,357,600	1,171,500	1,140,600
Grants Loans Benefits	182,000				
Capital Outlay		10,000			
<b>TOTAL EXPENDITURES</b>	<b>8,509,017</b>	<b>7,907,079</b>	<b>7,853,200</b>	<b>7,361,400</b>	<b>7,298,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,199,900	7,504,400	7,187,700	6,718,600	6,789,000
Restricted Funds	309,117	402,679	665,500	642,800	509,000
<b>TOTAL EXPENDITURES</b>	<b>8,509,017</b>	<b>7,907,079</b>	<b>7,853,200</b>	<b>7,361,400</b>	<b>7,298,000</b>

Agency Operations include all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, adult education, technology resources and on-line learning; funding for science and technology initiatives; minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

**Policy**

Funding is provided in fiscal year 2014 for an Adult Learner Degree Attainment Initiative. The Council on Postsecondary Education, in consultation with the Kentucky Community and Technical College System, will request proposals for one or two four-year public postsecondary institutions to become lead institutions in the initiative to develop and improve educational opportunities for adult learners. The purpose is to increase bachelor's degree completion.

The budget bill suspends KRS 164.013(6), so that the salary of the President of the Council on Postsecondary Education is not increased during the biennium.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,428,500	5,553,500	5,718,400	5,785,900	5,937,900
Budget Reduction-General Fund	-83,000				
Mandated Expenditure Reductions	-90,700	-14,800	-33,000		
Other	95,100	-400			
<b>Total General Fund</b>	5,349,900	5,538,300	5,685,400	5,785,900	5,937,900
<b>Restricted Funds</b>					
Balance Forward	151		197,200		
Current Receipts	14,581	6,640	10,000	10,000	10,000
Non-Revenue Receipts	5,116,927	4,535,366	4,200,000	4,200,000	4,100,000
Fund Transfers			-86,100		
<b>Total Restricted Funds</b>	5,131,659	4,542,006	4,321,100	4,210,000	4,110,000
<b>TOTAL SOURCE OF FUNDS</b>	10,481,559	10,080,306	10,006,500	9,995,900	10,047,900
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	15,235	4,496	5,000		
Grants Loans Benefits	10,466,306	9,878,636	10,001,500	9,995,900	10,047,900
<b>TOTAL EXPENDITURES</b>	10,481,542	9,883,132	10,006,500	9,995,900	10,047,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,349,883	5,538,300	5,685,400	5,785,900	5,937,900
Restricted Funds	5,131,659	4,344,832	4,321,100	4,210,000	4,110,000
<b>TOTAL EXPENDITURES</b>	10,481,542	9,883,132	10,006,500	9,995,900	10,047,900
<b>EXPENDITURES BY UNIT</b>					
Contract Spaces	4,479,884	4,713,300	4,886,700	5,049,600	5,201,600
Professional Education Preparation Program	322,600	299,900	290,200	267,500	267,500
Minority Student College Prep Program	330,801	209,500	202,700	186,900	186,900
State Autism Training Center	161,000	149,700	144,900	133,600	133,600
SREB Doctoral Scholars Program	275,649	80,900	78,300	72,200	72,200
Pass Through - Other	124,000	85,000	82,600	76,100	76,100
Cancer Research Insts Mtchg Fd	4,787,608	4,344,832	4,321,100	4,210,000	4,110,000
<b>TOTAL EXPENDITURES</b>	10,481,542	9,883,132	10,006,500	9,995,900	10,047,900

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations.

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

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions – UK and U of L - provide a dollar for dollar match from external sources.

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

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

The **Southern Regional Education Board Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states. Kentucky has 35 students currently in the program, 20 at U of L and 15 at UK. Of the 60 students who have already graduated, 23 are currently employed in Kentucky.

The **Washington Internship Program** provides scholarships for students who spend a semester in Washington, DC in work-study programs in international relations, journalism, law, medicine, public relations, business, the arts, science and technology, education or counseling.

### **Policy**

The Budget of the Commonwealth includes General Fund of \$5,049,600 in fiscal year 2013 and \$5,201,600 in fiscal year 2014 for the Contract Spaces program. This provides 164 veterinary slots and 44 optometry slots for Kentuckians at out-of-state institutions.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	4,415,541	3,856,720	6,030,000	5,674,700	5,671,800
Non-Revenue Receipts	6,635	-1,548			
<b>Total Federal Funds</b>	<b>4,422,176</b>	<b>3,855,172</b>	<b>6,030,000</b>	<b>5,674,700</b>	<b>5,671,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,422,176</b>	<b>3,855,172</b>	<b>6,030,000</b>	<b>5,674,700</b>	<b>5,671,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	915,120	894,475	1,663,600	1,798,300	1,831,600
Operating Expenses	401,690	124,791	126,000	126,000	126,000
Grants Loans Benefits	3,105,365	2,815,906	4,240,400	3,750,400	3,714,200
Capital Outlay		20,000			
<b>TOTAL EXPENDITURES</b>	<b>4,422,176</b>	<b>3,855,172</b>	<b>6,030,000</b>	<b>5,674,700</b>	<b>5,671,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	4,422,176	3,855,172	6,030,000	5,674,700	5,671,800
<b>TOTAL EXPENDITURES</b>	<b>4,422,176</b>	<b>3,855,172</b>	<b>6,030,000</b>	<b>5,674,700</b>	<b>5,671,800</b>

The Council on Postsecondary Education administers two federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

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

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

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	43,369,600	38,380,700	35,245,000	31,206,100	31,206,100
Continuing Approp.-General Fund			3,772,400		
Budget Reduction-General Fund	-6,009,000				
Mandated Expenditure Reductions	-1,042,700	-622,900	-1,394,400		
<b>Total General Fund</b>	36,317,900	37,757,800	37,623,000	31,206,100	31,206,100
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	5,680,600	5,167,100	4,737,600	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-753,274	-533,300	-250,000		
<b>Total Tobacco Settlement - Phase I</b>	4,927,326	4,633,800	4,487,600	4,247,800	4,187,800
<b>Restricted Funds</b>					
Balance Forward	121,647	69,490	200,500		1,500
Current Receipts	1,077,110	1,636,661	1,344,900	1,501,500	1,501,500
Fund Transfers		-69,489	-76,100		
<b>Total Restricted Funds</b>	1,198,757	1,636,663	1,469,300	1,501,500	1,503,000
<b>Federal Funds</b>					
Balance Forward	550				
Current Receipts	7,842,213	5,935,419	12,322,000	12,322,000	12,322,000
Non-Revenue Receipts	-1,887	118,643			
<b>Total Federal Funds</b>	7,840,876	6,054,062	12,322,000	12,322,000	12,322,000
<b>TOTAL SOURCE OF FUNDS</b>	50,284,859	50,082,324	55,901,900	49,277,400	49,218,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,729,183	3,039,668	3,030,700	3,024,500	3,024,500
Operating Expenses	253,758	952,790	1,322,300	1,309,900	1,309,900
Grants Loans Benefits	47,193,111	42,067,192	51,508,900	44,901,500	44,841,500
Capital Outlay	39,317	49,801	40,000	40,000	40,000
<b>TOTAL EXPENDITURES</b>	50,215,368	46,109,452	55,901,900	49,275,900	49,215,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,317,900	33,985,412	37,623,000	31,206,100	31,206,100
Tobacco Settlement - Phase I	4,927,326	4,633,800	4,487,600	4,247,800	4,187,800
Restricted Funds	1,129,267	1,436,178	1,469,300	1,500,000	1,500,000
Federal Funds	7,840,876	6,054,062	12,322,000	12,322,000	12,322,000
<b>TOTAL EXPENDITURES</b>	50,215,368	46,109,452	55,901,900	49,275,900	49,215,900
<b>EXPENDITURES BY UNIT</b>					
Research Challenge Trust Fund	4,927,326	4,633,800	4,487,600	4,247,800	4,187,800
Technology Initiative Trust Fund	6,422,331	6,377,864	6,163,900	5,829,300	5,829,300
Physical Facilities Trust Fund					
Adult Education and Literacy Funding Program	30,548,312	24,103,088	37,300,800	31,870,600	31,870,600
Science and Technology Funding Program	6,956,900	6,467,500	6,258,900	5,769,700	5,769,700
Special Initiatives Funding Program		4,527,200	1,690,700	1,558,500	1,558,500
<b>TOTAL EXPENDITURES</b>	48,854,868	46,109,452	55,901,900	49,275,900	49,215,900

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Research Challenge Trust Fund and the Technology Initiative Trust Fund, as well as three programs established by the Council through the budget process: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

### **Adult Education and Literacy Funding Program**

Adult Education and Literacy aims to improve the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations. Every Kentucky county has a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. By statute, funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

### **Research Challenge Trust Fund**

Tobacco Settlement – Phase I funds support competitive grants to researchers at the Brown Cancer Center at U of L and the Markey Cancer at UK. Funds are granted by the lung cancer research governance board established in KRS 164.476 to fund research into the causes, detection and treatment of lung cancer.

### **Science and Technology Funding Program**

The Science and Technology Funding program supports the initiatives established by the Kentucky Innovation Act in KRS 164.6011 through 164.6043. The **Research and Development Voucher** program assists small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth. The **Commercialization Fund** provides development funds for promising technologies developed at the universities in the Commonwealth. The **Rural Innovation** program 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, leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, modeled on the National Science Foundation, makes investments in peer-reviewed science and engineering research. The **Knowledge-Based Economy Academic Program** supports postsecondary education programs in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

### **Special Initiatives Funding Program**

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 in the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

### **Technology Initiative Trust Fund**

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

### **Policy**

The budget bill suspends KRS 45.229, so that any unexpended funds from the General Fund for the Adult Education and Science and Technology funding programs do not lapse.

The budget bill suspends KRS 164.476(1), so that \$775,000 in each fiscal year from Tobacco Settlement funds are allocated to the Ovarian Cancer Screening Outreach Program at the University of Kentucky from the Lung Cancer Research Trust fund.

**Postsecondary Education**  
**Kentucky Higher Education Assistance Authority**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	183,809,000	189,937,000	190,517,100	189,494,000	190,288,300
Continuing Approp.-General Fund	4,251,375	2,783,925	4,068,800	794,300	
<b>Total General Fund</b>	188,060,375	192,720,925	194,585,900	190,288,300	190,288,300
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	1,000,000	1,000,000	1,000,000	800,000	700,000
Continuing Approp.-Tobacco Settlement	140,567	3,218	200		
<b>Total Tobacco Settlement - Phase I</b>	1,140,567	1,003,218	1,000,200	800,000	700,000
<b>Restricted Funds</b>					
Balance Forward	2,821,202	2,993,597	7,846,600	1,617,300	1,178,700
Current Receipts	19,984,890	21,121,591	11,672,300	17,075,300	17,689,300
Non-Revenue Receipts	10,349,780	5,850,875	7,498,100	11,133,800	11,863,400
Fund Transfers		-76,116	-147,000	-200,000	-200,000
<b>Total Restricted Funds</b>	33,155,872	29,889,948	26,870,000	29,626,400	30,531,400
<b>Federal Funds</b>					
Balance Forward	1,275	2,000			
Current Receipts	2,426,865	3,131,767	2,349,000	2,015,300	2,015,600
Non-Revenue Receipts		31,926			
<b>Total Federal Funds</b>	2,428,140	3,165,692	2,349,000	2,015,300	2,015,600
<b>TOTAL SOURCE OF FUNDS</b>	224,784,954	226,779,783	224,805,100	222,730,000	223,535,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	15,593,959	13,545,694	15,492,900	15,445,400	15,640,800
Operating Expenses	2,508,002	2,143,791	2,143,800	2,147,600	2,147,600
Grants Loans Benefits	199,946,729	197,856,964	203,439,100	202,640,600	203,256,800
Debt Service	742,644	744,688	744,700	744,700	744,700
Capital Outlay	210,880	572,992	573,000	573,000	573,000
<b>TOTAL EXPENDITURES</b>	219,002,213	214,864,129	222,393,500	221,551,300	222,362,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	185,276,450	188,652,154	193,791,600	190,288,300	190,288,300
Tobacco Settlement - Phase I	1,137,349	1,002,978	1,000,200	800,000	700,000
Restricted Funds	30,162,275	22,043,304	25,252,700	28,447,700	29,359,000
Federal Funds	2,426,140	3,165,692	2,349,000	2,015,300	2,015,600
<b>TOTAL EXPENDITURES</b>	219,002,213	214,864,129	222,393,500	221,551,300	222,362,900
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	18,582,698	16,516,491	18,486,000	18,460,700	18,656,100
College Access Program	63,333,764	59,567,348	60,586,200	58,861,500	58,861,500
Work Study Program	624,129	532,129	660,600	600,000	600,000
Kentucky Tuition Grant	32,419,998	32,313,514	32,479,300	31,752,100	31,752,100
Teacher Scholarships	1,936,034	2,184,029	2,065,000	1,872,800	1,802,800
Ky National Guard Tuition	4,580,621	4,715,229	4,936,000	4,898,100	4,898,100
Osteopathic Medicine Scholarship	854,400	901,800	872,500	872,500	872,500
Ky Educational Excellence Scholarships	93,845,459	95,373,311	98,215,300	101,673,700	102,473,300
Early Childhood Development Scholarships	1,261,916	1,163,232	1,225,100	866,800	753,400
Kentucky's Affordable Prepaid Tuition (KAPT)	472,786	475,667	468,400	450,000	450,000
Pharmacy Scholarship Program			1,000,000		
Other Programs	1,090,407	1,121,379	1,399,100	1,243,100	1,243,100
<b>TOTAL EXPENDITURES</b>	219,002,213	214,864,129	222,393,500	221,551,300	222,362,900

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

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

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

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

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

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

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

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship, or repay their tuition grants.

The Coal County Pharmacy Scholarship Program provides tuition equalization awards to eligible students at Kentucky colleges who agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship, or repay their tuition grants.

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

The Mary Jo Young Scholarship Fund provides assistance to low-income high school students taking Advance Placement and dual enrollment classes. The program is supported by earnings from audit activities under the Federal Student Aid program.

The Drive the Dream Scholarship, funded with restricted funds, provides assistance to low-income high schools students who participate in the Council on Postsecondary Education's GEAR UP program.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

## **Policy**

Included in the Budget of the Commonwealth is \$58,861,500 in each fiscal year for the College Access Program (CAP).

Included in the Budget of the Commonwealth is \$31,752,100 in each fiscal year for the Kentucky Tuition Grant program (KTG).

The KEES program funding is \$101,673,700 in fiscal year 2013 and \$102,473,300 in fiscal year 2014.

Included in the Budget of the Commonwealth for the Teacher Scholarship Program is \$1,872,800 in fiscal year 2013 and \$1,802,800 in fiscal year 2014.

The Budget of the Commonwealth includes \$4,898,100 in each fiscal year for the National Guard Tuition Assistance program.

Included in the above General Fund appropriation for the Osteopathic Medicine Scholarship Program is \$872,500 in each fiscal year from coal severance tax revenues.

The Early Childhood Development Scholarship program is funded with \$866,800 in fiscal year 2013 and \$753,400 in fiscal year 2014 from Tobacco Settlement funds and other resources.

The Budget of the Commonwealth provides \$600,000 in each fiscal year for the Work Study program.

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

	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,080,039,600	965,272,700	1,006,730,800	938,416,100	941,574,700
Special Appropriation		18,943,800	-18,943,800		
Budget Reduction-General Fund	-103,525,500				
<b>Total General Fund</b>	976,514,100	984,216,500	987,787,000	938,416,100	941,574,700
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Budget Reduction-General Fund Tobacco		-61,325			
<b>Total Tobacco Settlement - Phase I</b>	250,000	188,675	250,000		
<b>Restricted Funds</b>					
Current Receipts	3,118,774,600	3,253,467,100	4,092,593,900	4,491,056,500	4,663,961,000
Fund Transfers				-7,350,000	-7,350,000
<b>Total Restricted Funds</b>	3,118,774,600	3,253,467,100	4,092,593,900	4,483,706,500	4,656,611,000
<b>Federal Funds</b>					
Current Receipts	783,110,000	876,997,600	903,551,500	934,820,500	972,634,900
ARRA Receipts	455,600	322,600	5,000		
SFSF Receipts	70,000,000	57,272,700			
<b>Total Federal Funds</b>	853,565,600	934,592,900	903,556,500	934,820,500	972,634,900
<b>TOTAL SOURCE OF FUNDS</b>	4,949,104,300	5,172,465,175	5,984,187,400	6,356,943,100	6,570,820,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,882,778,300	3,003,696,300	2,875,806,700	3,059,283,800	3,149,456,700
Operating Expenses	1,259,780,900	1,268,450,700	2,024,968,500	2,169,103,700	2,257,324,000
Grants Loans Benefits	523,869,400	570,474,400	750,027,300	792,648,500	821,581,200
Debt Service	112,252,600	119,887,500	135,446,000	132,718,000	133,093,700
Capital Outlay	168,938,700	209,956,300	197,938,900	203,189,100	209,365,000
<b>TOTAL EXPENDITURES</b>	4,947,619,900	5,172,465,200	5,984,187,400	6,356,943,100	6,570,820,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	975,029,700	984,216,500	987,787,000	938,416,100	941,574,700
Tobacco Settlement - Phase I	250,000	188,700	250,000		
Restricted Funds	3,118,774,600	3,253,467,100	4,092,593,900	4,483,706,500	4,656,611,000
Federal Funds	853,565,600	934,592,900	903,556,500	934,820,500	972,634,900
<b>TOTAL EXPENDITURES</b>	4,947,619,900	5,172,465,200	5,984,187,400	6,356,943,100	6,570,820,600
<b>EXPENDITURES BY UNIT</b>					
Eastern Kentucky University	329,753,300	341,846,800	330,675,600	344,029,900	361,819,600
Kentucky State University	61,411,900	69,913,200	82,920,300	82,421,600	83,587,800
Morehead State University	197,647,500	209,637,300	226,080,200	228,736,000	236,291,300
Murray State University	161,317,200	163,472,700	166,356,500	171,895,600	179,318,300
Northern Kentucky University	203,571,000	217,139,500	235,208,700	240,984,500	250,263,300
University of Kentucky	2,025,541,600	2,142,016,100	2,674,768,400	2,750,737,900	2,849,630,300
University of Louisville	896,887,700	920,863,900	979,969,000	1,205,911,100	1,232,233,800
Western Kentucky University	301,921,900	301,777,400	385,047,000	391,559,800	404,725,800
Kentucky Community and Technical College System	769,567,800	805,798,300	903,161,700	940,666,700	972,950,400
<b>TOTAL EXPENDITURES</b>	4,947,619,900	5,172,465,200	5,984,187,400	6,356,943,100	6,570,820,600

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	77,999,500	68,864,600	72,221,000	67,673,700	67,673,700
Special Appropriation		1,398,000	-1,398,000		
Budget Reduction-General Fund	-7,306,800				
<b>Total General Fund</b>	70,692,700	70,262,600	70,823,000	67,673,700	67,673,700
<b>Restricted Funds</b>					
Current Receipts	159,726,400	174,982,300	164,585,800	171,562,700	178,873,000
<b>Total Restricted Funds</b>	159,726,400	174,982,300	164,585,800	171,562,700	178,873,000
<b>Federal Funds</b>					
Current Receipts	94,266,700	92,516,000	95,266,800	104,793,500	115,272,900
SFSF Receipts	5,067,500	4,085,900			
<b>Total Federal Funds</b>	99,334,200	96,601,900	95,266,800	104,793,500	115,272,900
<b>TOTAL SOURCE OF FUNDS</b>	329,753,300	341,846,800	330,675,600	344,029,900	361,819,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	166,445,900	172,221,400	165,820,000	172,434,200	181,355,000
Operating Expenses	80,519,000	90,074,400	114,661,800	119,314,500	125,482,900
Grants Loans Benefits	71,478,400	69,876,300	42,198,000	43,881,100	46,151,300
Debt Service	6,618,600	5,699,700	5,995,800	6,320,400	6,643,000
Capital Outlay	4,691,400	3,975,000	2,000,000	2,079,700	2,187,400
<b>TOTAL EXPENDITURES</b>	329,753,300	341,846,800	330,675,600	344,029,900	361,819,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	70,692,700	70,262,600	70,823,000	67,673,700	67,673,700
Restricted Funds	159,726,400	174,982,300	164,585,800	171,562,700	178,873,000
Federal Funds	99,334,200	96,601,900	95,266,800	104,793,500	115,272,900
<b>TOTAL EXPENDITURES</b>	329,753,300	341,846,800	330,675,600	344,029,900	361,819,600
<b>EXPENDITURES BY UNIT</b>					
Instruction	85,967,500	88,006,200	90,762,100	88,592,000	89,630,200
Research	3,197,700	3,283,500	3,159,900	3,455,200	3,779,100
Public Service	48,221,000	45,554,000	44,310,300	48,535,000	53,174,100
Libraries	4,824,400	4,804,200	3,575,500	3,730,000	3,892,200
Academic Support	18,027,800	18,747,000	19,871,700	20,734,700	21,640,900
Student Services	17,299,400	18,555,900	19,066,100	19,922,700	20,824,700
Institutional Support	31,598,700	29,498,700	2,983,800	3,146,100	3,319,300
Operation and Maintenance of Plant	23,288,800	28,437,700	31,376,600	55,507,400	57,952,800
Scholarships and Fellowships	67,173,600	68,318,300	67,966,800	73,513,700	79,567,300
Mandatory Transfers	6,618,500	5,699,700	15,807,600		
Non-Mandatory Transfers	8,859,100	15,546,100	5,995,800		
Auxilliary Enterprises	14,676,800	15,395,500	25,799,400	26,893,100	28,039,000
<b>TOTAL EXPENDITURES</b>	329,753,300	341,846,800	330,675,600	344,029,900	361,819,600

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 as a school 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 authorized the school 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 statute, 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. The university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, high quality workforce, justice and safety and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,180,100	24,881,500	25,146,800	23,537,400	23,537,400
Special Appropriation		486,800	-486,800		
Budget Reduction-General Fund	-2,540,600				
<b>Total General Fund</b>	24,639,500	25,368,300	24,660,000	23,537,400	23,537,400
<b>Restricted Funds</b>					
Current Receipts	18,355,300	20,104,900	33,815,600	34,439,500	35,605,700
<b>Total Restricted Funds</b>	18,355,300	20,104,900	33,815,600	34,439,500	35,605,700
<b>Federal Funds</b>					
Current Receipts	16,650,800	22,960,600	24,444,700	24,444,700	24,444,700
SFSF Receipts	1,766,300	1,479,400			
<b>Total Federal Funds</b>	18,417,100	24,440,000	24,444,700	24,444,700	24,444,700
<b>TOTAL SOURCE OF FUNDS</b>	61,411,900	69,913,200	82,920,300	82,421,600	83,587,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	38,308,800	40,131,500	43,431,200	42,928,700	43,269,900
Operating Expenses	12,654,200	13,388,500	18,733,200	18,815,800	19,265,800
Grants Loans Benefits	8,813,200	10,994,200	14,460,400	14,257,000	14,382,000
Debt Service	947,500	964,900			
Capital Outlay	688,200	4,434,100	6,295,500	6,420,100	6,670,100
<b>TOTAL EXPENDITURES</b>	61,411,900	69,913,200	82,920,300	82,421,600	83,587,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	24,639,500	25,368,300	24,660,000	23,537,400	23,537,400
Restricted Funds	18,355,300	20,104,900	33,815,600	34,439,500	35,605,700
Federal Funds	18,417,100	24,440,000	24,444,700	24,444,700	24,444,700
<b>TOTAL EXPENDITURES</b>	61,411,900	69,913,200	82,920,300	82,421,600	83,587,800
<b>EXPENDITURES BY UNIT</b>					
Instruction	13,301,900	12,596,000	13,832,300	13,903,500	14,394,700
Research	4,910,000	4,853,700	4,673,800	4,656,600	4,656,600
Public Service	4,461,800	8,681,000	10,248,100	10,153,300	10,153,300
Academic Support	3,218,700	4,038,300	5,184,900	5,345,600	5,595,600
Student Services	5,926,000	6,861,200	7,571,000	7,671,100	7,971,100
Institutional Support	10,032,900	12,262,400	15,702,300	15,264,000	15,264,000
Operation and Maintenance of Plant	4,294,700	4,592,400	6,495,500	6,288,000	6,288,000
Scholarships and Fellowships	9,206,900	10,320,800	13,907,000	13,834,100	13,959,100
Auxilliary Enterprises	5,111,500	4,742,500	5,305,400	5,305,400	5,305,400
<b>TOTAL EXPENDITURES</b>	60,464,400	68,948,300	82,920,300	82,421,600	83,587,800

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 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. Student, faculty and staff representatives also serve on the Board, each elected by their respective peers. 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 statutorily-mandated goal 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, masters 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. 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.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	47,002,000	42,761,100	44,363,000	41,564,500	41,560,200
Special Appropriation		848,200	-848,200		
Budget Reduction-General Fund	-4,408,700				
<b>Total General Fund</b>	42,593,300	43,609,300	43,514,800	41,564,500	41,560,200
<b>Restricted Funds</b>					
Current Receipts	75,171,100	82,388,000	91,985,200	95,911,000	101,100,800
<b>Total Restricted Funds</b>	75,171,100	82,388,000	91,985,200	95,911,000	101,100,800
<b>Federal Funds</b>					
Current Receipts	76,374,300	80,775,400	90,575,200	91,260,500	93,630,300
ARRA Receipts	455,600	322,600	5,000		
SFSF Receipts	3,053,200	2,542,000			
<b>Total Federal Funds</b>	79,883,100	83,640,000	90,580,200	91,260,500	93,630,300
<b>TOTAL SOURCE OF FUNDS</b>	197,647,500	209,637,300	226,080,200	228,736,000	236,291,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	82,336,600	84,309,200	89,152,100	91,259,300	95,082,500
Operating Expenses	27,992,600	28,628,100	31,758,000	29,831,300	29,838,000
Grants Loans Benefits	75,897,700	80,928,000	86,328,200	88,948,100	92,646,800
Debt Service	5,057,300	6,596,600	5,676,600	5,682,600	5,678,300
Capital Outlay	6,363,300	9,175,400	13,165,300	13,014,700	13,045,700
<b>TOTAL EXPENDITURES</b>	197,647,500	209,637,300	226,080,200	228,736,000	236,291,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	42,593,300	43,609,300	43,514,800	41,564,500	41,560,200
Restricted Funds	75,171,100	82,388,000	91,985,200	95,911,000	101,100,800
Federal Funds	79,883,100	83,640,000	90,580,200	91,260,500	93,630,300
<b>TOTAL EXPENDITURES</b>	197,647,500	209,637,300	226,080,200	228,736,000	236,291,300
<b>EXPENDITURES BY UNIT</b>					
Instruction	45,168,500	46,295,200	46,877,700	46,722,000	48,191,500
Research	1,994,400	2,025,700	3,844,300	3,401,800	2,783,400
Public Service	7,113,800	6,907,000	6,833,800	5,917,100	5,844,700
Libraries	3,270,300	3,258,700	3,179,800	3,238,800	3,374,800
Academic Support	11,754,500	12,414,100	13,468,400	13,432,600	13,787,400
Student Services	13,581,900	15,049,600	15,238,400	15,105,200	15,568,000
Institutional Support	14,369,700	15,039,300	14,450,600	14,608,600	15,200,600
Operation and Maintenance of Plant	8,728,900	9,222,700	9,437,300	9,612,800	10,016,200
Scholarships and Fellowships	75,897,700	80,928,000	86,328,200	89,783,800	93,482,500
Mandatory Transfers	2,702,400	4,029,100	3,108,600	3,166,300	3,299,200
Non-Mandatory Transfers	-1,802,900	-431,100	8,047,000	8,196,800	8,540,600
Auxilliary Enterprises	14,868,300	14,899,000	15,266,100	15,550,200	16,202,400
<b>TOTAL EXPENDITURES</b>	197,647,500	209,637,300	226,080,200	228,736,000	236,291,300

Morehead State University (MoSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly as Morehead State Normal School. In 1926 it became Morehead State Normal School and Teachers College, followed by other changes until the current name was adopted in 1966. Governance of the University is vested in the Board of Regents, a body corporate and an educational institution and agency of the Commonwealth. The Board consists of eight citizen members appointed by the Governor as well as a student, a faculty member and a staff member elected by their peers. 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 over the years has expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by statute, 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, MoSU'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 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 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.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	53,460,200	48,919,900	51,288,200	48,005,800	48,005,800
Special Appropriation		992,800	-992,800		
Budget Reduction-General Fund	-5,046,400				
<b>Total General Fund</b>	48,413,800	49,912,700	50,295,400	48,005,800	48,005,800
<b>Restricted Funds</b>					
Current Receipts	89,560,400	89,250,300	97,352,300	105,181,000	112,603,700
<b>Total Restricted Funds</b>	89,560,400	89,250,300	97,352,300	105,181,000	112,603,700
<b>Federal Funds</b>					
Current Receipts	19,872,500	21,424,100	18,708,800	18,708,800	18,708,800
SFSF Receipts	3,470,500	2,885,600			
<b>Total Federal Funds</b>	23,343,000	24,309,700	18,708,800	18,708,800	18,708,800
<b>TOTAL SOURCE OF FUNDS</b>	161,317,200	163,472,700	166,356,500	171,895,600	179,318,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	98,168,200	100,996,800	105,366,900	105,954,200	109,526,700
Operating Expenses	45,797,600	44,101,200	42,494,000	43,951,200	46,713,900
Grants Loans Benefits	11,797,900	12,486,500	12,548,900	14,349,100	14,790,500
Debt Service	3,369,100	3,710,700	3,856,300	4,052,300	4,641,300
Capital Outlay	2,184,400	2,177,500	2,090,400	3,588,800	3,645,900
<b>TOTAL EXPENDITURES</b>	161,317,200	163,472,700	166,356,500	171,895,600	179,318,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	48,413,800	49,912,700	50,295,400	48,005,800	48,005,800
Restricted Funds	89,560,400	89,250,300	97,352,300	105,181,000	112,603,700
Federal Funds	23,343,000	24,309,700	18,708,800	18,708,800	18,708,800
<b>TOTAL EXPENDITURES</b>	161,317,200	163,472,700	166,356,500	171,895,600	179,318,300
<b>EXPENDITURES BY UNIT</b>					
Instruction	54,906,200	54,224,600	58,859,100	60,166,700	60,757,400
Research	3,240,300	3,046,700	3,096,800	3,206,000	3,177,600
Public Service	8,243,500	8,193,200	7,997,200	8,299,500	8,372,700
Libraries	2,594,800	3,157,600	3,709,400	3,860,800	4,184,300
Academic Support	6,549,100	6,659,100	7,227,100	7,386,100	7,717,700
Student Services	15,759,100	16,310,500	15,723,900	16,365,700	16,626,400
Institutional Support	15,785,100	15,938,800	19,268,600	20,030,800	20,386,900
Operation and Maintenance of Plant	17,699,200	19,439,800	18,257,500	18,197,000	18,513,600
Scholarships and Fellowships	10,897,600	11,709,600	8,470,700	10,531,300	11,005,900
Mandatory Transfers	3,369,100	3,710,700	4,289,900	4,052,300	4,711,400
Non-Mandatory Transfers	2,859,300	5,930,400	2,912,900	37,500	37,500
Auxilliary Enterprises	19,413,900	15,151,700	16,543,400	19,761,900	23,826,900
<b>TOTAL EXPENDITURES</b>	161,317,200	163,472,700	166,356,500	171,895,600	179,318,300

Murray State University (MuSU), 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 has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's statutorily-mandated goal 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, MuSU'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 and 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 and 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.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	55,442,300	50,301,100	50,713,000	46,835,100	46,835,100
Special Appropriation		968,600	-968,600		
Budget Reduction-General Fund	-5,161,400				
<b>Total General Fund</b>	50,280,900	51,269,700	49,744,400	46,835,100	46,835,100
<b>Restricted Funds</b>					
Current Receipts	138,502,100	148,614,200	170,324,100	179,009,200	188,288,000
<b>Total Restricted Funds</b>	138,502,100	148,614,200	170,324,100	179,009,200	188,288,000
<b>Federal Funds</b>					
Current Receipts	11,183,700	14,267,700	15,140,200	15,140,200	15,140,200
SFSF Receipts	3,604,300	2,987,900			
<b>Total Federal Funds</b>	14,788,000	17,255,600	15,140,200	15,140,200	15,140,200
<b>TOTAL SOURCE OF FUNDS</b>	203,571,000	217,139,500	235,208,700	240,984,500	250,263,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	119,934,000	129,691,200	136,646,600	141,361,900	148,541,700
Operating Expenses	33,039,300	35,818,800	48,640,300	48,853,400	50,014,800
Grants Loans Benefits	15,629,000	15,967,400	25,475,200	25,891,700	26,711,600
Debt Service	10,444,000	10,867,500	9,425,600	8,760,100	8,777,800
Capital Outlay	24,524,700	24,794,600	15,021,000	16,117,400	16,217,400
<b>TOTAL EXPENDITURES</b>	203,571,000	217,139,500	235,208,700	240,984,500	250,263,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	50,280,900	51,269,700	49,744,400	46,835,100	46,835,100
Restricted Funds	138,502,100	148,614,200	170,324,100	179,009,200	188,288,000
Federal Funds	14,788,000	17,255,600	15,140,200	15,140,200	15,140,200
<b>TOTAL EXPENDITURES</b>	203,571,000	217,139,500	235,208,700	240,984,500	250,263,300
<b>EXPENDITURES BY UNIT</b>					
Instruction	69,075,000	73,099,900	77,383,500	78,157,300	81,859,800
Research	1,705,000	1,923,400	1,541,100	1,542,400	1,558,300
Public Service	10,448,000	11,711,800	11,144,600	11,297,700	11,538,600
Libraries	4,150,000	4,534,000	6,328,500	6,574,700	6,845,600
Academic Support	15,277,000	15,809,700	24,405,900	25,533,400	26,678,000
Student Services	13,637,000	16,691,500	19,167,100	19,712,700	20,393,800
Institutional Support	20,398,000	24,980,300	31,711,300	32,744,600	34,093,100
Operation and Maintenance of Plant	14,226,000	15,685,600	19,329,200	19,933,700	20,631,800
Scholarships and Fellowships	16,286,000	17,393,100	25,320,500	25,982,800	26,750,100
Mandatory Transfers	4,673,000	5,096,500	3,480,700	2,805,200	2,805,200
Non-Mandatory Transfers	22,088,000	17,411,000	2,160,700	3,067,300	3,067,300
Auxilliary Enterprises	11,608,000	12,802,700	13,235,600	13,632,700	14,041,700
<b>TOTAL EXPENDITURES</b>	203,571,000	217,139,500	235,208,700	240,984,500	250,263,300

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 statute, 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. NKU is committed to becoming a center for the performing and visual arts.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	324,366,500	290,414,700	303,199,200	283,869,300	283,869,300
Special Appropriation		5,869,100	-5,869,100		
Budget Reduction-General Fund	-30,479,500				
<b>Total General Fund</b>	293,887,000	296,283,800	297,330,100	283,869,300	283,869,300
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Budget Reduction-General Fund Tobacco		-61,325			
<b>Total Tobacco Settlement - Phase I</b>	250,000	188,675	250,000		
<b>Restricted Funds</b>					
Current Receipts	1,501,800,100	1,601,385,800	2,169,253,400	2,247,116,400	2,333,364,300
<b>Total Restricted Funds</b>	1,501,800,100	1,601,385,800	2,169,253,400	2,247,116,400	2,333,364,300
<b>Federal Funds</b>					
Current Receipts	208,537,700	226,934,100	207,934,900	219,752,200	232,396,700
SFSF Receipts	21,066,800	17,223,700			
<b>Total Federal Funds</b>	229,604,500	244,157,800	207,934,900	219,752,200	232,396,700
<b>TOTAL SOURCE OF FUNDS</b>	2,025,541,600	2,142,016,075	2,674,768,400	2,750,737,900	2,849,630,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,256,315,000	1,318,273,500	1,235,736,100	1,270,086,500	1,317,096,800
Operating Expenses	632,569,900	628,459,100	1,127,711,300	1,165,895,700	1,215,404,600
Grants Loans Benefits	27,066,100	28,746,900	115,991,400	119,604,500	124,311,200
Debt Service	49,877,200	58,479,400	75,797,500	75,800,900	72,743,900
Capital Outlay	59,713,400	108,057,200	119,532,100	119,350,300	120,073,800
<b>TOTAL EXPENDITURES</b>	2,025,541,600	2,142,016,100	2,674,768,400	2,750,737,900	2,849,630,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	293,887,000	296,283,800	297,330,100	283,869,300	283,869,300
Tobacco Settlement - Phase I	250,000	188,700	250,000		
Restricted Funds	1,501,800,100	1,601,385,800	2,169,253,400	2,247,116,400	2,333,364,300
Federal Funds	229,604,500	244,157,800	207,934,900	219,752,200	232,396,700
<b>TOTAL EXPENDITURES</b>	2,025,541,600	2,142,016,100	2,674,768,400	2,750,737,900	2,849,630,300
<b>EXPENDITURES BY UNIT</b>					
Instruction	255,410,800	267,116,100	353,742,900	339,206,700	345,962,700
Research	272,710,400	280,346,900	284,994,000	295,564,700	306,715,100
Public Service	307,301,500	346,811,000	311,059,500	319,518,200	328,385,000
Libraries	22,970,900	23,460,900	26,107,900	26,467,500	26,837,000
Academic Support	79,533,300	82,643,100	102,884,700	112,596,900	122,777,800
Student Services	28,942,000	30,765,100	37,082,400	37,844,600	38,639,400
Institutional Support	82,197,500	56,720,100	110,042,200	111,716,400	113,640,400
Operation and Maintenance of Plant	55,031,400	57,552,100	90,974,600	92,041,200	93,139,900
Scholarships and Fellowships	27,066,100	28,746,900	115,991,400	120,472,400	125,179,100
Mandatory Transfers	25,300,900	20,905,200	18,481,700	18,481,700	18,481,700
Auxilliary Enterprises	137,251,100	149,005,700	171,429,600	180,300,600	189,916,500
Hospitals	745,748,600	770,500,900	1,051,977,500	1,096,527,000	1,139,955,700
<b>TOTAL EXPENDITURES</b>	2,039,464,500	2,114,574,000	2,674,768,400	2,750,737,900	2,849,630,300

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.

The University of Kentucky's statutorily-mandated goal 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, masters, 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.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	186,787,700	169,637,800	177,715,600	163,049,400	166,212,300
Special Appropriation		2,920,000	-2,920,000		
Budget Reduction-General Fund	-16,891,300				
<b>Total General Fund</b>	169,896,400	172,557,800	174,795,600	163,049,400	166,212,300
<b>Restricted Funds</b>					
Current Receipts	606,991,600	621,712,300	680,791,600	924,735,500	949,169,200
<b>Total Restricted Funds</b>	606,991,600	621,712,300	680,791,600	924,735,500	949,169,200
<b>Federal Funds</b>					
Current Receipts	107,820,900	116,516,800	124,381,800	118,126,200	116,852,300
SFSF Receipts	12,178,800	10,077,000			
<b>Total Federal Funds</b>	119,999,700	126,593,800	124,381,800	118,126,200	116,852,300
<b>TOTAL SOURCE OF FUNDS</b>	896,887,700	920,863,900	979,969,000	1,205,911,100	1,232,233,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	556,619,200	585,251,000	475,676,200	589,019,100	600,528,700
Operating Expenses	247,466,600	239,935,500	380,277,000	475,188,100	487,493,500
Grants Loans Benefits	46,554,900	50,030,600	78,491,100	96,656,000	96,656,000
Debt Service	22,123,100	21,874,000	22,836,100	17,108,700	19,616,400
Capital Outlay	24,123,900	23,772,800	22,688,600	27,939,200	27,939,200
<b>TOTAL EXPENDITURES</b>	896,887,700	920,863,900	979,969,000	1,205,911,100	1,232,233,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	169,896,400	172,557,800	174,795,600	163,049,400	166,212,300
Restricted Funds	606,991,600	621,712,300	680,791,600	924,735,500	949,169,200
Federal Funds	119,999,700	126,593,800	124,381,800	118,126,200	116,852,300
<b>TOTAL EXPENDITURES</b>	896,887,700	920,863,900	979,969,000	1,205,911,100	1,232,233,800
<b>EXPENDITURES BY UNIT</b>					
Instruction	260,874,800	270,494,000	231,823,900	289,653,500	295,806,600
Research	151,153,700	155,871,900	184,270,000	230,237,000	235,127,800
Public Service	90,159,000	90,011,900	148,080,800	185,020,200	188,950,500
Libraries	9,311,900	9,713,700	15,585,100	19,472,800	19,886,500
Academic Support	86,858,800	83,646,500	98,298,500	122,819,300	125,428,300
Student Services	25,904,000	26,515,100	20,999,900	26,238,400	26,795,800
Institutional Support	62,387,300	67,348,200	61,387,000	76,700,200	78,329,600
Operation and Maintenance of Plant	60,346,900	59,247,700	38,716,200	48,374,200	49,401,700
Scholarships and Fellowships	38,655,400	41,905,300	73,412,100	91,724,800	93,673,400
Mandatory Transfers	20,494,600	19,106,400	22,836,000	16,152,200	18,659,900
Auxilliary Enterprises	70,539,500	77,520,200	63,840,600	79,282,300	79,282,300
Hospitals	20,204,000	19,918,100	20,718,900	20,236,200	20,891,400
<b>TOTAL EXPENDITURES</b>	896,889,900	921,299,000	979,969,000	1,205,911,100	1,232,233,800

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. Governance of the University is vested in 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 statutorily-mandated goal 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 Budget of the Commonwealth includes \$20,434,400 in fiscal year 2013 and \$21,089,600 in fiscal year 2014 from the General Fund for the Quality and Charity Care Trust Fund agreement. If the University of Louisville or the University Medical Center rebate, refund, waive, or otherwise disburse back to Louisville/Jefferson County Metro Government any portion of the funds required to be appropriated and paid by Louisville Metro by its own contractual agreement with the Quality and Charity Care Trust, the University of Louisville or the University Medical Center shall contemporaneously pay to the Commonwealth an amount equal to the amount refunded, rebated or waived.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	83,371,600	74,297,800	77,377,300	72,425,200	72,425,200
Special Appropriation		1,497,800	-1,497,800		
Budget Reduction-General Fund	-7,815,800				
<b>Total General Fund</b>	75,555,800	75,795,600	75,879,500	72,425,200	72,425,200
<b>Restricted Funds</b>					
Current Receipts	177,257,900	170,294,600	258,444,500	266,398,600	277,461,600
<b>Total Restricted Funds</b>	177,257,900	170,294,600	258,444,500	266,398,600	277,461,600
<b>Federal Funds</b>					
Current Receipts	45,176,500	51,276,300	50,723,000	52,736,000	54,839,000
SFSF Receipts	5,416,100	4,410,900			
<b>Total Federal Funds</b>	50,592,600	55,687,200	50,723,000	52,736,000	54,839,000
<b>TOTAL SOURCE OF FUNDS</b>	303,406,300	301,777,400	385,047,000	391,559,800	404,725,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	172,784,900	180,930,000	177,267,300	181,560,500	188,036,800
Operating Expenses	50,019,500	55,529,600	110,053,800	110,516,600	113,680,300
Grants Loans Benefits	25,305,800	26,744,600	76,354,300	78,689,000	82,215,000
Debt Service	13,815,800	11,694,700	11,858,100	14,993,000	14,993,000
Capital Outlay	39,995,900	26,878,500	9,513,500	5,800,700	5,800,700
<b>TOTAL EXPENDITURES</b>	301,921,900	301,777,400	385,047,000	391,559,800	404,725,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	74,071,400	75,795,600	75,879,500	72,425,200	72,425,200
Restricted Funds	177,257,900	170,294,600	258,444,500	266,398,600	277,461,600
Federal Funds	50,592,600	55,687,200	50,723,000	52,736,000	54,839,000
<b>TOTAL EXPENDITURES</b>	301,921,900	301,777,400	385,047,000	391,559,800	404,725,800
<b>EXPENDITURES BY UNIT</b>					
Instruction	91,384,800	99,238,700	110,617,500	112,472,200	117,394,300
Research	12,414,600	10,965,600	10,383,700	10,482,500	10,686,300
Public Service	14,108,000	14,819,600	16,054,600	16,314,400	16,771,700
Libraries	5,502,300	5,811,700	7,883,100	7,969,900	8,147,600
Academic Support	17,916,500	18,901,900	17,965,700	18,201,500	18,734,500
Student Services	25,486,500	26,744,700	35,045,500	35,381,700	36,303,000
Institutional Support	26,427,300	28,181,900	48,959,600	49,500,500	50,641,300
Operation and Maintenance of Plant	22,950,800	24,346,800	33,838,400	34,466,900	35,762,400
Scholarships and Fellowships	26,751,900	27,214,200	68,600,000	71,515,400	74,919,900
Mandatory Transfers	2,108,400	552,600	553,100		
Non-Mandatory Transfers	35,163,400	22,746,900	10,091,800	10,091,800	10,091,800
Auxilliary Enterprises	21,707,400	22,252,800	25,054,000	25,163,000	25,273,000
<b>TOTAL EXPENDITURES</b>	301,921,900	301,777,400	385,047,000	391,559,800	404,725,800

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 as a school 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 authorized 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.

Western Kentucky University's goal, mandated by statute, 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, masters 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. 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.

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

	Actual FY 2010	Actual FY 2011	Revised FY 2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	224,429,700	195,194,200	204,706,700	191,455,700	191,455,700
Special Appropriation		3,962,500	-3,962,500		
Budget Reduction-General Fund	-23,875,000				
<b>Total General Fund</b>	200,554,700	199,156,700	200,744,200	191,455,700	191,455,700
<b>Restricted Funds</b>					
Current Receipts	351,409,700	344,734,700	426,041,400	466,702,600	487,494,700
Fund Transfers				-7,350,000	-7,350,000
<b>Total Restricted Funds</b>	351,409,700	344,734,700	426,041,400	459,352,600	480,144,700
<b>Federal Funds</b>					
Current Receipts	203,226,900	250,326,600	276,376,100	289,858,400	301,350,000
SFSF Receipts	14,376,500	11,580,300			
<b>Total Federal Funds</b>	217,603,400	261,906,900	276,376,100	289,858,400	301,350,000
<b>TOTAL SOURCE OF FUNDS</b>	769,567,800	805,798,300	903,161,700	940,666,700	972,950,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	391,865,700	391,891,700	446,710,300	464,679,400	466,018,600
Operating Expenses	129,722,200	132,515,500	150,639,100	156,737,100	169,430,200
Grants Loans Benefits	241,326,400	274,699,900	298,179,800	310,372,000	323,716,800
Capital Outlay	6,653,500	6,691,200	7,632,500	8,878,200	13,784,800
<b>TOTAL EXPENDITURES</b>	769,567,800	805,798,300	903,161,700	940,666,700	972,950,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	200,554,700	199,156,700	200,744,200	191,455,700	191,455,700
Restricted Funds	351,409,700	344,734,700	426,041,400	459,352,600	480,144,700
Federal Funds	217,603,400	261,906,900	276,376,100	289,858,400	301,350,000
<b>TOTAL EXPENDITURES</b>	769,567,800	805,798,300	903,161,700	940,666,700	972,950,400
<b>EXPENDITURES BY UNIT</b>					
Instruction	238,314,100	241,405,500	276,181,700	286,059,400	296,528,000
Public Service	44,717,200	44,398,500	50,947,300	58,436,000	60,121,600
Libraries	9,327,200	9,192,900	10,578,900	10,591,200	10,740,300
Academic Support	34,390,200	34,550,800	39,431,800	40,578,700	41,996,000
Student Services	53,824,100	55,683,800	62,689,300	64,805,500	67,173,500
Institutional Support	65,625,600	65,028,800	71,976,500	71,791,800	73,036,600
Operation and Maintenance of Plant	82,172,000	80,993,700	93,340,700	103,879,100	111,573,900
Scholarships and Fellowships	241,197,400	274,544,300	298,015,500	304,525,000	311,780,500
<b>TOTAL EXPENDITURES</b>	769,567,800	805,798,300	903,161,700	940,666,700	972,950,400

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. KCTCS's statutorily-mandated mission is to assure 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 Budget of the Commonwealth includes Restricted Funds of \$40,594,800 in fiscal year 2013 and \$41,275,900 in fiscal year 2014 for the Firefighters Foundation Program Fund.

# Public Protection

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**Public Protection**

	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,210,600	7,254,300	7,181,900	6,688,000	6,814,300
State Salary and Compensation Allocation	80,500	188,800	263,000		
Special Appropriation	2,663,100				
Budget Reduction-General Fund	-392,300				
Mandated Expenditure Reductions	-96,500	-261,600	-281,600		
<b>Total General Fund</b>	<b>7,465,400</b>	<b>7,181,500</b>	<b>7,163,300</b>	<b>6,688,000</b>	<b>6,814,300</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	19,881,900	18,084,700	16,581,400	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-2,636,432	-1,866,536	-874,900		
<b>Total Tobacco Settlement - Phase I</b>	<b>17,245,468</b>	<b>16,218,164</b>	<b>15,706,500</b>	<b>14,867,200</b>	<b>14,657,300</b>
<b>Restricted Funds</b>					
Balance Forward	48,549,099	42,711,361	56,190,600	50,296,200	36,954,600
Current Receipts	75,037,672	77,326,290	77,459,000	78,655,600	78,624,400
Non-Revenue Receipts	15,650,859	19,894,540	20,436,000	20,278,300	21,396,600
Fund Transfers	-21,950,379	-13,069,100	-21,305,100	-25,000,000	-22,155,100
<b>Total Restricted Funds</b>	<b>117,287,250</b>	<b>126,863,091</b>	<b>132,780,500</b>	<b>124,230,100</b>	<b>114,820,500</b>
<b>Federal Funds</b>					
Current Receipts	3,007,996	2,622,233	4,767,100	4,100,900	4,051,600
Non-Revenue Receipts	26,371	113,887			
ARRA Receipts	153,133	934,322			
<b>Total Federal Funds</b>	<b>3,187,500</b>	<b>3,670,441</b>	<b>4,767,100</b>	<b>4,100,900</b>	<b>4,051,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>145,185,618</b>	<b>153,933,196</b>	<b>160,417,400</b>	<b>149,886,200</b>	<b>140,343,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	67,238,631	69,833,591	73,042,400	75,935,000	77,460,800
Operating Expenses	9,354,098	9,186,055	11,376,200	11,641,500	11,428,900
Grants Loans Benefits	25,764,389	18,491,119	25,012,900	25,006,900	24,957,300
Capital Outlay	116,308	231,565	447,700	348,200	660,900
Construction	831				
<b>TOTAL EXPENDITURES</b>	<b>102,474,257</b>	<b>97,742,330</b>	<b>109,879,200</b>	<b>112,931,600</b>	<b>114,507,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,465,400	7,181,500	6,921,300	6,688,000	6,814,300
Tobacco Settlement - Phase I	17,245,468	16,218,164	15,706,500	14,867,200	14,657,300
Restricted Funds	74,575,889	70,672,230	82,484,300	87,275,500	88,984,700
Federal Funds	3,187,500	3,670,436	4,767,100	4,100,900	4,051,600
<b>TOTAL EXPENDITURES</b>	<b>102,474,257</b>	<b>97,742,330</b>	<b>109,879,200</b>	<b>112,931,600</b>	<b>114,507,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,275,319	4,485,522	4,994,200	5,497,900	5,606,100
Boxing and Wrestling Authority	120,786	121,796	135,800	148,200	150,700
Alcoholic Beverage Control	5,015,814	5,012,387	5,273,800	5,641,000	5,894,600
Charitable Gaming	2,881,759	2,775,733	2,751,000	3,276,500	3,474,400
Board of Claims/Crime Victims' Compensation	3,170,886	2,491,464	2,612,700	2,261,700	2,125,800
Financial Institutions	8,394,278	8,371,060	9,719,700	10,528,000	10,449,800
Horse Racing Commission	26,463,898	22,731,849	27,896,700	27,997,000	28,286,600
Housing, Buildings and Construction	15,117,599	16,109,402	17,694,700	18,699,500	19,273,700
Insurance	36,636,019	35,246,618	38,390,100	38,481,100	38,837,400
Tax Appeals	397,900	396,500	410,500	400,700	408,800
<b>TOTAL EXPENDITURES</b>	<b>102,474,257</b>	<b>97,742,330</b>	<b>109,879,200</b>	<b>112,931,600</b>	<b>114,507,900</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>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	301,100	265,100	262,500	261,700	267,400
State Salary and Compensation Allocation	6,200	11,800	16,800		
Budget Reduction-General Fund Mandated Expenditure Reductions	-32,600	-6,200			
<b>Total General Fund</b>	<b>274,700</b>	<b>270,700</b>	<b>279,300</b>	<b>261,700</b>	<b>267,400</b>
<b>Restricted Funds</b>					
Balance Forward	801,242	583,591	481,900	76,300	103,100
Current Receipts	810,803	976,449	1,011,400	1,301,700	1,301,700
Non-Revenue Receipts	3,772,164	3,320,615	3,599,200	3,961,300	4,035,200
Fund Transfers	-800,000	-183,900	-287,100		
<b>Total Restricted Funds</b>	<b>4,584,209</b>	<b>4,696,755</b>	<b>4,805,400</b>	<b>5,339,300</b>	<b>5,440,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,858,909</b>	<b>4,967,455</b>	<b>5,084,700</b>	<b>5,601,000</b>	<b>5,707,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,866,114	4,074,904	4,479,500	4,995,100	5,093,300
Operating Expenses	408,374	410,619	514,700	502,800	512,800
Construction	831				
<b>TOTAL EXPENDITURES</b>	<b>4,275,319</b>	<b>4,485,522</b>	<b>4,994,200</b>	<b>5,497,900</b>	<b>5,606,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	274,700	270,700	265,100	261,700	267,400
Restricted Funds	4,000,619	4,214,822	4,729,100	5,236,200	5,338,700
<b>TOTAL EXPENDITURES</b>	<b>4,275,319</b>	<b>4,485,522</b>	<b>4,994,200</b>	<b>5,497,900</b>	<b>5,606,100</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary - Comm - Legal	3,395,930	3,431,118	3,873,700	4,223,000	4,302,600
Occupations and Professions	879,389	1,054,404	1,120,500	1,274,900	1,303,500
<b>TOTAL EXPENDITURES</b>	<b>4,275,319</b>	<b>4,485,522</b>	<b>4,994,200</b>	<b>5,497,900</b>	<b>5,606,100</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**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	76,971	126,088	226,600	316,500	398,300
Current Receipts	169,903	223,289	230,000	230,000	230,000
Fund Transfers		-1,000	-4,300		
<b>Total Restricted Funds</b>	<b>246,874</b>	<b>348,377</b>	<b>452,300</b>	<b>546,500</b>	<b>628,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>246,874</b>	<b>348,377</b>	<b>452,300</b>	<b>546,500</b>	<b>628,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	96,354	95,962	100,700	113,500	115,200
Operating Expenses	24,433	25,834	35,100	34,700	35,500
<b>TOTAL EXPENDITURES</b>	<b>120,786</b>	<b>121,796</b>	<b>135,800</b>	<b>148,200</b>	<b>150,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	120,786	121,796	135,800	148,200	150,700
<b>TOTAL EXPENDITURES</b>	<b>120,786</b>	<b>121,796</b>	<b>135,800</b>	<b>148,200</b>	<b>150,700</b>
<b>EXPENDITURES BY UNIT</b>					
Boxing and Wrestling Authority	120,786	121,796	135,800	148,200	150,700
<b>TOTAL EXPENDITURES</b>	<b>120,786</b>	<b>121,796</b>	<b>135,800</b>	<b>148,200</b>	<b>150,700</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**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	965,000	803,000	795,000	684,600	698,300
State Salary and Compensation Allocation	12,500	27,400	46,800		
Budget Reduction-General Fund	-102,200				
Mandated Expenditure Reductions	-43,400	-77,600	-104,800		
<b>Total General Fund</b>	<b>831,900</b>	<b>752,800</b>	<b>737,000</b>	<b>684,600</b>	<b>698,300</b>
<b>Restricted Funds</b>					
Balance Forward	931,153	1,540,303	1,939,500	1,683,400	1,117,600
Current Receipts	5,428,900	5,487,102	5,446,500	5,446,500	5,446,500
Non-Revenue Receipts	-285,836	-569,664	-678,500	-555,900	-571,900
Fund Transfers	-350,000	-258,600	-434,500	-500,000	-155,100
<b>Total Restricted Funds</b>	<b>5,724,217</b>	<b>6,199,141</b>	<b>6,273,000</b>	<b>6,074,000</b>	<b>5,837,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,556,117</b>	<b>6,951,941</b>	<b>7,010,000</b>	<b>6,758,600</b>	<b>6,535,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,396,043	4,292,049	4,506,400	4,791,700	4,933,500
Operating Expenses	619,770	720,338	767,400	849,300	961,100
<b>TOTAL EXPENDITURES</b>	<b>5,015,814</b>	<b>5,012,387</b>	<b>5,273,800</b>	<b>5,641,000</b>	<b>5,894,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	831,900	752,800	684,200	684,600	698,300
Restricted Funds	4,183,914	4,259,587	4,589,600	4,956,400	5,196,300
<b>TOTAL EXPENDITURES</b>	<b>5,015,814</b>	<b>5,012,387</b>	<b>5,273,800</b>	<b>5,641,000</b>	<b>5,894,600</b>
<b>EXPENDITURES BY UNIT</b>					
Administration, Enforcement and License	4,661,522	4,741,209	4,876,900	5,224,900	5,459,100
Tobacco Enforcement	354,291	271,178	396,900	416,100	435,500
<b>TOTAL EXPENDITURES</b>	<b>5,015,814</b>	<b>5,012,387</b>	<b>5,273,800</b>	<b>5,641,000</b>	<b>5,894,600</b>

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**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	865,485	837,394	507,100	143,500	
Current Receipts	3,054,868	3,035,010	3,041,700	3,108,700	3,449,500
Non-Revenue Receipts	-201,200	-293,200	-299,400	24,300	24,900
Fund Transfers		-296,400	-354,900		
<b>Total Restricted Funds</b>	<b>3,719,153</b>	<b>3,282,804</b>	<b>2,894,500</b>	<b>3,276,500</b>	<b>3,474,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,719,153</b>	<b>3,282,804</b>	<b>2,894,500</b>	<b>3,276,500</b>	<b>3,474,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,439,217	2,354,877	2,306,400	2,823,300	2,945,200
Operating Expenses	442,536	420,856	444,600	453,200	529,200
Grants Loans Benefits	6				
<b>TOTAL EXPENDITURES</b>	<b>2,881,759</b>	<b>2,775,733</b>	<b>2,751,000</b>	<b>3,276,500</b>	<b>3,474,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	2,881,759	2,775,733	2,751,000	3,276,500	3,474,400
<b>TOTAL EXPENDITURES</b>	<b>2,881,759</b>	<b>2,775,733</b>	<b>2,751,000</b>	<b>3,276,500</b>	<b>3,474,400</b>
<b>EXPENDITURES BY UNIT</b>					
Charitable Gaming	2,881,759	2,775,733	2,751,000	3,276,500	3,474,400
<b>TOTAL EXPENDITURES</b>	<b>2,881,759</b>	<b>2,775,733</b>	<b>2,751,000</b>	<b>3,276,500</b>	<b>3,474,400</b>

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**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	740,000	620,800	614,600	594,200	600,000
State Salary and Compensation Allocation	7,700	26,100	27,500		
Budget Reduction-General Fund	-71,200				
Mandated Expenditure Reductions	-33,300	-6,000			
<b>Total General Fund</b>	<b>643,200</b>	<b>640,900</b>	<b>642,100</b>	<b>594,200</b>	<b>600,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,829,429	399,414	246,500	76,200	31,100
Current Receipts	1,327,799	1,226,054	1,141,600	1,058,700	982,400
Non-Revenue Receipts					-2,100
Fund Transfers	-500,000	-14,200	-23,500		
<b>Total Restricted Funds</b>	<b>2,657,228</b>	<b>1,611,269</b>	<b>1,364,600</b>	<b>1,134,900</b>	<b>1,011,400</b>
<b>Federal Funds</b>					
Current Receipts	180,335	485,858	705,300	563,700	514,400
ARRA Receipts	89,537				
<b>Total Federal Funds</b>	<b>269,872</b>	<b>485,858</b>	<b>705,300</b>	<b>563,700</b>	<b>514,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,570,300</b>	<b>2,738,027</b>	<b>2,712,000</b>	<b>2,292,800</b>	<b>2,125,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,104,748	1,138,365	1,148,500	1,189,000	1,213,300
Operating Expenses	1,623,715	993,627	1,164,600	773,100	662,500
Grants Loans Benefits	442,422	359,472	299,600	299,600	250,000
<b>TOTAL EXPENDITURES</b>	<b>3,170,886</b>	<b>2,491,464</b>	<b>2,612,700</b>	<b>2,261,700</b>	<b>2,125,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	643,200	640,900	619,000	594,200	600,000
Restricted Funds	2,257,814	1,364,706	1,288,400	1,103,800	1,011,400
Federal Funds	269,872	485,858	705,300	563,700	514,400
<b>TOTAL EXPENDITURES</b>	<b>3,170,886</b>	<b>2,491,464</b>	<b>2,612,700</b>	<b>2,261,700</b>	<b>2,125,800</b>
<b>EXPENDITURES BY UNIT</b>					
Board of Claims	505,723	507,557	521,700	552,900	573,100
Crime Victims' Board	2,665,162	1,983,907	2,091,000	1,708,800	1,552,700
<b>TOTAL EXPENDITURES</b>	<b>3,170,886</b>	<b>2,491,464</b>	<b>2,612,700</b>	<b>2,261,700</b>	<b>2,125,800</b>

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**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	424,097	1,532,846	6,822,900	7,508,400	4,077,000
Current Receipts	14,187,011	15,554,931	15,129,000	15,140,000	15,139,000
Non-Revenue Receipts	-1,183,984	-614,916	-895,600	-1,043,400	-1,026,300
Fund Transfers	-3,500,000	-1,278,900	-3,828,200	-7,000,000	-7,000,000
<b>Total Restricted Funds</b>	<b>9,927,124</b>	<b>15,193,960</b>	<b>17,228,100</b>	<b>14,605,000</b>	<b>11,189,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,927,124</b>	<b>15,193,960</b>	<b>17,228,100</b>	<b>14,605,000</b>	<b>11,189,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,956,056	6,964,572	8,102,700	8,603,400	8,797,000
Operating Expenses	1,405,245	1,323,597	1,548,700	1,844,600	1,640,800
Grants Loans Benefits		7,750	12,000	12,000	12,000
Capital Outlay	32,978	75,141	56,300	68,000	
<b>TOTAL EXPENDITURES</b>	<b>8,394,278</b>	<b>8,371,060</b>	<b>9,719,700</b>	<b>10,528,000</b>	<b>10,449,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	8,394,278	8,371,060	9,719,700	10,528,000	10,449,800
<b>TOTAL EXPENDITURES</b>	<b>8,394,278</b>	<b>8,371,060</b>	<b>9,719,700</b>	<b>10,528,000</b>	<b>10,449,800</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	1,496,960	1,472,250	1,603,600	1,847,500	1,809,500
Securities	1,594,408	1,565,559	1,997,600	2,081,900	2,051,700
Depository Institutions	4,694,289	3,446,127	3,936,200	4,183,200	4,165,400
Non-Depository Institutions	608,621	1,887,123	2,182,300	2,415,400	2,423,200
<b>TOTAL EXPENDITURES</b>	<b>8,394,278</b>	<b>8,371,060</b>	<b>9,719,700</b>	<b>10,528,000</b>	<b>10,449,800</b>

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 department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

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

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

**Public Protection  
Horse Racing Commission**

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	443,700	2,999,000	2,969,000	2,609,800	2,660,000
State Salary and Compensation Allocation		17,600			
Special Appropriation	2,663,100				
Mandated Expenditure Reductions		-122,900	-176,800		
<b>Total General Fund</b>	<b>3,106,800</b>	<b>2,893,700</b>	<b>2,792,200</b>	<b>2,609,800</b>	<b>2,660,000</b>
<b>Restricted Funds</b>					
Balance Forward	31,463,223	26,437,172	29,109,700	25,829,700	18,967,100
Current Receipts	3,755,886	4,052,799	3,679,700	3,728,700	3,728,700
Non-Revenue Receipts	14,575,162	18,485,965	18,413,400	17,295,900	17,731,100
Fund Transfers		-28,000	-242,100	-2,500,000	
<b>Total Restricted Funds</b>	<b>49,794,270</b>	<b>48,947,936</b>	<b>50,960,700</b>	<b>44,354,300</b>	<b>40,426,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>52,901,070</b>	<b>51,841,636</b>	<b>53,752,900</b>	<b>46,964,100</b>	<b>43,086,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,695,066	3,124,076	4,217,200	4,206,200	4,490,800
Operating Expenses	724,903	652,852	755,400	872,700	867,700
Grants Loans Benefits	22,974,029	18,944,831	22,849,100	22,843,100	22,843,100
Capital Outlay	69,900	10,089	75,000	75,000	85,000
<b>TOTAL EXPENDITURES</b>	<b>26,463,898</b>	<b>22,731,849</b>	<b>27,896,700</b>	<b>27,997,000</b>	<b>28,286,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,106,800	2,893,700	2,765,700	2,609,800	2,660,000
Restricted Funds	23,357,098	19,838,149	25,131,000	25,387,200	25,626,600
<b>TOTAL EXPENDITURES</b>	<b>26,463,898</b>	<b>22,731,849</b>	<b>27,896,700</b>	<b>27,997,000</b>	<b>28,286,600</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Regulation of Racing	3,111,245	3,135,462	3,717,400	3,759,900	3,992,100
Equine Drug Research Fund	69,900	134,160	784,400	825,000	875,000
Thoroughbred Development Fund	5,088,293	4,045,038	4,500,000	4,500,000	4,500,000
Standardbred Development Fund	220,000	209,832	220,000	220,000	220,000
Standardbred Horsemen Fees	500,000	450,000	400,000	400,000	400,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund			20,000	20,000	20,000
County Fair Purse Fund	133,219	122,752	127,500	127,500	127,500
Thoroughbred Owners and Breeders	154,499	135,866	131,000	125,000	125,000
Backside Improvement Commission	98,991	444,765	500,000	500,000	500,000
Ky Thoroughbred Breeder Incentive Fund	13,685,739	10,784,708	13,997,400	14,020,600	14,028,000
Ky Standardbred Breeder Incentive Fund	2,387,710	2,450,083	2,480,000	2,480,000	2,480,000
Ky Horse Breeders Incentive Fund	1,014,302	819,182	1,019,000	1,019,000	1,019,000
<b>TOTAL EXPENDITURES</b>	<b>26,463,898</b>	<b>22,731,849</b>	<b>27,896,700</b>	<b>27,997,000</b>	<b>28,286,600</b>

The Kentucky Horse Racing Commission, pursuant to KRS 230.225, 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.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth. The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

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

	Actual FY 2010	Actual FY2011	Revised FY2012	Enacted FY 2013	Enacted FY 2014
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,321,000	2,182,400	2,160,600	2,137,000	2,179,800
State Salary and Compensation Allocation	46,300	86,200	124,000		
Budget Reduction-General Fund Mandated Expenditure Reductions	-156,400	-41,700			
<b>Total General Fund</b>	2,210,900	2,226,900	2,284,600	2,137,000	2,179,800
<b>Restricted Funds</b>					
Balance Forward	2,247,392	1,595,534	3,601,300	4,567,500	4,901,000
Current Receipts	13,745,962	15,171,753	16,769,500	16,983,700	17,089,300
Non-Revenue Receipts	-140,709	10,635	-59,800	-87,700	-90,900
Fund Transfers	-1,440,379	-342,300	-750,200		
<b>Total Restricted Funds</b>	14,412,266	16,435,622	19,560,800	21,463,500	21,899,400
<b>Federal Funds</b>					
Current Receipts			524,600		
Non-Revenue Receipts	26,371	113,887			
ARRA Receipts	63,596	934,322			
<b>Total Federal Funds</b>	89,967	1,048,209	524,600		
<b>TOTAL SOURCE OF FUNDS</b>	16,713,133	19,710,731	22,370,000	23,600,500	24,079,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,695,134	13,246,418	13,687,100	14,555,900	14,845,300
Operating Expenses	2,414,334	2,716,649	3,785,400	4,058,400	3,942,500
Capital Outlay	8,130	146,335	222,200	85,200	485,900
<b>TOTAL EXPENDITURES</b>	15,117,599	16,109,402	17,694,700	18,699,500	19,273,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,210,900	2,226,900	2,176,800	2,137,000	2,179,800
Restricted Funds	12,816,732	12,834,293	14,993,300	16,562,500	17,093,900
Federal Funds	89,967	1,048,209	524,600		
<b>TOTAL EXPENDITURES</b>	15,117,599	16,109,402	17,694,700	18,699,500	19,273,700
<b>EXPENDITURES BY UNIT</b>					
General Administration and Management	1,082,562	1,069,371	1,039,300	1,134,400	1,212,900
Fire Prevention	369,352	395,681	1,218,200	1,230,900	1,257,000
Boiler Inspections	776,145	708,231	757,000	787,900	801,000
Hazardous Materials Inspections	709,880	661,285	690,200	701,500	712,500
Manufactured Housing Inspections	512,316	657,627	581,900	825,400	939,100
General Inspections	1,575,000	1,557,400	1,503,700	1,465,600	1,495,000
Electrical Licensing	577,250	553,975	694,800	824,900	910,000
Electrical Inspections	516,232	683,358	583,300	889,700	864,300
Sprinkler/Alarm Inspections	72,224	73,029	73,200	77,100	78,500
Elevator Inspections	730,143	742,667	981,500	1,047,300	1,262,300
Plumbing	4,864,013	4,924,045	4,918,100	5,043,200	5,043,200
Safe Cigarette Program	3,515	999	6,000	6,000	6,000
HVAC	1,043,090	2,048,532	2,373,000	2,060,100	2,173,800
Building Codes Enforcement	2,285,877	2,033,202	2,274,500	2,605,500	2,518,100
<b>TOTAL EXPENDITURES</b>	15,117,599	16,109,402	17,694,700	18,699,500	19,273,700

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety. Effective March 16, 2011, the State Fire Marshal's Office entered a memorandum of agreement for Sprinkler Inspection Program for all state-owned properties. A Fireworks Program was expanded in fiscal year 2011, under KRS 227.715, effective May 9, 2011.

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. The HVAC began the Statewide Permitting and Inspection Program under the provisions of KRS 198B.6678 on January 1, 2011. This program is mandated to make the inspections within a specified timeframe as set out in KRS 198B.6672 for both residential and commercial HVAC installations.

The Division of Building Codes Enforcement provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). The division includes 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.

**Public Protection  
Insurance**

	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	19,881,900	18,084,700	16,581,400	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-2,636,432	-1,866,536	-874,900		
<b>Total Tobacco Settlement - Phase I</b>	<b>17,245,468</b>	<b>16,218,164</b>	<b>15,706,500</b>	<b>14,867,200</b>	<b>14,657,300</b>
<b>Restricted Funds</b>					
Balance Forward	9,910,108	9,659,019	13,255,100	10,094,700	7,359,400
Current Receipts	32,556,538	31,598,903	31,009,600	31,657,600	31,257,300
Non-Revenue Receipts	-884,738	-444,895	356,700	683,800	1,296,600
Fund Transfers	-15,360,000	-10,665,800	-15,380,300	-15,000,000	-15,000,000
<b>Total Restricted Funds</b>	<b>26,221,908</b>	<b>30,147,227</b>	<b>29,241,100</b>	<b>27,436,100</b>	<b>24,913,300</b>
<b>Federal Funds</b>					
Current Receipts	2,827,661	2,136,375	3,537,200	3,537,200	3,537,200
<b>Total Federal Funds</b>	<b>2,827,661</b>	<b>2,136,375</b>	<b>3,537,200</b>	<b>3,537,200</b>	<b>3,537,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>46,295,038</b>	<b>48,501,766</b>	<b>48,484,800</b>	<b>45,840,500</b>	<b>43,107,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	32,641,000	34,187,165	34,131,300	34,300,500	34,662,900
Operating Expenses	1,647,087	1,880,387	2,312,400	2,208,400	2,232,300
Grants Loans Benefits	2,347,932	-820,934	1,852,200	1,852,200	1,852,200
Capital Outlay			94,200	120,000	90,000
<b>TOTAL EXPENDITURES</b>	<b>36,636,019</b>	<b>35,246,618</b>	<b>38,390,100</b>	<b>38,481,100</b>	<b>38,837,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Tobacco Settlement - Phase I	17,245,468	16,218,164	15,706,500	14,867,200	14,657,300
Restricted Funds	16,562,890	16,892,084	19,146,400	20,076,700	20,642,900
Federal Funds	2,827,661	2,136,370	3,537,200	3,537,200	3,537,200
<b>TOTAL EXPENDITURES</b>	<b>36,636,019</b>	<b>35,246,618</b>	<b>38,390,100</b>	<b>38,481,100</b>	<b>38,837,400</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Director and Administration	3,010,403	3,071,532	3,369,700	3,530,900	3,626,100
Small Business Insurance Subsidy	108,429	69,599	24,100	1,300	2,000
Property and Casualty	841,227	866,154	899,700	1,016,600	1,068,900
Financial Standards and Examination	1,990,012	2,005,113	2,989,000	3,469,300	3,542,600
Agent Licensing	1,205,027	1,270,066	1,450,100	1,526,000	1,565,700
Consumer Protection	2,536,122	2,365,430	2,941,000	2,954,500	3,057,800
Insurance Fraud Investigation	1,398,689	1,364,842	1,471,500	1,644,300	1,745,600
Health and Life	2,114,334	2,392,286	3,281,900	3,273,400	3,348,100
Mine Subsidence Program	146,204	92,027	255,200	177,800	183,200
Kentucky Access Program	23,285,570	21,749,569	21,707,900	20,887,000	20,697,400
<b>TOTAL EXPENDITURES</b>	<b>36,636,019</b>	<b>35,246,618</b>	<b>38,390,100</b>	<b>38,481,100</b>	<b>38,837,400</b>

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

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

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

The Health and Life Division regulates insurance companies selling health, life and disability products. The Division approves

policies, certificates, provider networks, quality improvement programs, and rate filings. The Division reviews promotional literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance. The Division is responsible for conducting research on strategies related to financial services modernization.

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

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

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

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

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 June 15, 2010.

**Public Protection  
Tax Appeals**

	<b>Actual FY 2010</b>	<b>Actual FY2011</b>	<b>Revised FY2012</b>	<b>Enacted FY 2013</b>	<b>Enacted FY 2014</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	439,800	384,000	380,200	400,700	408,800
State Salary and Compensation Allocation	7,800	19,700	47,900		
Budget Reduction-General Fund	-29,900				
Mandated Expenditure Reductions	-19,800	-7,200			
<b>Total General Fund</b>	<b>397,900</b>	<b>396,500</b>	<b>428,100</b>	<b>400,700</b>	<b>408,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>397,900</b>	<b>396,500</b>	<b>428,100</b>	<b>400,700</b>	<b>408,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	348,900	355,203	362,600	356,400	364,300
Operating Expenses	43,700	41,297	47,900	44,300	44,500
Capital Outlay	5,300				
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>396,500</b>	<b>410,500</b>	<b>400,700</b>	<b>408,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	397,900	396,500	410,500	400,700	408,800
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>396,500</b>	<b>410,500</b>	<b>400,700</b>	<b>408,800</b>
<b>EXPENDITURES BY UNIT</b>					
Tax Appeals	397,900	396,500	410,500	400,700	408,800
<b>TOTAL EXPENDITURES</b>	<b>397,900</b>	<b>396,500</b>	<b>410,500</b>	<b>400,700</b>	<b>408,800</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.

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# Tourism, Arts and Heritage

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